

NEW YORK STATE DEPARTMENT  
OF FINANCIAL SERVICES

In the Matter of

DEUTSCHE BANK AG,  
DEUTSCHE BANK AG, NEW YORK BRANCH

**CONSENT ORDER UNDER  
NEW YORK BANKING LAW §§ 44 and 44-a**

The New York State Department of Financial Services (the “Department”), Deutsche Bank AG and Deutsche Bank, AG New York Branch (collectively, “the Parties”) stipulate that:

**WHEREAS** Deutsche Bank AG is a major international banking institution with more than 100,000 employees and total assets exceeding \$1.9 trillion;

**WHEREAS** Deutsche Bank AG has operated a foreign bank branch in New York State (“the New York Branch”), licensed, supervised and regulated by the Department since 1978;

**WHEREAS** the New York Branch has more than 1,700 employees and total assets exceeding \$152 billion;

**WHEREAS** from approximately 2005 through 2010, Deutsche Bank AG and the New York Branch (collectively, “Deutsche Bank”) manipulated or attempted to manipulate submissions for the London Interbank Offered Bank (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”) and Euroyen Tokyo Interbank Offered Rate (“TIBOR”) (collectively, “IBOR”), which are benchmark interest rates used in financial markets around the world, by, at times, submitting rates that would benefit Deutsche Bank’s trading positions, rather than rates that complied with the definitions of the rates;

**WHEREAS** in some instances, Deutsche Bank coordinated its efforts with other contributor panel banks in an effort to manipulate rates;

**WHEREAS** the manipulation benefited certain Deutsche Bank trading positions by maximizing profits or minimizing losses to the detriment of counterparties, thereby harming consumers of financial products and services;

**WHEREAS** the misconduct discussed in this Order involved the submission of false and misleading information;

**WHEREAS** Deutsche Bank is entering into a Deferred Prosecution Agreement with the U.S. Department of Justice relating to violations of Title 18 United States Code, Section 1343 and Title 15 United States Code, Section 1 and DB Group Services (UK) Ltd. has agreed to plead guilty to a violation of Title 18 United States Code, Section 1343;

**WHEREAS** Deutsche Bank is entering into a resolution with the U.S. Commodity Futures Trading Commission relating to violations of Title 7 United States Code, Sections 9, 13(b) and 13(a)(2); and

**WHEREAS** Deutsche Bank is entering into a resolution the U.K. Financial Conduct Authority relating to principles of management and control, market conduct, and relations with regulators, which are Principles for Business 3, 5 and 11, respectively;

**NOW THEREFORE**, to resolve this matter without further proceedings pursuant to the Superintendent's authority under Section 44 and 44-a of the Banking Law, the Department and Deutsche Bank agree to the following:

## **FACTUAL BACKGROUND**

### Interbank Offered Rates

1. The London Interbank Offered Rate ("LIBOR") is a benchmark interest rate used in financial markets around the world. It is the primary benchmark for short term interest rates globally, written into standard derivative and loan documentation, used for a range of retail products, such as mortgages and student loans, and the basis for settlement of interest rate

contracts on many of the world's major futures and options exchanges. It is also used as a barometer to measure the health of the banking system and as a gauge of market expectation for future central bank interest rates.

2. LIBOR is published by the trade association ICE LIBOR, formerly by the British Bankers' Association ("BBA"), which is composed of over 200 member banks.

3. LIBOR rates are calculated based upon submissions from panels composed of between 11 and 18 contributor banks, dependent on the currency calculated. Presently, there are fixes in five currencies, including CHF (Swiss Franc), EUR (Euro), GBP (Pound Sterling), JPY (Japanese Yen) and USD (U.S. Dollar), although there have previously been up to ten currencies.

4. Every contributor bank is asked to base their LIBOR submissions on the following question: "At what rate could you borrow funds, were you to do so by asking for and then accepting interbank offers in a reasonable market size just prior to 11 am London time?" Therefore, submissions provide an indication of the estimated rate at which a bank could obtain funding in reasonable market size, for a given period and currency.

5. Once each contributor bank has submitted its rate, the contributed rates are ranked. The highest and lowest quartiles are excluded from the calculation, and the middle two quartiles are averaged to formulate the "fix" or "setting."

6. Each contributor bank must submit its rate without reference to rates contributed by other banks and a bank's submission should not be influenced by its motive to maximize profit or minimize losses in derivative transactions tied to LIBOR.

7. Deutsche Bank has been a contributor bank for LIBOR fixes in ten currencies, including for the U.S. Dollar, Swiss Franc and Pound Sterling from at least 1998 to the present, and the Euro and Japanese Yen from at least January 2000 to the present.

8. The Euro Interbank Offered Rate (“EURIBOR”) is a reference rate published by the European Banking Federation and is a benchmark indicator of the average rate at which banks lend unsecured funding in the euro interbank market for a given period. Similar to LIBOR, it is calculated based upon submissions from a panel of contributor banks. From approximately 1999 to the present, Deutsche Bank has been a member of the contributor panel for EURIBOR.

9. The Euroyen Tokyo Interbank Offered Rate (“TIBOR”) is a reference rate overseen by the Japanese Bankers Association. Deutsche Bank has contributed submissions to TIBOR from approximately April 2008 to the present.

10. Deutsche Bank employs traders who trade financial instruments tied to IBOR (“traders”) and employees responsible for contributing IBOR submissions (“submitters”).

11. The misconduct described in this Order was not confined to a small group of individuals; it involved more than two dozen employees, including those in senior management positions, and spanned geographically across numerous countries, including offices in New York, London, Frankfurt, and Tokyo. The misconduct occurred within the Global Finance and Foreign Exchange (“GFFX”) Unit, which consisted of Global Finance and FX Forwards (“GFF”) Unit and Foreign Exchange (“FX”) Unit. GFF employed traders in both the Pool Trading group and the Money Market Derivatives (“MMD”) group.

#### Traders’ Requests for Favorable Submissions

12. From approximately 2005 through 2009, certain Deutsche Bank traders frequently requested that certain submitters submit rate contributions that would benefit the traders’ trading positions, rather than the rates that complied with the IBOR definitions. Traders either proposed a particular contribution for a particular tenor or currency, or proposed that the submitter

contribute a rate higher or lower for a particular tenor or currency. In certain instances, submitters agreed to accommodate and actually accommodated the requests, as reflected in Deutsche Bank's submissions.

13. Many of these communications were made electronically, via email and Bloomberg message. Communications also occurred orally, via telephone and in person. In fact, throughout the relevant time period, Deutsche Bank traders and submitters sat within feet of each other in the London office. The close physical proximity facilitated the sharing of information about currencies and markets.

14. For example, on February 21, 2005, a trader requested of another trader who performed submitter duties on a back-up basis, "can we have a high 6mth libor today pls gezzzer?" The trader/submitter agreed, "sure dude, where wld you like it mate ?" The trader replied, "think it shud be 095?" The trader/submitter replied, "cool, was going 9, so 9.5 it is." The trader joked, "super – don't get that level of flexibility when [the usual submitter] is in the chair fyg!"

15. Similarly, on February 24, 2006, the Head of the London Money Markets and Pool desk requested of several employees, "Push for 60..." The Head of the London Money Market Derivatives desk added, "or even 58 if u can... Coffee on me."

16. In another instance, on April 11, 2006, a trader, who later became the Head of the New York Money Markets Derivative desk, wrote to a submitter, "FYI I am receiving 3mL on 5.5 Bn of the April 12 fixing so a higher 3m Libor on Wed morning would help me." The submitter agreed, "Happy to help."

17. Likewise, on May 17, 2006, a trader requested of the London Head of the Money Markets and Pool desk and a submitter, “If you can help we can use a high 3m fix tom.” The submitter agreed, “Will do chaps.”

18. Similarly, on December 29, 2006, a trader wrote to a submitter, “Come on 32 on 1. Mth... Cu my frd.” The submitter agreed, “ok will try to give you a belated Christmas present...!”

19. In addition to U.S. Dollar LIBOR submissions, Deutsche Bank traders also made requests to submitters for favorable LIBOR submissions for other currencies, including the Japanese Yen, Swiss Franc, and British Pound and, in certain instances, submitters agreed to accommodate and accommodated the requests.

20. For example, on April 21, 2006, the Head of Global Finance in Tokyo made a request regarding Japanese Yen LIBOR to a submitter, “morning mate, I have a big 1m JPY Libor pay fix today, could you please go in low? i know you have been on the low side in the past.” The submitter replied, “ok.”

21. As another example, on September 25, 2008, a trader made a request regarding Swiss Franc LIBOR to a submitter, “can you put a high 3m please?” who replied, “sure 83?”

22. In another instance, on December 2, 2009, a trader made a request regarding Japanese Yen LIBOR to a submitter, “just need s/b jpy in 51.9 Y JPY please.” The submitter replied, “-4.6 3m mate .” The trader responded, “3M please... done many thanks.” The submitter replied, “ok i’ll book to u.” About an hour later, the trader altered the request, “can we please amend to 48.75 JPY for the 3’s.” The submitter replied, “sure dude.”

23. Deutsche Bank traders and submitters also attempted to manipulate EURIBOR rates.

24. For example, on October 2, 2006, the Head of the London Money Market Derivatives desk wrote to a submitter, “mein herr, if [supervisor’s] fixings in the 3mth have rolled off, wud it be possible to put a higher 3mth fixing ?” The submitter, “SURE,ANY SPECIFIC DATE OR EVERYDAY TILL THE OCT06 FIX?” The Head of the London Money Market Derivatives desk specified, “every day please !”

25. Similarly, on January 29, 2007, a submitter wrote to the Head of the London Money Market Derivatives desk, “HI, DO YOU STILL NEED A LOW 1M EURIBOR? HOW LONG DO YOU NEED THESE LOW 1M FIXINGS?” The Head of the London Money Market Derivatives desk replied, “hi – yes please; all through march, I need the libor/eonia spread to tighten.”

26. Furthermore, there is evidence that, during the relevant time period, a Deutsche Bank trader in London also attempted to manipulate Euroyen TIBOR submissions. For example, on June 19, 2009, a trader requested of another trader, “hum a bit of a rough question can we get DB TOK not to lower tibor contribution?” The second trader replied, “yeah i hear ya.” The first trader replied, “a 56 setting makes everybody happy.”

#### Submitters’ Improper Solicitation of Trader Positions

27. On various occasions, Deutsche Bank submitters also reached out to Deutsche Bank traders to ask whether there were particular contributions that would benefit the traders’ trading positions.

28. For example, on March 22, 2005, a submitter offered, “if you need something in particular in the libors i.e. you have an interest in a high or a low fix let me know and there’s a high chance I’ll be able to go in a different level. just give me a shout the day before or send an email from your blackberry first thing.”

29. Similarly, on September 26, 2005, a London desk head wrote to a trader, asking, “libors any requests?” The trader requested, “HIGH FREES, LOW 1MUNF.” The Head of the London Money Markets and Pool desk specified, “what levels?”

#### Interbank Coordination to Manipulate Rates

30. Deutsche Bank communicated and coordinated with employees of other banks and financial institutions regarding their respective rate contributions in advance of an IBOR submission, including individuals at Barclays, BNP Paribas, Citibank, Merrill Lynch, Societe Generale and UBS, in an effort to manipulate rates.

31. For example, on June 9, 2005, an external banker, an employee of Citibank, wrote to the Head of the London Money Market Derivatives Desk, “Amigo checked with my FFT their 3m euribor contribution which seems v low at 2.11 like ur FFT have u checked with your guys???” The Head of the London Money Market Derivatives desk replied, “will tell them from tomorrow to put a higher fix..its way too low.” The next day, the external banker replied, “AM GETTING 12 FIX HERE.” The Head of the London Money Market Derivatives desk replied, “luks like we will b same in fft as well... did you speak to bnp [BNP Paribas]?” The external banker replied, “YES N DRSF NOT SURE THEY WILL GET MUCH JOY BUT TRYING HARD AMIGO...”

32. On September 7, 2006, a London desk head attempted to obtain a low EURIBOR submission from an external banker at Barclays, “I’m begging u, don’t forget me... pleassssssssssssseeeeeeeee... I’m on my knees...” The external banker replied, “I told them 1 m up is that right?” The London desk head continued, “please pal, insist as much as you can... my treasury is taking it to the sky... we have to counter balance it... I’m beggin u... can u beg the [a panel bank] guy as well?” The external banker agreed, “ok, I’m telling him.”



33. On May 20, 2009, a vice president wrote to an employee of Merrill Lynch, “everybody has an advantage to leave m libor high... everybody is received in tib/lib 6m... and we want low 3m right? and high 3m tiber?” The external banker replied, “yeah... still.” The vice president replied, “we all ahve same position no?”

34. More specifically, Deutsche Bank traders and submitters made and received requests from traders at other contributor panel banks for submissions that would be favorable to their trading positions.

35. For example, on June 9, 2006, the Head of the London Money Market Derivatives desk corresponded with an external banker, requesting, “low fix please I’m begging you,” to which the external banker replied, “ok.”

36. Similarly, on October 2, 2006, an external banker, an employee of Barclays, corresponded with the Head of the London Money Market Derivatives desk requesting, “...if it suits you as well, could you ask your cash guys to put a high 6m fixing?” The Head of the London Money Market Derivatives desk replied, “i will.”

37. In another instance, on September 18, 2008, an external banker, an employee of UBS requested of a submitter, “can you set low as a favour for me?” The submitter agreed, “done.” The external banker replied, “i’ll return favour when i can... just ask.”

38. Additionally, on May 21, 2009, an external banker, an employee of UBS, requested of a submitter, “cld you do me a favour would you mind moving you 6m libor up a bit today, I have a gigantic fix... i am limit short... can’t sell anymore... just watch.” The submitter agreed, “i can do that.”

39. Deutsche Bank coordinated with other contributor banks and broker firms regarding submissions to the detriment of particular competitor banks.

40. For instance, on February 10, 2005, an external banker, an employee of Bluecrest Capital, wrote to a director, requesting, “Can’t you ask your fft to contribute 1m chf libor very low today?? I have 10yr of fix, 8 of which against ubs, and they’re getting on my nerves.”

41. On September 21, 2005, the Head of the London Money Market Derivatives desk wrote to a submitter, stating, “BARCLAYS IS DOIN IT ON PURPOSE BECAUSE THEY HAVE THE EXACT OPPOSITE POSITION – ON WHICH TYE LOST 25MIO SO FAR – LETS TAKE THEM ON !!” The submitter replied, “ok, let’s see if we can hurt them a little bit more then.”

42. On September 26, 2007, a submitter communicated with a director regarding LIBOR information obtained through brokers, stating, “Most of us in London want the same kind of fixings tmrw too. Some today thought we’d see 25 in 3s tmrw but I know of 4 banks who are going to leave their libors unchanged. Will let you know first thing.”

43. On various occasions, Deutsche Bank communicated with broker firms in an effort to influence IBOR submissions through the information disseminated by brokers as part of the market color they provided to clients.

44. For example, on June 20, 2007, a London desk head wrote to a submitter, “...my friend we really need the 1 mth fixing to come down if you could do anything.” The submitter replied, “SURE MAT E..WE TRY BEST HERE ...OFFERING AT MOM IN 1M FOR U TO GET IT HOPEFULLY LOW FOR TOM ... K I WILL ALSO OFFER LOW TO THE BROKERS AND WILL ALSO SEND LOW 1M FIXING ON GOING FORWARD .. WE WILL DO OUR BEST MATE”

45. For example, on February 27, 2008, a broker employed by ICAP asked a London desk head, “which direction do you want tom 1mth libor pushed?”

46. In another instance, on September 16, 2008, the Head of the London Money Markets and Pool desk communicated with a broker at ICAP regarding specific LIBOR submissions. The broker wrote, “trying for you,” and the Head of the London Money Markets and Pool desk requested, “lower 1mth PLEASE.” The broker said, “ok not sure I can go lower than 80,” and the Head of the London Money Markets and Pool desk replied, “please go lower.”

#### Acknowledgement of “Corrupt” Practices

47. As a bank’s IBOR rates are intended to correspond to the cost at which the bank concludes it can borrow funds, the rates are an indicator of a bank’s financial health. If a bank’s submission is high, it suggests that the bank is, or would, pay a high amount to borrow funds. This could indicate a liquidity problem and, thus, that the bank is experiencing financial difficulty.

48. IBOR rates also affect a bank’s payment obligations pursuant to contracts underlying derivatives transactions, so by increasing, decreasing or maintaining submitted rates to influence the resulting fixes, a bank could profit or reduce losses with respect to certain trades.

49. Additionally, certain traders’ compensation at Deutsche Bank was based in part on the profit and loss calculation of the trading books, so traders stood to personally benefit from favorable positions.

50. Certain traders and submitters at Deutsche Bank were aware that the IBOR rates did not accurately reflect their definitions. For example, on June 3, 2008, a submitter wrote to a number of traders, including the Head of the London Money Market Derivatives desk and the Global Head of Core Global Finance and FX Forwards, “...banks have wised up to the fact that if they leave their second bid much lower (every bank can put 2 separate bids in) all it takes is for one person to get filled at that lower price for the whole allotment to be filled there. So the low

rate doesn't tell us there is necessarily lower demand particularly given the bid to cover was higher. It will however keep 1m libor down and also help to bring the eur/usd fwds back to the left...”

51. In another instance, on August 21, 2008, a vice president wrote to an external banker employed at Merrill Lynch, “tabor going down or not?” The external banker replied, “tabor will go down slightly but not much... euroyen tabor isn't really reflective of actual money market condition in japan... people just randomly make those numbers up... pretty much like libors tho!”

52. On June 11, 2009, a trader and a vice president discussed whether LIBOR rates would drop. The trader wrote, “oh no, totally agree libor should come off more” and the vice president replied, “...tabor completely corrupt fixing.”

53. On July 16, 2009, a managing director and the Head of the London Money Market Derivatives desk discussed the strength and accuracy of the Euro LIBOR panel in comparison to the EURIBOR panel. The managing director asked, “u think the quality of the euro-libor panel is 4.5bps better than euribor?” The Head of the London Money Market Derivatives desk responded yes, and the managing director replied, “not so sure, i have a hard time to believe if so many banks say they can better than the market while they are a part of it.” The Head of the London Money Market Derivatives desk stated, “theyre all lying anyway.” The managing director replied, “there is a philosophical saying: ‘one greek says: “all greeks are lying” who do u trust?’”

54. On September 4, 2009, a vice president wrote to a trader regarding LIBOR and TIBOR, stating, “am purring 34 for 3m libor and I think am far too high... JPM [JP Morgan Chase] is putting 41 for tabor... I do not understand how come we can have 3m tabor/cash at 56

at DB... DB is the among the lowest libor contribution in all ccys... UBS is corrup/manipulator in tabor fixing... i think putting such a high tabor damage the reputation of deutsche bank...

Second, It is not because all the tibors setters are corrupt/manipulators that deutsche bank has to be aswell... It is not because the japanese banks are manipulating the tabor fixing that DB has to do it as well... Tibor is a corrupt fixing and DB is part of it!"

#### A Senior Manager's Instruction to Lowball

55. From approximately 2007 through 2009, a number of large international banks were receiving negative press coverage concerning their high and potentially inaccurate LIBOR submissions. Certain articles questioned particular banks' liquidity position regarding the high LIBOR submissions and, as a result, the banks' share prices fell. Various Deutsche Bank senior managers circulated and discussed these articles.

56. For example, on October 4, 2007, the Head of Short Term Interest Rate Trading in Australia and New Zealand forwarded an article, which reported a rumor that a large European bank was struggling for financing, including to senior management, commenting on the instability of the market, specifically in regards to bank illiquidity, and commented, "This market has the feel that we are about to have another run and panic on funding in my opinion just a gut feeling looking at the behavior of LIBORS if we look at the 3mth fix over the 1st few days since we have gone over the TURN of the year there has been a bit of pressure... this feels like the period where we were edging up ever so slight back in early august where we fixed at 5.36 for months on end and then started edging up before the panic set in."

57. Later that day, a group head within the Global Finance and Foreign Exchange Unit forwarded the email to a London desk head, directing, “Make sure our libors are on the low side for all ccys.”<sup>1</sup>

### Compliance Failures

58. As discussed within this Order, the misconduct at the Bank was systemic and involved various levels of employees, including members of senior management. For example, on March 20, 2007, a submitter wrote to the Global Head of Global Finance and FX Forwards, “HAVE U SEEN THE 3MK FIXING TODAY? THAT WAS AN EXCELLENT CONCERTED ACTION FFT/LDN. CHEERS.”

59. The culture within the Bank valued increased profits with little regard to the integrity of the market. The profits and losses of the traders’ books was a factor in the determination of their bonuses and the Bank promoted certain employees as a result of their profitable IBOR business.

60. The Bank failed to have any IBOR-specific systems and controls in place. For example, the Bank did not keep records of which employees submitted IBOR rates, nor did it keep records regarding the rationale behind the rate submissions. Additionally, the Bank did not provide formal training on the submission processes.

61. Deutsche Bank failed to address the inherent conflict of interest with the same group of employees submitting rates on one hand, and trading derivatives directly impacted by those rates on the other. There was at least one employee who actually served as both a trader

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<sup>1</sup> At this time, there is no evidence known to the Department that would support a finding that this instruction was followed.

and a submitter. Additionally, there was no system for mapping trading books to the traders responsible for managing the books.

62. Furthermore, the Bank failed to address the absence of these systems and controls, and the inherent conflict of interest, even after being put on notice in at least as early as 2008, when the Bank was contacted by the BBA regarding the inaccuracy of LIBOR submissions.

63. Specifically, on May 2, 2008, the Chief Executive of the BBA, which at the time was responsible for the publishing of LIBOR, wrote to contributor banks, including Deutsche Bank, regarding the BBA's view that LIBOR fixes were too low and did not accurately reflect the market, stating, "As you know we discussed LIBOR at the Board meeting in April, primarily in respect of some of the "inaccuracies" from contributing banks, relating to the dollar rate. Due to the high levels of volatility and uncertainty in the markets the BBA has brought forward the full review of LIBOR... Over the last few days we have had a number of calls particularly from brokers and the derivatives community commenting on the rate contributions of some of the banks and others tell us it is not possible to borrow at a rate even near that dollar LIBOR. In a nutshell, they consider that the rates are inappropriately low and that in some instances they have given us the names of banks that posted one rate and subsequently borrowed at a materially higher rate. As a result, we have had another flurry of articles about LIBOR, both in the Wall Street Journal and the FT... Can I ask you again that you do what is necessary within your organization to effect appropriate rates to be set..." Thereafter, members of senior management discussed the issues raised by the BBA regarding LIBOR inaccuracies.

64. Notwithstanding their knowledge of the inaccuracies of LIBOR contributions in the industry, members of senior management failed to recognize and respond to warning signs that Deutsche Bank traders may be part of the misconduct.

65. For example, on October 28, 2008, the Head of Global Rates and Commodities (who is presently the Head of Asset and Wealth Management and a Member of Group Executive Committee) asked certain traders to be kept apprised of the fixes. In response thereto, on November 4, 2008, a trader provided the Head of Global Rates and Commodities with the results of an inquiry into Deutsche Bank's EURIBOR contributions as compared to other panel banks, stating, "During September and the first week of October we submitted Euribor Rates about 5bp lower than the average which tended to be lowest contribution. However from October 9 onwards our submissions dropped a further 25bp below the Euribor average..."

66. Despite this awareness, it was not until 2011 that the Bank took steps to introduce IBOR-specific systems and controls, and not until February 2013 that IBOR-specific systems and controls were put in place to address the inherent conflicts of interest prevalent at the Bank.

### **Violations of Law and Regulations**

67. With regards to the aforementioned conduct, the Bank has conducted banking business in an unsafe and unsound manner.

68. The Bank also failed to maintain or make available at the New York Branch, true and accurate books, accounts, and records reflecting all transactions and actions, in violation of Banking Law § 200-c.

69. Deutsche Bank failed to submit a report to the Superintendent immediately upon discovering fraud, dishonesty, making of false entries and omission of true entries, and other misconduct, whether or not a criminal offense, in violation of 3 NYCRR § 300.1.



## **SETTLEMENT PROVISIONS**

### **Monetary Penalty**

70. Deutsche Bank shall pay a civil monetary penalty, pursuant to Banking Law §§ 44 and 44-a, to the Department in the amount of \$600,000,000. Deutsche Bank shall pay the entire amount within ten days of executing this Consent Order. Deutsche Bank agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state, or local tax, directly or indirectly, for any portion of the civil monetary penalty paid pursuant to this Consent Order.

### **Employee Discipline**

71. As a result of the investigation, numerous employees that were involved in the wrongful conduct discussed in this Order, including those in management positions, have been terminated, disciplined or are otherwise no longer employed by the Bank, as a result of their misconduct.

72. Ten of the individuals centrally involved in the misconduct were terminated as a result of the investigation. Four of these employees were reinstated pursuant to a German Labour Court determination, and two of them remain at the Bank. Three individuals were placed on leave and subsequently their positions were made redundant as a result of restructuring. At least eleven individuals involved in the misconduct left the Bank before the investigation began. At least six individuals were subject to various forms of discipline including reduction in bonus, receipt of a warning letter, notation in a personnel file, and mandatory remedial meetings, management counseling and targeted communications and compliance trainings.

73. However, certain employees involved in the wrongful conduct remain employed at the Bank. The Department orders the Bank to take all steps necessary to terminate the

following seven employees, who played a role in the misconduct discussed in this Consent Order but who remain employed by the Bank: one London-based Managing Director, four London-based Directors, one London-based Vice President, and one Frankfurt-based Vice President. If, after taking whatever action is necessary to terminate these employees, a judicial or regulatory determination or order is issued finding that such action is not permissible under local law, then this employee shall not be allowed to hold or assume any duties, responsibilities, or activities involving compliance, IBOR submissions, or any matter relating to U.S. or U.S. Dollar operations.

74. Additionally, the four terminated employees that were reinstated due to the German Labour Court decision who remain at the Bank shall not be allowed to hold or assume any duties, responsibilities, or activities involving compliance, IBOR submissions, or any matter relating to U.S. or U.S. Dollar operations.

### **Independent Monitor**

75. Deutsche Bank will engage an independent monitor, selected by the Department in the exercise of its sole discretion, to conduct, consistent with applicable law, a comprehensive review compliance programs, policies, and procedures, with respect to the business activities discussed within this Order, now in place at the Bank that pertain to or affect activities conducted by or through the New York Branch. The monitor will report directly to the Department.

76. Among other things, the monitor will review and report on:
- a. The thoroughness and comprehensiveness of the Bank's current compliance program, including the organizational structure, management oversight, and reporting lines that are relevant to compliance, and an assessment of the staffing of the compliance teams, including the duties,

responsibilities, authority, and competence of officers or employees responsible for the Bank's compliance with laws and regulations pertaining to compliance;

- b. The propriety, reasonableness, and adequacy of any proposed, planned, or recently-instituted changes to the Bank's compliance programs;
- c. Any corrective measures necessary to address identified weaknesses or deficiencies in the Bank's corporate governance or its compliance program.

77. Deutsche Bank agrees that it will fully cooperate with the monitor and support its work by, among other things, providing the monitor with access to all relevant personnel, consultants and third-party service providers, files, reports, or records, whether located in New York, Germany or elsewhere, consistent with applicable law.

78. Within 90 days of the date of formal engagement, the monitor will submit to the Department and Deutsche Bank's Board of Directors a preliminary written report of findings, including proposed corrective measures.

79. Within 30 days of receiving the monitor's preliminary written report of findings, Deutsche Bank will submit to the Department a written plan designed to improve and enhance current compliance programs that pertain to or affect activities conducted by or through Deutsche Bank's New York Branch, incorporating any relevant corrective measures identified in the monitor's report (the "Action Plan"). The Action Plan will provide for enhanced internal controls and updates or revisions to current policies, procedures, and processes in order to ensure full compliance with all applicable provisions of the law and the provisions of this Consent

Order. Upon receipt of written approval from the Department, Deutsche Bank will begin to implement the changes.

80. Within 30 days of receiving the monitor's preliminary written report of findings, Deutsche Bank will submit to the Department a written plan to improve and enhance management oversight of compliance programs, policies, and procedures now in place at the Bank that pertain to or affect activities conducted by or through Deutsche Bank's New York Branch (the "Management Oversight Plan"). The Management Oversight Plan will address relevant matters identified in the monitor's written report of findings and provide a sustainable management oversight framework. Upon receipt of written approval from the Department, Deutsche Bank will begin to implement the changes.

81. The monitor will thereafter oversee the implementation of corrective measures set out in the Bank's Action Plan and Management Oversight Plan. Finally, the monitor will assess the Bank's compliance with those measures. The monitor will submit subsequent progress reports and a final report to the Department and to Deutsche Bank's Management Board at intervals to be determined by the Department. The Department may, in its sole discretion, extend any reporting deadline set out in this section.

82. The term of the monitor's engagement will extend for two years from the date of formal engagement. Any dispute as to the scope of the monitor's authority or mandate will be resolved by the Department in the exercise of its sole discretion, after appropriate consultation with Deutsche Bank and the monitor.

### **Breach of Consent Order**

83. In the event that the Department believes Deutsche Bank to be in material breach of the Consent Order, the Department will provide written notice to Deutsche Bank and

Deutsche Bank must, within ten business days of receiving such notice, or on a later date if so determined in the Department's sole discretion, appear before the Department to demonstrate that no material breach has occurred or, to the extent pertinent, that the breach is not material or has been cured.

84. The parties understand and agree that Deutsche Bank's failure to make the required showing within the designated time period shall be presumptive evidence of Deutsche Bank's breach. Upon a finding that Deutsche Bank has breached this Consent Order, the Department has all the remedies available to it under New York Banking and Financial Services Law and may use any evidence available to the Department in any ensuing hearings, notices or orders.

#### **Waiver of Rights**

85. The Parties understand and agree that no provision of this Consent Order is subject to review in any court or tribunal outside the Department.

#### **Parties Bound by the Consent Order**

86. This Consent Order is binding on the Department and Deutsche Bank, as well as any successors and assigns that are under the Department's supervisory authority. But this Consent Order does not bind any federal or other state agency or any law enforcement authority.

87. No further action will be taken by the Department against Deutsche Bank for the conduct set forth in the Consent Order, provided that Deutsche Bank complies with the terms of the Consent Order.

88. Notwithstanding any other provision in this Consent Order, however, the Department may undertake additional action against Deutsche Bank for transactions or conduct

that Deutsche Bank did not disclose to the Department in the written materials Deutsche Bank submitted to the Department in connection with this matter.

### **Notices**

89. All notices or communications regarding this Consent Order shall be sent to:

For the Department:

Mari Dopp  
Assistant Counsel  
One State Street  
New York, NY 10004

Mark Silver  
Assistant Counsel  
One State Street  
New York, NY 10004

For Deutsche Bank AG:

Steven F. Reich  
General Counsel - Americas  
Deutsche Bank AG, New York Branch  
60 Wall Street  
36th Floor  
New York, New York 10005-2836


### **Miscellaneous**

90. Each provision of this Consent Order shall remain effective and enforceable until stayed, modified, suspended or terminated by the Department.

91. No promise, assurance, representation or understanding other than those contained in this Consent Order has been made to induce any party to agree to the provisions of the Consent Order.

**IN WITNESS WHEREOF**, the parties have caused this Consent Order to be signed this 23rd day of April, 2015.

DEUTSCHE BANK AG

By:  \_\_\_\_\_  
**CHRISTIAN SEWING**  
Member of the Management Board,  
Head of Legal, Incident Management Group  
and Group Audit

NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES

By: \_\_\_\_\_  
**BENJAMIN M. LAWSKY**  
Superintendent of Financial Services


**IN WITNESS WHEREOF**, the parties have caused this Consent Order to be signed this 23rd day of April, 2015.

DEUTSCHE BANK AG

NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES

By: \_\_\_\_\_

**CHRISTIAN SEWING**  
**Member of the Management Board,**  
**Head of Legal, Incident Management Group**  
**and Group Audit**

  
By: \_\_\_\_\_

**BENJAMIN M. LAWSKY**  
**Superintendent of Financial Services**