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Big banks finalise \$6bn-plus settlements on foreign exchange

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Five of the world's biggest banks are finalising agreements to collectively pay more than \$6bn for allegedly manipulating foreign exchange markets, with an announcement expected as soon as Wednesday.

Switzerland's UBS will pay less than \$800m, people familiar with the situation said. The highest fines will be borne by the UK's Barclays, which is expected to agree to pay about £2bn, or about \$3.1bn. JPMorgan Chase, Royal Bank of Scotland and Citigroup are all expected to pay as much as \$1bn each.

UBS's payment is lower because the bank alerted the US authorities to issues in the forex markets. Barclays' fine is higher because the lender was not part of a \$4.3bn

November settlement with the UK's Financial Conduct Authority, the US's Commodity Futures Trading Commission and Swiss regulators.

The other banks are only settling with the US authorities this time around, mainly the Department of Justice and the Federal Reserve's Board of Governors.

Subsidiaries of the banks are likely to plead guilty to US criminal charges, according to people familiar with the matter. The people said there might also be "implications" for 2012 agreements that UBS and Barclays struck which allowed them to avoid prosecution for manipulating the Libor benchmark interest rate.

Banks will also be allowed to sack some employees they had kept on the books pending the outcome of the investigations, the people said. All five banks declined to comment.

The latest fines for rigging the \$5.3tn-a-day forex market come after a lengthy inquiry into alleged collusion among banks to share information and co-ordinate their trading to manipulate exchange rates in ways that favoured the banks' books.

Securing agreements with the DoJ would mark a milestone for the banks, which have endured years of big fines for everything from interest rate rigging to money laundering, but there is still a long road to go.

The DoJ's criminal investigation into individuals is continuing and charges are not expected to be filed this week. The UK's Serious Fraud Office also has a parallel criminal inquiry open into individuals. The New York Department of Financial Services is also still investigating some aspects of the forex scandal.

People familiar with the matter stressed that while banks now had a good idea of their fines from the DoJ, the figures could still change. Equally, the DoJ is keen to make an announcement on Wednesday, but the date could slip a day or two if the final negotiations are protracted

The five banks have already made substantial provisions for the fines, so they will have little or no impact on the banks' future earnings. HSBC and Bank of America, which were among the banks to settle in November, will not be part of the latest settlement, people familiar with the matter said. Both banks declined to comment.

The Bank of International Settlements, which comprises the world's most powerful central banks, said on Monday it was setting up a working group to develop a global code of conduct standards and principles on forex markets.

Laura Noonan, Martin Arnold, Caroline Binham and Lindsay Fortado reported from London and Gina Chon reported from Washington

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