**The Forex Scandal -**  Wikipedia

The Forex Scandal is a financial scandal that involved the revelation, and subsequent investigation, that banks colluded for at least a decade to manipulate exchange rates for their own financial gain.

Market regulators in Asia, Switzerland, the United Kingdom, and the United States began to investigate the $5.3 trillion-a-day foreign exchange market (forex) after Bloomberg News reported in 2013 that currency dealers had been pushing through trades before and during the 60-second windows when the benchmark rates are set. The fraudulent behavior occurred daily and went on for at least a decade according to currency traders.

At the center of the investigation are the transcripts of electronic chatrooms in which senior currency traders discussed with their competitors at other banks the types and volume of the trades they planned to place. The electronic chatrooms had names such as "The Cartel", "The Bandits’ Club", and "The Mafia".

The discussions in the chatrooms were interspersed with jokes about manipulating the forex market and repeated references to alcohol, drugs, and women. [7] Regulators are particularly focusing in on one small exclusive chatroom which was variously called The Cartel or The Mafia. The chatroom was used by some of the most influential traders in London and membership in the chatroom was highly sought after.

Deutsche Bank, continental Europe’s largest lender, was also cooperating with requests for information from regulators. Barclays, Citigroup, Deutsche Bank, HSBC, JPMorgan Chase, Lloyds, RBS, Standard Chartered, UBS and the Bank of England as of June 2014 had suspended, placed on leave, or fired some 40 forex employees. [6]

Reuters reported hundreds of traders around the world could be implicated in the scandal.

**Effects** The monetary losses caused by manipulation of the forex market has been estimated to represent $11.5 billion-a-year for Britain’s 20.7 million pension holders alone. The manipulations affected customers all around the world, for over a decade.

**Fines**

In 2014, the United Kingdom's Financial Conduct Authority (FCA) imposed fines totaling $1.7 billion on five banks for failing to control business practices in their G10 spot foreign exchange trading operations. On the same day the United States Commodity Futures Trading Commission (CFTC) in coordination with the FCA imposed collective fines of $1.4 billion against the same five banks: Citibank, JPMorgan, RBS, UBS, and HSBC.

In 2015, the five banks pleaded guilty to felony charges by the United States Department of Justice and agreed to pay fines totaling more than $5.7 billion.

**Reforms**

The reform programme will require firms to review their IT systems in relation to their spot FX business, as the banks currently rely on legacy technologies that allow for the existence of dark-data silos within which manipulation is able to occur unnoticed by compliance systems.

**Write the first question and then answer it. Then write the second question and do the same. Do not skip spaces if it requires more than one sheet of paper.**

1. What does *forex* stand for?
2. Why are there sometimes bracketed numbers after a sentence?
3. Who or what sent out the alarm about a possible scandal?
4. In one or two sentences describe Bloomberg News.
5. How much money is exchanged between currencies daily around the world?
6. What do they mean by a “60 second window”?
7. What do they mean by a “benchmark”?
8. How long had the scandal been going on?
9. How were the cheaters caught?
10. What did the cheaters talk about besides the forex?
11. In your opinion were the cheaters cavalier in their cheating?
12. Why do they use the term “continental Europe” instead of just Europe?
13. Why is program spelled “programme”?
14. What is the average loss of $ that the British pensioners lost per year?
15. In no more than two sentences tell what Reuters is.
16. What is *continental* Europe’s largest bank?
17. What is Europe’s largest bank?
18. Besides the Forex Scandal, why else is continental Europe’s largest bank in trouble?
19. How many banks were found guilty?
20. How many different regulating bodies chose to fine the banks?
21. What did the fines total in dollars?
22. What are IT systems?
23. What is FX in relation to banking?
24. How are the current system flaws described?
25. How many employees were at least put on leave if not fired from all the banks?
26. Do you think the answer to number 25 above is a bit low?