

Five Major Banks Rigged Nine Trillion Dollar Bond Market: Lawsuit

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The Bank of America, Credit Agricole SA, Credit Suisse Group AG, Deutsche Bank AG, and Nomura Holdings were named as defendants.

Five major [banks](#) and four traders were sued on Wednesday in a private U.S. lawsuit claiming they conspired to rig prices worldwide in a more than US\$9 trillion market for bonds issued by government-linked organizations and agencies.

Bank of America Corp , Credit Agricole SA , Credit Suisse Group AG , Deutsche Bank AG and Nomura Holdings Inc were accused of secretly agreeing to widen the “bid-ask” spreads they quoted customers of supranational, sub-sovereign and agency (SSA) bonds.

The lawsuit filed in Manhattan federal court by the Boston Retirement System said the collusion dates to at least 2005, was conducted through chatrooms and instant messaging, and caused investors to overpay for bonds they bought or accept low prices for bonds they sold.

“Only through collusion could a dealer quote a wider spread than market conditions otherwise dictate without losing market share and profits,” the complaint said. “Defendants reaped millions of dollar(s) in profits at the expense of plaintiff and members of the class as result of their misconduct.”



The Bank of America building is shown in Los Angeles, California Oct. 29, 2014. | Photo: Reuters

The proposed class-action lawsuit seeks triple damages, and follows probes by U.S. and European Union antitrust regulators into possible SSA bond price rigging.

Those probes are also examining the London-based defendant traders Hiren Gudka of Bank of America, Bhardeep Singh Heer of Nomura, Amandeep Singh Manku of Credit Agricole and Shailen Pau of Credit Suisse, Thomson Reuters’ IFR service reported in January.

Bank of America, Credit Suisse, Deutsche Bank and Nomura declined to comment on behalf of themselves and the traders who have worked for them. Credit Agricole did not immediately respond to a request for comment.

The lawsuit is one of many in the Manhattan federal court seeking to hold banks liable for alleged price-fixing in bond, commodity, currency, derivatives, interest rate and other financial markets.

One such lawsuit, concerning competition in the credit default swaps market, led last September to a \$1.86 billion settlement with a dozen banks.

SSA bonds are sold in various currencies by issuers such as regional development banks, infrastructure borrowers including highway and bridge authorities, and social security funds.

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