NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

IN THE MATTER OF

DEUTSCHE BANK AG and
DEUTSCHE BANK AG NEW YORK BRANCH

CONSENT ORDER UNDER
NEW YORK BANKING LAW §§ 39 and 44

The New York State Department of Financial Services (the "Department"), Deutsche Bank AG, and Deutsche Bank AG New York Branch (together, "Deutsche Bank" or the "Bank"), are willing to resolve the matters described herein without further proceedings.

WHEREAS, Deutsche Bank is a global financial institution headquartered in Frankfurt, Germany, that employs approximately 97,000 people worldwide, with total assets of more than $1.75 trillion.

WHEREAS, Deutsche Bank AG is licensed by the Department to operate a foreign bank branch in New York State, the Deutsche Bank AG New York Branch (the "New York Branch"); and also operates a trust company, Deutsche Bank Trust Company of the Americas ("DBTCA"), which is likewise licensed and supervised by the Department. Combined assets at the New York Branch and DBTCA total in excess of $220 billion.

WHEREAS, the Department has been investigating Deutsche Bank's foreign exchange business. The Department and Deutsche Bank are willing to resolve the matters described herein without further proceedings:

THE DEPARTMENT'S FINDINGS AFTER INVESTIGATION

Introduction

1. As part of its broad investigation of the foreign exchange ("FX") markets, the Department has been investigating Deutsche Bank's foreign exchange trading business (the "DFS Investigation" or "Investigation"), including obtaining over 2 million pages of documents from the Bank; conducting interviews of Bank employees; and obtaining additional information from third-party sources. Additionally, the DFS Investigation has been assisted by an independent consulting firm that reported directly to the Department.

2. The Department's Investigation determined that Deutsche Bank repeatedly engaged in unsafe, unsound and improper conduct, in violation of New York laws and regulations. The conduct arose from the Bank's failures to implement effective controls over its FX business.

3. Deutsche Bank traders and salespeople used various tactics to benefit the Bank (and themselves) by maximizing profits or minimizing losses at the expense of the Bank's customers, or customers of other banks that became involved in the misconduct. Improper activity included:

- Using online chat rooms to discuss coordinating with traders at other banks in efforts to improperly affect FX prices;
- Exchanging confidential customer information in chat rooms with traders at other banks to maximize profits at customers' expense;
- Engaging in discussions about FX benchmark fix-related trading in chat rooms with traders at other banks;
- Attempts to improperly influence the submissions made by Deutsche Bank and other banks to submission-based foreign currency benchmarks in certain emerging market currencies;

- A short-lived effort, co-led by a Deutsche Bank trader, to collude with traders at other banks in the bid/offer spreads offered to FX customers for FX non-deliverable forward contracts in an emerging market currency;

- Aggressive trading intended to move prices in certain emerging market currencies, so to improperly trigger or defend FX barrier options, to the Bank's benefit and the customers' detriment; and

- Misleading customers by hiding markups charged on executed trades or by deliberately "underfilling" customer trades in order to keep part of a profitable trade for the Bank's own account.

4. Additionally, the DFS Investigation determined that, while as a general matter, Deutsche Bank properly calibrated its deployment of "last look" latency buffers in its electronic trading platforms, certain limited elements of Deutsche Bank's electronic trading systems had, for certain time periods, the potential to improperly affect market prices or disadvantage customers. The Investigation determined that this was not the result of intentional design efforts in its systems, but rather deficiencies in Deutsche Bank's controls.

The Foreign Exchange Market and Deutsche Bank's FX Business

5. **The FX Market**: The foreign exchange market is one of the largest and most liquid markets in the world. The FX market is centered on "spot" transactions, *i.e.*, the exchange of national currencies between two counterparties typically settled within two business days. A spot dealer quotes its customer a "bid" (the price at which it will buy a currency) and an "ask" (the price at which it will sell). The difference between a bid and ask is known as the "spread."

6. Large banks such as Deutsche Bank serve as FX "market-makers" or dealers, quoting both bids and asks and trading in either direction with customers. Managing the spreads quoted to customers is one way dealers profit from FX market-making. Dealers may also trade for their own account.

7. The quoted spread plays an important role in a customer's decision whether to place an order with a particular dealer. Dealers want a wider spread, *i.e.,* to buy low and sell high, while customers seek a narrower spread. The narrower the spread offered, the more competitive the price; if a spread is too wide, a customer may choose to select another bank offering tighter spreads. By quoting narrower spreads than competitors, dealers can win customer business and gain market share.

8. The global FX market is active 24 hours per day. To facilitate information flow and certain types of trading, industry organizations regularly published snapshots of market prices taken at set times each trading day, known as "fixes" or benchmarks. Some fixes are calculated by sampling actual completed trades during a designated short time period; others, especially those for less liquid currency pairs, are calculated using indicative quotes solicited by the benchmark publisher from market participants.

9. Some customers wish to place buy or sell orders "at the fix price," meaning the customer and dealer agree to transact at the future fix rate. Upon accepting a fix order, the dealer is committed to trading with the customer at whatever fix price is eventually published. By taking these orders to transact at a rate that will only be determined later, banks take on risk by exposing themselves to exchange rate movements.[1]

10. **Deutsche Bank's FX Business**: Deutsche Bank conducts FX trading operations at the New York Branch, in London, and at other global trading hubs. At all relevant times, Deutsche Bank offered both "voice" trading – currency trading conducted by salespeople and

[1] One type of fix is calculated each day based on a sampling of real trading activity completed during a predetermined and usually short window of time. For spot trading, the most widely used benchmarks are the WM/Reuters fix ("WM/R" fix, occurring every business day at 4:00 p.m. London time) and the European Central Bank fix ("ECB" fix, occurring every business day at 1:15 p.m. London time). FX traders may buy or sell currency close to the "fix window" in order to manage their exposure to this risk and obtain a currency position large enough to complete the client's order.

desk traders using telephone or electronic communications – and "electronic" trading, where customers accessed Deutsche Bank's trading services directly via sophisticated computer applications.

11. During the period of approximately 2007 through 2013, Deutsche Bank's average share of the global FX market ranged between 15 and 22 percent -- ***making it the largest FX dealer in the world during that time.***

Unsafe, Unsound and Improper Conduct Arising in "Voice" FX Trading

Improper Discussions Concerning Efforts to Coordinate Trading

12. Certain Deutsche Bank FX traders participated in multi-party online "chat rooms" where participants shared confidential information, discussed coordinating trading activity, and appeared to attempt to improperly affect FX currency prices or benchmark rates. The purpose of this activity was to diminish competition and allow participating traders to enhance profits from executing FX trades at the expense of customers or the wider market.

13. **"Jamming the Fix"**: One improper practice apparently employed by certain Deutsche Bank traders involved accumulating a large trading position (which might have been accomplished with relative ease given the Bank's significant market power) and then using the position to make aggressive trades just before and during the fix window, with the intention of moving the ultimate fix price in a desired direction, up or down – known as "jamming the fix".

14. Certain Deutsche Bank traders discussed enhancing the potential impact of this strategy by using chat rooms to share sensitive and confidential client information. Traders sought to learn, for example, whether other traders had large positions in the opposite direction, so that they could attempt to coordinate trading strategies and achieve maximum influence on the upcoming fix.

15. One Deutsche Bank trader who engaged in this misconduct was a senior trader located at the New York trading desk, Trader 1. In mid-2010, Trader 1 began using multi-bank chat rooms to discuss improper coordination with Trader 2, a trader at another global bank.[2] In May 2010, for example, after hearing about a particular trade outcome resulting from inappropriate coordination by Trader 2 and a trader at another large bank, Trader 1 told Trader 2, "thats what we need to do more!!! . . . ***you and me – coordinated*** . . . ***LETS GO***." Trader 2 responded: "***yeah I'm fully up for co-ordinated rippage***."

16. In another example from July 2010, Trader 1 improperly revealed that his customer order was to sell 180 million euro/U.S. dollar at the ECB fix. Trader 2 replied he, too, had a large customer order to sell the same currency pair at the ECB fix as well. Since both Trader 1 and 2 would be buying Euro from their clients at the fix price, they both sought to execute the trade at the lowest possible fix price. The traders discussed coordinating to sell substantial amounts of euro/U.S. dollar in the minutes just prior to the fix, so to try and move the price down.

17. Trader 2 also let Trader 1 know that another trader at a large bank, Trader 3, would not be a buyer at this fix, thereby increasing confidence that neither trader would be

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[2] Trader 2 is alleged to have been a member of the chat room known as "The Cartel." Members of this chat room allegedly were some of the most influential foreign exchange traders at the largest dealer banks, and their combined market power reportedly surpassed 40 percent of all FX trading at times. *See* Caroline Binham, *Financial Times*, DOJ Charges UK-based Currency Traders in Forex-rigging Probe, Jan. 10, 2017 (https://www.ft.com/content/c92f3fe2-d743-11e6-944b-e7eb37a6aa8e).

Deutsche Bank was not a member of The Cartel, and no current or former Deutsche Bank trader was charged in the relevant indictment (*see* n. 3). However, because Deutsche Bank was itself the largest FX dealer during the relevant time, information gleaned from the "Cartel" group had the potential to become valuable in the hands of Deutsche Bank traders as well. On July 19, 2016, Trader 2, consented to an order of prohibition issued by the Board of Governors of the Federal Reserve System (the "Board"), in which the Board found Trader 2 routinely engaged in unsafe and unsound conduct arising out of (a) disclosures to traders of other institutions of confidential customer information, (b) coordinating trading in the EUR/USD currency pair in connection with FX currency "fixes" in the WMR, (c) coordination regarding bid/offer spreads offered to FX customers, and (d) agreeing with traders from other institutions to refrain from trading against each other so as to impact currency prices. *See In the Matter of Matthew Gardiner,* Dkt. No. 16-010-E-I.

adversely impacted by large volume trading in the opposite direction. Just after the fix, Trader 1 asked "[is] 50 the rate?" to which Trader 2 replied, "50 would be niiiiice," indicating they both sought to encourage the price down to 1.2850. Trader 2 confirmed: "aaawwww yeah . . . ***the power of 2!!***" Trader 1 ultimately booked a profit in excess of $81,000 on this trade.

18. In September 2010, Trader 1 informed Trader 2 that Trader 1 had customer orders to buy 300 million euro/U.S. Dollar at the upcoming WMR fix, and that Deutsche Bank's London desk had additional customer buy orders in this currency pair. Trader 2 reported that Trader 2, along with two other traders -- Trader 3 and Trader 4 (each of whom was at another large bank)[3] -- had an aggregate total of buy orders for more than €600 million. Trader 1 also shared that Deutsche Bank's London desk had additional buy orders of more than 300 million Euro/U.S. dollar ("***my ldn is MORE THAN THAT***"), and further, that "***another bank we speak to is same way***."

19. Trader 1 then cautioned Trader 2 that this information was being shared "***LKB,***" *i.e.,* "low key basis" or closely held. Trader 1 remarked, "***This cant be that easy,***" indicating that, now armed with an abundance of confidential information about how most of the large market participants would be trading at this fix, they would have the ability to potentially influence the price in a substantial way.

20. Later, in approximately October 2010, Deutsche Bank promoted Trader 1 to Head of the New York FX trading desk. It was apparently understood by other Deutsche Bank traders that the New York FX spot desk welcomed fix business. In December 2011, for example, Trader

[3] Traders 3 and 4, alleged members of "The Cartel," apparently had been chatting with each other in a separate chat room used by "The Cartel. On or about January 10, 2017, Traders 3 and 4 were charged by indictment in the Southern District of New York with participating in a conspiracy to suppress and eliminate competition for the purchase and sale of euro/U.S. dollar in the United States and elsewhere. The charges are currently pending. *See U.S. v. Rohan Ramchandani, et al.*, 17-CR-019 (S.D.N.Y.) (https://www.justice.gov/opa/press-release/file/924206/download). As noted, Deutsche Bank was not a member of The Cartel, and no current or former Deutsche Bank trader was charged in the indictment.

5, a New York-based FX trader, and Trader 6, a London-based FX trader, discussed which of the fixes appeared most susceptible to manipulation. Trader 6 stated his preference for the ECB fix because "it is really ***just like driving a forklift truck into a wall . . . sometimes the cash machine falls onto the truck***." Trader 5 referred to another Deutsche Bank trader in London, Trader 7, noting that Trader 7 had great facility when seeking to push down currency prices near the fix:

> ***the best was watching [Trader 7] do ecb fixes, he was super heavy handed at the best of times, would go nuts on the ecb fix and be shocked when he lost money. He would basically offer it down the entire day's range 5 seconds before the fix, amazing.***

21. In January 2008, just minutes before the ECB fix, Trader 6 warned Trader 14, a trader at another large bank, that Trader 14 should be careful when trading in the euro/pound sterling currency pair: "***its possibly wrth not getting in the way of it for a while***." Trader 6 further told Trader 14 to hold the information close, saying "***don't share it with yr colleagues***," to which Trader 14 replied, "***I wont . . . will keep it to myself***."

22. And in a July 2010 internal communication, a Deutsche Bank derivatives trader noted to Supervisor 1, who was a supervisor in the FX Derivatives Department, that Deutsche Bank's spot traders "like big fixes . . . ***since they can push mkt in their favor***," to which Supervisor 1 replied, "***yes . . . big fixes always good***."

23. Certain Deutsche Bank FX employees also were willing to assist customers who also sought to improperly affect fix prices. In June 2012, for example, a large bank customer of Deutsche Bank placed a series of euro/U.S. dollar orders that aggregated to a large position. The customer's representative told Salesperson 1 (located in Frankfurt) that the customer "***need[ed] the bloody eurusd lower***" and asked the Bank to sell her first block of currency "***as hard as you can***" ten minutes before a certain fix, followed by a second transaction five minutes before. The customer said Deutsche Bank should "***hammer***" the last tranche at the fix, "***just to be sure***."

Salesperson 1 passed those instructions along to Trader 1, who acknowledged the instructions, counseled Salesperson 1 to be careful in the language used in chats, and then executed the trades in the manner requested by the customer. Analysis of trading records indicates a distinct possibility Trader 1's market activity moved the price of the Euro down during a brief period before and after the BFIX fix that day.[4]

24. **Spread Collusion Involving Brazilian Real/U.S. Dollar NDFs**: In November 2009, a New York-based Deutsche Bank trader, Trader 8, helped organize a scheme whereby major dealers in certain non-deliverable forwards ("NDFs") tied to the Brazilian real/U.S. dollar currency pair agreed to quote inflated spreads to any outside party seeking to do business with this small group of dealers.[5] The dealers involved carried out their communications in a chat room known as "***Butter the Comedian***."

25. Under market regulations then in effect, only a small number of banks, including Deutsche Bank, were authorized to trade certain products in Brazilian financial markets. Outside parties who wished to trade in these products engaged brokers who, in turn, solicited quotes from authorized dealers interested in the other side of the transaction.

26. Trader 8 and a colleague at the New York office of another global bank, Trader 9, devised a scheme to have dealers at other authorized Brazilian dealer banks collude on the size of spreads offered to customers interested in trading NDFs. Trader 8 led a discussion among the group of how wide the spread should be, and oversaw the final vote among the participants. The spread upon which they ultimately agreed -- plus or minus 5 pips (the "Collusive Spread") -- was

[4] The BFIX is a fix provided by financial information services company Bloomberg LP, and is described as a family of benchmarks that covers spot, forward and non-deliverable forward rates for a comprehensive global coverage of currencies. The benchmark is used by market participants as a fix for portfolio benchmarking, derivatives valuation, index construction, and trade execution.

[5] NDFs are currency derivative contracts used to gain exposure to those currencies that are not freely convertible.

larger than what they would have quoted had they been required to actually compete against each other for the brokers' business.

27. The Collusive Spread was designed to ensure participating dealers secured a consistent profit on NDF business. To enforce the agreement, the involved traders also agreed to boycott any broker that tried to thwart the plan. One trader involved explicitly referred to the concept as a "***traders' cartel,***" and another characterized it as the "***brokers' terror***."

28. When some members of the budding conspiracy expressed reservations, Traders 8 and 9 sought to steel the group's resolve, noting that, while a higher spread may lead to less business in the short term, the scheme over time would result in larger profits on small orders, lower fees paid to brokers, and lower counterparty risk. Ultimately, however, the agreement began to unravel after only a few weeks; another participant from a different bank signaled lament over this development, saying, "***it's rough in a prostitute's market***."

29. **Other Improper Sharing and Coordination**: Another example of improper conduct involved Deutsche Bank salespeople based in Seoul, South Korea, including Salesperson 2, who explicitly coordinated with a salesperson at another global bank, Salesperson 3, to secretly coordinate bids for a particular customer's business. Between April 2011 and November 2014, Deutsche Bank salespersons, including Salesperson 2, coordinated with Salesperson 3 for this customer's requests for competitive bids for a certain type of U.S. dollar/Korean won forward transaction.

30. The salespeople at each bank agreed that either Deutsche Bank, or the other bank, would overprice its bid for the transaction. The bank that did not overbid would then "win" the bid, but nevertheless with a higher markup than would have been the case – *i.e.*, the "winning" bank already knew its "competitor's" bid would be substantially higher by a particular amount.

Instances of such improper coordination occurred at least 44 times involving this particular customer, allowing Deutsche Bank and the other large bank to approximately double the margins typically charged on such trades.

31. Other examples reveal Deutsche Bank traders shared information in a manner that suggested possible coordination. In September 2008, for example, Trader 10, a New York-based Deutsche Bank trader, was involved in a group chat. Trader 11, a trader at a rival bank, asked the group, "***How wide are you guys showing in 100 eurusd today***?" Trader 1, who at the time had not yet joined Deutsche Bank and was working at a different bank, replied ***"consensus is 10 I think***." Trader 10 then confirmed: "***at least 10***," and Trader 11 chimed in regarding his bank's spread, saying: "***Yeah I think it's at least 10 as well***."

32. In another example from January 2009, a London-based Deutsche Bank trader, Trader 12, was asked by Trader 13, a trader from another global bank, "***how wide [of a spread] are we in 400 aud***?" Trader 12 responded by disclosing several Australian dollar price quotes he had shown his customers in recent weeks, concluding "***so [I'm] thinking 50-60 . . . does that sound about right?***" Trader 13 replied, "***yup I said 60,***" but then cautioned, "***keep that to urself tho [Trader 12] ok[?]***" Trader 12 responded by assuring Trader 13 that "***I consider these chats on spreads sensitive and btwn us girls for all the obvious reasons all agreed***."

33. Again, in an April 2010 chat, Trader 6 asked Trader 4 about his Euro/U.S. dollar trading, saying "***yu done em yet . . . I'll sit out [of your] way til yu have***." Trader 4 responded, "***don't hold off cos of me***," and several seconds later Trader 6 then reported "I've bought cable."[6]

[6] "Cable" is an industry term for the U.S. dollar/pound sterling currency pair.

Attempts to Improperly Influence Submission-based Benchmarks

34. Certain Deutsche Bank employees also improperly sought to influence certain emerging market submission-based benchmarks via their own submissions. The affected emerging market benchmarks, supposedly derived from an objective submission process, instead became potentially tainted when traders requested or encouraged submissions intended to benefit their own particular trading positions.

35. One example involved a submission-based benchmark for the Argentine peso/U.S. dollar currency pair published by the Emerging Markets Trading Association ("EMTA"). EMTA solicited indicative quotes from approximately 14 market participants; dropped the one or two highest and lowest quotes; and then published the average of the remaining quotes. A Deutsche Bank employee in Buenos Aires, Submitter 1, submitted information on behalf of the Bank to EMTA each day for this purpose.

36. On more than 50 occasions over several years, two New York-based traders, Trader 15 and Trader 16, requested that submitters skew the Bank's submissions in a direction to help these traders' positions -- requests that were periodically honored. For example, Trader 8 would tell Submitter 1, "***please drive it down,***" in an effort to achieve a submission that would attempt to lower the level of the EMTA benchmark for the Argentine peso/U.S. dollar pair.

37. The supervisor for Traders 15 and 16, Supervisor 2 (also based in New York), frequently logged into the same internal Deutsche Bank chatroom that was used to communicate improper requests to Submitter 1, although it does not appear that Supervisor 2 was active in the chats during the instances when improper requests were made. To his credit, in July 2012, Supervisor 2 instructed Traders 15 and 16 to cease all attempts at manipulation, saying "***Let the***

fix come out like it should come out." There is no evidence, however, that Supervisor 2 elevated his concerns about this improper conduct to Deutsche Bank's Compliance function.

38. Attempts at EMTA benchmark manipulation also occurred in connection with submissions to its Russian ruble/U.S. dollar benchmark. One London-based trader, Trader 17, asked the Bank's Moscow-based submitter, Submitter 2, on at least several occasions to alter the Bank's submission so as to benefit Trader 17's trading positions. Bank records indicate that Submitter 2 agreed to the request on at least one occasion.

39. Further, during the approximate period of 2010 through 2012, two other Deutsche Bank traders, Traders 18 and 19 (based in London and Moscow, respectively), utilized multi-party chat rooms to request that traders at other banks help coordinate the other banks' EMTA submissions to benefit Deutsche Bank's trading positions. Communication and submission data from this time period indicates that many of these efforts to influence other submissions or to coordinate submissions were successful. Additionally, on at least one occasion, one of these London-based Deutsche Bank traders also requested that submitters at another bank alter their submission to a Ukrainian hryvnia/U.S. dollar benchmark for which Deutsche Bank was not a submitter.

Other Improper Uses and Sharing of Confidential Customer Information

40. On numerous occasions, certain Deutsche Bank traders and salespeople improperly exchanged customer identity and order information with competitors at other banks. This information should be treated as confidential, because the sharing of such information may injure a customer's ability to trade advantageously in the market. Armed with information about prices quoted by competitors, traders could improperly coordinate or trade to maximize profits at customers' expense.

41. For example, in a November 2010 chat, a trader at a competitor bank asked Trader 20, a London-based Deutsche Bank trader, about a particular customer who had made a trade request: "***was it a [] corporate who asked u? por a bank?***" Trader 20 then identified the corporate customer, but in a manner designed to avoid detection -- typing the three-letter name of this Fortune 500 company in three separate responses, hitting the return key each time after each letter, *e.g.*: ***"x"; "y"; "z".***[7]

42. In another example from January 2012, Salesperson 4, a London-based Deutsche Bank salesperson, provided running updates to a European hedge fund customer about order flows of other Deutsche Bank customers. Using code names for certain customers, Salesperson 4 gave periodic updates to his hedge fund customer, such as: "***Jodie Foster sells financial protection in decent amount,***"; "***Roberto Carlos sells usd zar in decent***," and "***Wayne Rooney busy topside $MXN.***"[8]

43. The DFS Investigation also uncovered several examples of Deutsche Bank traders misusing confidential information about customer orders to trade in front of those orders and obtain an advantage at customer expense. In one example from July 2012, a customer was preparing to place a large buy order of 1 billion pounds against the U.S. dollar. A New York-based salesperson, Salesperson 8, notified two New York-based traders, Traders 24 and 25, that he was expecting this order. The three employees then appropriately discussed (by chat) their intention to quote a price that was a certain number of "pips" above the prevailing market price to account for the substantial risk the Bank would be taking in executing such a large trade.

[7] "XYZ" is used here as a pseudonym.

[8] Wayne Rooney and Roberto Carlos appear to be names of professional European soccer players, while Jodie Foster is an American actress.

44. However, in anticipation of the large order, and unbeknownst to Salesperson 8, Traders 24 and 25 accumulated a long position of approximately 500 million of pound sterling. In so doing these traders likely impacted an upward move in the currency price, which in turn spooked the customer into refraining from trading at that moment, and raised the customer's suspicions that Deutsche Bank was front running the order. When Salesperson 8 conveyed the customer's reaction to the Traders 24 and 25, they replied by lying to him, saying, ***"not us buying, mate,"*** and falsely blamed the price spike solely on trading purportedly conducted by two other banks. Subsequently, when the customer decided to execute the desired trade several days later, the customer's firm paid an additional $17 million to have the identical order filled under prevailing prices.

Attempts to Manipulate Orders by Triggering or Defending Options Barriers

45. Certain Deutsche Bank traders also sought to disadvantage customers by trading aggressively to trigger or defend a barrier option that had been purchased by a customer. One type of barrier option, known as a "knock-out" option, yields value to the customer only if the referenced currency pair does not reach a specified price in the market during a certain time period. If the market price reaches or exceeds the barrier before the option expires, the option becomes worthless – it is "knocked out" – and Deutsche Bank profits, as its obligation to make payment to the customer disappears. On a number of occasions Deutsche Bank traders executed large trades solely intended to move the spot price of a currency pair so that it reached or exceeded the barrier and thus "knocked out" the customer's option to enhance Deutsche Bank's profits.

46. On April 16, 2009, for example, Deutsche Bank carried on its books a portfolio of "knock out" options in U.S. dollar/Mexican pesos it had sold to customers. If the underlying

spot price remained above a certain level that day, Deutsche Bank stood to gain profit of approximately $4 million. Two Deutsche Bank traders in the New York office, Traders 15 and 21, aggressively purchased $300 million worth of U.S. dollars against the Mexican peso, in an effort to prop up the spot price for this currency pair. These traders were explicit about their intentions, with Trader 21 telling Trader 15, "***We r defending the 13.00 barrier in mxn. we r already over 300 mios usdmxn long now. working to sell and work bids again***." This effort succeeded, netting the Bank a hefty profit at customer expense.[9]

47. At least one Deutsche Bank supervisor on the emerging markets trading desk condoned this improper activity. In an example from May 2008, the spot price for the U.S. dollar/Brazilian real currency pair approached a level that would knock out a portfolio of customer options, netting the Bank about $3.8 million in profit if the level was touched. To keep momentum in that direction, New York-based traders, including Trader 21, executed very large trades in the futures market. Supervisor 1, who had been monitoring these efforts, asked in a chat, "***barrier out?"*** Another trader confirmed that it had been knocked out, to which Supervisor 1 responded, "***nice***." Trader 21 also chimed in, "***NICE!!!! We sold 500mios to trigger it***." Supervisor 1 again touted the efforts to manipulate the spot price, remarking that a marketplace competitor had "***messed with the wrong Brazilians.***"[10]

48. Likewise, when Trader 21 and Trader 22, a London-based Deutsche Bank trader, discussed certain pending options positions and the trading positions necessary to wipe them out, Trader 21 succinctly summarized their preferred strategy: "***if we don't phuck the barrier, the***

[9] Legitimate hedging of the options portfolio would have involved selling U.S. dollar/Mexican peso as the spot price approached the level that would have put customers' options in the money. Analysis of the relevant trading records showed no evidence of such legitimate hedging.

[10] Again, these futures trades were in the opposite direction of what would be expected for legitimate hedging activity.

barrier will phuck us." Trader 22 replied, "***word of wisdom***," and Supervisor 2 -- who was actively participating in this chat room discussion -- endorsed the strategy and offered his own insights on how to defend the option barrier, saying, "***we are defending it***."

Apparent Spoofing By Spot Traders

49. The DFS Investigation determined that at least several Deutsche Bank traders engaged in apparent "spoofing." "Spoofing" has been defined as placing an order with the intent to cancel it before it is filled. This may be done for the purpose of creating a misleading appearance of market depth, or attempting to effect price movements upwards or downwards. Focusing on three commonly-traded currency pairs, the DFS Investigation used data collected from the Bank, such as executed trade data, and data collected from third parties, such as records of unexecuted trade requests placed on widely-used market platforms, to seek to identify instances of this misconduct.

50. The DFS Investigation revealed repeated examples of certain Deutsche Bank voice traders engaging in apparent spoofing. Most egregious was the conduct of Trader 1, who engaged in apparent spoofing on many occasions -- both before and after being promoted to lead the New York FX trading desk. In one example from November 22, 2010, Trader 1 received a $270 million order from a customer where the customer sought to sell the euro/U.S. dollar currency pair. Trader 1 then spent approximately six minutes building his own short position of an equivalent size, making a series of small sales from his own book into the market to cover this risk.

51. However, at three different points during this six-minute span, Trader 1 also placed very large offers to buy that were below the prevailing price at that particular point in time -- and then quickly removed each of these three orders, one after only a few seconds, and

before any counterparty could execute on those bids. These short-lived bids were 20 times larger than some of the small sell orders that Trader 1 successfully executed during this transaction window. According to Deutsche Bank trading records, there were no other customer orders or hedging needs that justified these fleeting buy orders. The DFS Investigation determined that Trader 1 engaged in apparent spoofing activity in excess of 60 instances over the six-year time period reviewed.

52. The DFS Investigation also found a number of additional instances of apparent spoofing engaged in by several other Deutsche Bank spot traders. In October 2010, for example, Trader 23 (another New York-based trader) received a $100 million order from a customer to sell the euro/U.S. dollar currency pair. To cover the position, Trader 23 spent approximately four minutes selling Euros to the market in small amounts. However, twice during this period Trader 23 "flashed" bids for large Euros purchases, each of approximately $100 million and at prices just below the prevailing price, and each time canceled the order shortly after placing it without execution. Analysis of Bank trading records again confirmed no customer orders or other legitimate basis to justify these large bids.

53. Sometimes Deutsche Bank traders openly referenced spoofing activity with others they trusted. In June 2010, for example, Trader 7 told a trusted customer by chat about another instance where "***I was spoofing.***" In February 2010 Trader 7 told the same customer, "***im going to try to spoof it lower***." On yet another occasion, Trader 7 stated to a trader at another large bank, "***ok they made me very wide but think im a seller . . . so I'm spoofing them on toy.***" Notably, Trader 7 was also implicated in apparent spoofing conduct by trading records from days other than those involving the above-described chats.

54. In some other instances, Deutsche Bank traders communicated internally about spoofing; one example involved a Deutsche Bank FX trader suggesting to another in a chat, to ***"keep 58 bid in market as a spoof."***

Misleading Sales Practices

55. **Deliberate "Underfills"**: Deutsche Bank sales staff sometimes engaged in other improper conduct designed to benefit the Bank by shortchanging customers. One such practice was "deliberate underfills": here, a trader fully filled a customer's market order, but then a salesperson held back some of the order while monitoring further price movements. If subsequent price movements favored the Bank, the sales person then "split" the order such that the Bank reported to the customer that the order was only partly filled, and the Bank kept part of the trade for the bank's own account -- without the customer's knowledge or consent. The Bank subsequently filled the remaining part of the customer's order, sometimes at a price less favorable to the customer.

56. In one example from December 2009, a customer placed an order to sell $20 million euros for U.S. dollars at the price of 1.4690, and gave the trader 5 pips of discretion with respect to the price. The customer specifically asked to receive a call confirming whether the order was fully executed. When the market price moved above 1.4685 briefly and then dipped back down, Trader 6 sold the entire order at a price of 1.4682. However, because the price briefly hit the customer's "sell" level and dropped back down, the client's trade turned profitable to the Bank. Soon after executing the original trade, Trader 6 amended the internal records to allocate only half of the notional amount of the order to the customer, and recorded the rest to the Bank's own account.

57. After the assigned New York-based salesperson, Salesperson 5, confirmed that the customer had not yet been notified that the order was filled, Salesperson 5 and Trader 6 again altered the trading records to further reduce the amount of the trade credited to the customer. Market movement subsequent to the original trade permitted Trader 6 to buy back Euros at rates well below the sell price -- generating additional profit of approximately €18,000 on the portion of the trade kept by the Bank.

58. Salesperson 5 then lied to the customer in an e-mail, telling the customer that the order had only been partially filled. In a January 2010 e-mail to a colleague, Salesperson 5 referred to this practice of deliberately underfilling a customer's order as "***do[ing] what we always do.***"

59. **Hidden Markups**: Certain Deutsche Bank sales staff employed other tactics from time to time designed to secretly increase the "markup" charged to customers for trade execution. One practice involved taking advantage of customers who placed "at best" orders, by misleading these customers about the actual execution of the trade in order to extract extra profit.[11]

60. For example, in December 2008, Trader 7 worked with a Stockholm-based salesperson, Salesperson 6, to complete a 160 million euro/Polish zloty "at best" sell order for a customer. Trader 7 worked the order in small- and medium-sized blocks over several minutes. When nearly complete, Trader 7 asked Salesperson 6, "***do u want a low print on this or u want me to just sell as best I can***," to which Salesperson 6 replied, "***yes to low print***." Trader 7

[11] "At best" orders are requests to sell or buy currency at the most advantageous rate possible. When the order is of a medium or large size there may not be sufficient liquidity available at any one time to completely fill that order at a competitive price. A trader then may need to "work" an order over a period of time to sell (or buy) all the currency necessary to fill the order at a competitive rate. Traders and sales staff will report and credit the customer with a blended-average price for the trade, which final price could reflect the spread and any disclosed markup the bank added.

explained, "***Ill use the lats 30 [million] to make it lower***," and then reported to Salesperson 6 that aggressive trading helped push the price to momentarily hit a much lower price. Using this lower price enabled these employees to quote the customer a final blended-average execution rate lower than it should have been, had Trader 7 filled the order under the best available market conditions. The "low print" enabled the Bank to record an outsized markup of more than €235,000 on this trade.

61. In a modest number instances, certain Deutsche Bank employees also intentionally failed to correct errors, or even intentionally made misleading entries, in trade execution records so as to keep extra profit for themselves and the Bank. For example, in July 2007, Trader 16 noted an unusually large mark-up on a certain trade, and asked Salesperson 7 (who split time between New York and London) if Trader 16 could record that profit in his trading book. The DFS Investigation determined that Salesperson 7 had actually altered the trade entry after the fact to reflect a worse price for the customer, generating extra markup of more than €165,000. Salesperson 7 warned Trader 16, "***don't take [the profit] today, I might have to change [it] if you see what I mean***" -- in other words, advising to wait and see if the customer noticed the poor execution price before formally booking the profit, in case it needed to be reversed.

62. Notably, certain FX sales supervisors, including at least one Managing Director, were aware as early as August 2007 that few, if any, internal controls existed at that time to effectively identify and correct such errors. The DFS Investigation determined that certain FX sales supervisors tolerated a willingness to withhold disclosure to customers of errors, or to undertake timely remedial action.

Control Failures in Certain Elements of
Deutsche Bank's Electronic Trading Platforms That May Have
Unfairly Disadvantaged Customers or Improperly Affected Markets

63. Lapses in Deutsche Bank's controls were not confined to its "voice" FX business. As with most large dealers, Deutsche Bank's electronic trading platforms have accounted for a much larger portion of customer trading in recent years. Accordingly, Deutsche Bank was obligated to establish controls adequate to ensure algorithmic and other electronic trading programs functioned in a fair and lawful fashion. As Deutsche Bank grew its electronic FX trading business during the period 2007 through 2013, it did not always meet this regulatory requirement.

64. **Potentially Manipulative Hedging Algorithm**: One example in which Deutsche Bank's controls were inadequate involved the use of a hedging algorithm known as "ActiveHedger." Deutsche Bank deployed ActiveHedger in several versions for a very short period of time, first in mid-2010 and again in mid-2011. According to Deutsche Bank, ActiveHedger was an experimental algorithm designed to rebalance the Bank's own trading positions when client activity in a particular currency pair caused an imbalance. Although the Bank's deployment of ActiveHedger may have been intended to perform an appropriate hedging function, it instead operated in a fashion that may have improperly skewed the market by placing and then quickly canceling orders that were disproportionately large and away from the prevailing best buy or offer at that moment.

65. While ActiveHedger served to place bids or offers that were sufficiently close to the inside bid or ask, and therefore appeared likely to be executed (and which frequently were), ActiveHedger also placed apparent "orders" on the opposite side of the market much further away from the prevailing price (*i.e,* deeper into the book), which were disproportionately large

and inconsistent with either legitimate hedging activity or customer orders. As the market price fluctuated, ActiveHedger would respond by canceling and then quickly re-establishing these opposite-side "orders" at a similar distance away from the prevailing price. This opposite-side order activity very rarely led to executed trades – on average about one percent of the time (plus or minus).

66. While the DFS Investigation did not identify conclusive evidence that Deutsche Bank intentionally designed ActiveHedger to engage in manipulative behavior, its methodical submission and then rapid cancellation of orders nevertheless potentially caused unfair results in the marketplace, even for the very brief period of time when it was active (a total of about two or three days). Deutsche Bank discontinued ActiveHedger in 2012 because it performed poorly, not due to any concerns about its potentially unfair market impact.

67. **"Last Look" and Pre-Hedging Algorithm**: Deutsche Bank's electronic trading system employed a latency or "last look" function. Even when conducted via high-speed internet connections, electronic trading is subject to certain inherent latencies in the process of trade offer, acceptance or rejection, and subsequent communication. Tiny delays are occasioned by the time it takes for data to travel from a customer's server to the Bank's server, the time for the Bank to confirm a customer's credit is sufficient, and the time it takes the Bank to ensure there is available liquidity in the market to execute the trade. Latencies may also result from the fragmented structure of the FX market, which may cause the same market information to reach different market participants at different points in time. The latency period might be as short as several milliseconds or as long as several hundreds of milliseconds – even longer in the case of slower internet connectivity.

68. Certain sophisticated trading customers of Deutsche Bank might employ execution strategies that seek to take advantage of inherent latencies to electronically detect market movement milliseconds before the Bank's systems have properly adjusted their prices. This is a form of what is known as "toxic flow." Another type of toxic flow can occur where a sophisticated client seeks to obtain a better price from Deutsche Bank by breaking up and spreading fractions of its total order volume across a number of market makers (known as "spraying the market"). A market maker like Deutsche Bank might then execute this apparently low volume trade, unaware that the customer's other near-simultaneous trades with other dealers will quickly move the price away from the Bank, potentially causing consistent losses.

69. To protect against toxic flow, Deutsche Bank incorporated a "last look" functionality into parts of its electronic trading system. This additional delay, sometimes several hundred milliseconds, added to the time between the Bank's receipt of a customer order and communication of acceptance or rejection. During the delay, the Bank's trading system compared the customer's requested price for its order against Deutsche Bank's latest indicative price for that customer and currency pair at the end of the latency period. If the price moved in the client's favor more than Deutsche Bank's pre-determined tolerance for that client during the "last look" interval, the Bank rejected the trade. While the use of last look in electronic trading can serve as a legitimate tool to defend against toxic flow and assist in keeping spreads tight for customers, it is best employed when (a) tailored to the risk involved, and (b) adequately disclosed to customers.

70. The DFS Investigation determined that, as a general matter, Deutsche Bank properly calibrated its deployment of "last look" buffers. The "last look" functionality was

adequately tailored to the risks involved with a broad range of Deutsche Bank customers, and was properly disclosed in trading agreements and elsewhere.

71. In 2012, the Bank's electronic trading system added a new feature designed to "pre-hedge" during the "last look" buffer period under certain circumstances (the "Pre-Hedging Feature"). After receiving the customer's electronic order, but before deciding whether to accept the order, the Pre-Hedging Feature would cause the Bank's electronic trading system to enter the FX market and attempt to accumulate the currency necessary to fill that order. From sometime in 2012 through late 2013, Deutsche Bank applied the Pre-Hedging Feature to roughly 2.5 percent of its customers.

72. It may be proper for a bank's market-making electronic trading system to pre-hedge in certain circumstances, for example, where pre-hedging permits the bank to accept a large customer order it might otherwise reject given the bank's then existing positions.

73. Here, however, from 2012 until late 2013, due to ineffective implementation of controls over this element of the Bank's systems, the Pre-Hedging Feature in certain circumstances would successfully pre-hedge a customer trade request by going into the market during the last look period -- but then reject the trade at the end of the period due to price movement adverse to the Bank. It is quite likely that such a price movement was caused by the algorithm's pre-hedging activity. According to Deutsche Bank, this control failure resulted from a defect in the way its system processed the trade request.

74. The DFS Investigation identified more than 1,300 instances where Deutsche Bank "pre-hedged" the full amount of the customer trade during the last-look window, but still rejected the trade because the Bank's and others' trading had caused the price to move in the customer's favor. In those situations, the Bank (not the client) now held the currency at a potentially

advantageous price. If the customer still wanted to trade at that moment, it had to place a new trade request but at the now less favorable price. By its effect (but not intent), the Pre-Hedging Feature effectively traded ahead of certain customer orders.

75. These 1,300 instances represented less than 1 percent of all of the Bank's' pre-hedged trades during the relevant time period. In late 2013, the Bank corrected this error by modifying its electronic trading system's rules to ensure all trade requests successfully "pre-hedged" during the last-look period are accepted.

Significant Control Failures in Deutsche Bank's FX Business

76. The Department requires regulated institutions to adequately supervise their various lines of business. Insufficient supervision poses serious risks to the safety and soundness of an institution, and compliance failures can facilitate violations of policies and procedures, harm to customers and other market participants, and possible violations of federal and state criminal and civil laws and regulations, including the New York Banking and Financial Services Laws.

77. Given there is no single regulator of the FX market, it is all the more essential that financial institutions take an active role in supervising this business line. Even so, as early as 2008, guidance from regulators existed that identified the need for dealers to protect client confidentiality and avoid situations involving trading on nonpublic information.[12]

78. Similarly, Deutsche Bank global policies distributed in 2008 defined confidential information to include information about pending or completed customer orders, a customer's or Deutsche Bank's trading positions, or other customer information provided to the Bank. Sharing such confidential information with anyone outside the Bank, or with anyone inside the Bank who

[12] *See, e.g.*, Federal Reserve Bank of New York, *Guidelines for Foreign Exchange Trading Activities* (Foreign Exchange Committee, May 2008).

did not "need to know," was prohibited. Further, Deutsche Bank's group-wide Market Conduct Policy, promulgated in December 2008, prohibited Bank traders from trading while in possession of information about a customer order in a way that "take[s] advantage of an anticipated change in the market price(s) resulting from the execution of the customer's trade." Passing along that information so that others could take advantage was likewise proscribed.

79. During the relevant time period, Deutsche Bank's management failed to effectively supervise the FX business and ensure compliance with applicable rules, regulations, and laws. The Bank had few policies and procedures or training programs that specifically addressed the FX business or provided sufficient guidance about the line between proper and improper behavior. There was also inadequate surveillance and supervision of trading and sales activity across the Bank's global FX business. Moreover, the Bank's Compliance group lacked sufficient expertise in foreign exchange to effectively oversee the business.

80. Further, Bank management was slow to respond to those issues that were raised. For example, certain issues relating to FX compliance shortcomings were identified repeatedly by Deutsche Bank internal auditors, with little meaningful response by the business line or Compliance function. The low priority placed on FX by the Bank's Compliance function permitted the misconduct and deficiencies detailed above to go unnoticed or unheeded for extended periods of time.

81. In addition, the Bank suffered from various technological deficiencies that impeded effective governance of its FX business. The Department's Investigation identified various data-quality shortcomings, including lack of normalization of data collected from various sources within the Bank, insufficient detail in some records, and gaps in data records. In addition, many of the systems, including components of the electronic trading platforms, were

insufficiently governed and tested to ensure they operated suitably and fairly. These shortcomings compounded the compliance- and governance-related issues described above and compromised the Bank's ability to effectively oversee its FX business.

Cooperation and Remediation

82. The Department recognizes Deutsche Bank's extraordinary cooperation with the DFS Investigation. Given Deutsche Bank's central role in the FX markets during the relevant time period and its sophisticated electronic trading systems, the task of conducting an internal investigation for potential FX trading misconduct was an unusually challenging task. The Department concludes that Deutsche Bank met this challenge commendably, conducting an internal investigation that was comprehensive and thorough, including producing several million pages of documents and data, responding to Department requests in a timely manner, and making witnesses available for interviews.

83. Most notably, Deutsche Bank provided extensive support and cooperation to the outside consultant that supported the Department's Investigation. In addition to incurring significant fees for the consultant's professional services, the Bank committed substantial human, technical, and financial resources to effectively support the consultant's work.

84. Prior to and during the Department's Investigation, the Bank instituted wide-ranging reforms to address improper conduct in its FX trading business. Among other things, the Bank revamped its trade- and communications-surveillance programs; issued several new FX-focused policies to govern employee conduct; reformed certain aspects of its electronic trading platform; and restructured certain types of trading activity to limit conflicts of interest that might otherwise incentivize wrongdoing.

85. The Department has given substantial weight to the laudable conduct of Deutsche Bank described in Paragraphs 82 – 84 above, among other factors, in agreeing to the terms and remedies of this Consent Order, including the amount of the civil monetary penalty imposed.

86. **NOW THEREFORE**, to resolve this matter without further proceedings pursuant to the Superintendent's authority under Sections 39 and 44 of the Banking Law, the Department and Deutsche Bank stipulate and agree to the terms and conditions below:

VIOLATIONS OF LAW AND REGULATIONS

87. Deutsche Bank has conducted business in an unsafe and unsound matter, in violation of Banking Law § 44.

88. Deutsche Bank failed to maintain and make available true and accurate books, accounts, and records reflecting all transactions and actions, in violation of New York Banking Law § 200-c.

89. Prior to the commencement of its internal investigation concerning possible misconduct in its FX business, Deutsche Bank failed to submit a report to the Superintendent immediately upon discovering fraud, dishonesty, making of false entries or omission of true entries, or other misconduct, whether or not a criminal offense, in violation of 3 N.Y.C.R.R. § 300.1.

SETTLEMENT PROVISIONS

Monetary Penalty

90. Deutsche Bank shall pay a civil monetary penalty pursuant to Banking Law § 44 in the amount of $205,000,000. Deutsche Bank shall pay the entire amount to the Department 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

91. Deutsche Bank took disciplinary action to terminate or otherwise discipline employees for conduct identified in the DFS Investigation, namely: Traders 1, 15, 18, 22, 24; Salesperson 3. Additionally, certain individuals involved in the misconduct described above resigned from Deutsche Bank or were otherwise terminated due to unrelated reasons prior to the time any disciplinary action might have been taken against them, namely: Traders 5, 6, 7, 8, 12, 16, 17, 19, 20, 21, 25; Salespersons 5, 6, 7, 8; Supervisors 1, 2; Submitters 1, 2.

92. Deutsche Bank shall not in the future, directly or indirectly, rehire or retain any of the individuals referenced in Paragraph 91 above, as either an officer, employee, agent, consultant, or contractor of Deutsche Bank or any affiliate of Deutsche Bank, or in any other capacity.

Remediation

93. Within 90 days of this Order, the Deutsche Bank shall:

a. submit a written plan acceptable to the Department to improve senior management's oversight of the Bank's compliance with applicable New York State and federal laws and regulations, and applicable internal policies, in connection with the Bank's FX trading business as it affects or pertains to the Bank or New York customers;

b. submit an enhanced written internal controls and compliance program acceptable to the Department to comply with applicable New York State and federal laws and regulations with respect to the Bank's FX trading business as it affects or pertains to the Bank or New York customers;

c. submit a written plan acceptable to the Department to improve the Bank's compliance risk management program with regard to compliance by the Bank with applicable New York and federal laws and regulations with respect to its FX Business as it affects or pertains to the Bank or New York customers; and

d. submit an enhanced written internal audit program acceptable to the Department with respect to the Bank's compliance with applicable New York and federal laws and regulations, as well as the Bank's internal policies and procedures, in its FX trading business as it affects or pertains to the Bank or New York customers.

94. The Bank shall submit the written plans and programs that are acceptable to the Department as set forth in Paragraph 93 of this Order. Each plan or program shall contain a timeline for full implementation of the plan or program with specific deadlines for the completion of each component of the plan or program. The Department acknowledges that the Bank has already instituted certain reforms addressing improper conduct in its FX trading business, which the Bank shall detail in its written plans and programs submitted to the Department. Within 10 days of approval by the Department, the Bank shall adopt the approved plans and programs. Upon adoption, the Bank shall promptly implement the approved plans and programs and thereafter fully comply with them. The approved plans and programs shall not be amended or rescinded without the prior written approval of the Department.

95. At the point of twelve and twenty-four months after execution of this Consent Order, the Bank shall provide a written progress report to the Department concerning at least the following:

a. The Bank's compliance with applicable New York State and federal laws and regulations as regards its FX business as it affects or pertains to the Bank or New York customers;

b. The Bank's compliance with recognized FX industry best practices as it affects or pertains to the Bank or New York customers;

c. The Bank's creation of enhanced policies and procedures governing the FX business, and its compliance with those policies and procedures as it affects or pertains to the Bank or New York customers; and

d. The Bank's maintenance of an honest, ethical, and fair FX business as it affects or pertains to the New York Branch or New York customers.

Full and Complete Cooperation of Deutsche Bank

96. Deutsche Bank commits and agrees that it will fully cooperate with the Department regarding all terms of this Consent Order.

Breach of Consent Order

97. In the event that the Department believes Deutsche Bank to be in material breach of the Consent Order, or any provision hereof, the Department will provide written notice to Deutsche Bank and Deutsche Bank shall, 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 has been cured.

98. 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 the Bank's breach. Upon a finding that Deutsche Bank has breached the Consent Order, Deutsche Bank agrees that the Department shall have all 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. Deutsche Bank submits to the jurisdiction of the Department for any such future proceedings.

Waiver of Rights

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

Parties Bound by the Consent Order

100. This Consent Order is binding on the Department and Deutsche Bank, as well as any successors and assigns. This Consent Order does not bind any federal or other state agency or any law enforcement authority.

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

102. Notwithstanding any other provision in the Consent Order, the Department may undertake 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

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

For the Department:

James Caputo
Senior Assistant Deputy Superintendent for Enforcement
New York State Department of Financial Services
One State Street
New York, NY 10004

Connor Mealey
Excelsior Fellow
New York State Department of Financial Services
One State Street
New York, NY 10004

For Deutsche Bank:

Andrew Stemmer
Deutsche Bank AG
60 Wall Street
New York, NY 10005

Miscellaneous

104. Each provision of this Consent Order shall remain effective and enforceable against Deutsche Bank, its successors and assigns until stayed, modified, suspended, or terminated by the Department.

105. 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.

[*remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, the parties have caused this Consent Order to be signed this 20 day of June, 2018.

DEUTSCHE BANK AG

By: _____
FLORIAN DRINHAUSEN
General Counsel

By: _____
DR. MATHIAS OTTO
Co-General Counsel Germany

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

By: _____
MARIA T. VULLO
Superintendent of Financial Services

By: _____
MATTHEW L. LEVINE
Executive Deputy Superintendent of Enforcement

DEUTSCHE BANK AG, NEW YORK BRANCH

By: _____
STEVEN REICH
General Counsel — Americas

By: _____
JOSEPH SALAMA
Managing Director, Legal