Question for written answer E-006762/2012
to the Commission
Rule 117
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Subject: Barclays' manipulation of LIBOR/EUROBOR

On 27 June 2012, in a move similar to that of the US Commodity Futures Trading Commission, the Financial Services Authority fined Barclays Bank Plc for misconduct relating to the London Interbank Offered Rate (LIBOR) and the Euro Interbank Offered Rate (EURIBOR)[1]. Barclays' misconduct included:

– making submissions which formed part of the LIBOR and EURIBOR setting process that took into account requests from Barclays' interest rate derivatives traders. These traders were motivated by profit and sought to benefit Barclays' trading positions;

– seeking to influence the EURIBOR submissions of other banks contributing to the rate setting process;

– reducing its LIBOR submissions during the financial crisis as a result of senior management's concerns over negative media comment.

In addition, Barclays failed to have adequate systems and controls in place relating to its LIBOR and EURIBOR submissions processes until June 2010 and failed to review its systems and controls at a number of appropriate points.

1. What is the impact of the manipulation of LIBOR and EURIBOR rates in light of the current financial and economic crisis?

2. Does the Commission or the European Banking Authority (EBA) intend to conduct further investigations? Does the Commission believe this to be the only case of market manipulation or is it possible that there was large-scale market manipulation involving other participants?

3. How will the Commission assess the role of the competent authorities in this case?

4. Does the Commission intend to assess whether the manipulation of LIBOR was bonus-driven? If so, does the Commission consider the current remuneration framework appropriate?

5. What is the role of the Commission, the EBA and the ECB in preventing such misconduct?

1 http://www.fsa.gov.uk/library/communication/pr/2012/070.shtml