

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

In the Matter of

CHRISTOPHER ASHTON

A former institution-affiliated party of  
BARCLAYS BANK PLC  
London, England, a foreign bank

Docket Nos. 16-015-E-I  
16-015-CMP-I

Notice of Intent to Prohibit and  
Notice of Assessment of a Civil  
Money Penalty Pursuant to Section 8  
of the Federal Deposit Insurance Act,  
as Amended

The Board of Governors of the Federal Reserve System (the “Board of Governors”) is of the opinion or has reasonable cause to believe that:

(A) Christopher Ashton (“Ashton”), a former institution-affiliated party of Barclays Bank PLC (“Barclays”), London, England, a foreign bank, engaged in unsafe and unsound practices and breaches of fiduciary duty. The practices and breaches relate to manipulative and collusive trading in the foreign exchange (“FX”) spot market, including trading to manipulate FX currency benchmarks, engaging in trading practices detrimental to clients, coordinating with competitors concerning price spreads to quote customers, coordinating with competitors to refrain from certain types of trading in the market when another trader held an open risk position, and improperly disclosing confidential client information to competitors. In connection with the misconduct described herein, Ashton received a financial gain or other benefit and Barclays suffered financial loss or other damage.

(B) The misconduct described herein involves personal dishonesty or a continuing or willful disregard for the safety and soundness of Barclays on the part of Ashton.

Accordingly, the Board of Governors hereby institutes this Combined Notice of Intent to Prohibit and Assessment of Civil Money Penalties (the “Notice”) for the purpose of determining whether an appropriate order should be issued:

- i. Permanently barring Ashton from participating in any manner in the conduct of the affairs of any institution specified in 12 U.S.C. § 1818(e)(7)(a), pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. § 1818(e); and
- ii. Assessing a civil money penalty against Ashton pursuant to section 8(i) of the FDI Act, 12 U.S.C. § 1818(i), of \$1,200,000.00.

In support of this Notice, the Board of Governors alleges as follows:

### **JURISDICTION**

1. Barclays is, and was at all times relevant to this Notice, a foreign bank, as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)) that conducts operations in the United States through various offices and subsidiaries, including a branch in New York, New York. Pursuant to section 3(q) of the FDI Act (12 U.S.C. § 1813(q)), the Board of Governors is the appropriate federal banking agency with jurisdiction over foreign banks with branches in the United States.

2. Ashton held senior positions at Barclays between September 2006 and November 2013, including Co-Head and Head of the FX Spot Desk in London and Global Head of the FX Spot business, and is an institution-affiliated party of Barclays as defined by sections 3(u) and 8(b)(4) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(4)).

3. Ashton engaged in acts or practices outside the United States that were or were likely to be a cause of or carried on in connection with or in furtherance of acts and practices

within the United States that would constitute an appropriate basis for enforcement action by the Board of Governors pursuant to section 8 of the FDI Act (12 U.S.C. §1818). These acts included, but are not limited to: (1) unsafe or unsound or collusive conduct with traders located in the United States, (2) execution of Barclays' U.S. client orders in connection with illegal and/or unsafe or unsound attempts to manipulate benchmark fixes, resulting in inferior execution and potential financial losses to U.S. clients, and (3) trading conduct that caused violations of U.S. antitrust laws, resulting in Barclays' criminal guilty plea with the U.S. Department of Justice and settlement of attempted manipulation charges with the Commodity Futures Trading Commission on May 20, 2015.

4. The material period for purposes of this notice, unless otherwise stated, is January 1, 2010 through November 1, 2013.

#### **FACTUAL ALLEGATIONS**

5. Barclays serves as a FX dealer, both in the United States and its offices abroad, for its own account and by soliciting and receiving orders that are executed by traders on its FX Spot Desks in the market.

6. While at Barclays, Ashton served as a currency trader on the FX Spot Desk in London. Ashton initially traded Japanese Yen. With departures of other Barclays traders in 2011, Ashton assumed trading responsibility for British Pound and, subsequently, the Euro. In his role as a FX trader, Ashton executed orders placed by Barclays' clients globally, including clients domiciled in the United States.

7. Ashton was promoted to the head of the London FX Spot Desk in 2011, and had supervisory responsibility over the other traders on the London desk. In October 2013, Ashton was promoted to Global Head of the FX Spot business and had supervisory responsibility over

Barclays' FX traders located at Barclays' branches abroad.

8. Barclays suspended Ashton on November 1, 2013, and then terminated him on May 8, 2015 for misconduct in connection with FX trading.

9. While a FX trader at Barclays, Ashton created and participated in private, electronic chat rooms with FX traders at competitor banks, including traders located in the United States. As set forth below, Ashton used these electronic chat rooms on a nearly daily basis to communicate with competitors, including a chat room sometimes referred to as "the Cartel." In the Cartel and other chat room conversations, Ashton and the other FX traders shared confidential and commercially sensitive information belonging to their banks and their banks' clients in order to obtain an unfair competitive advantage over other market participants and their own clients.

10. In these chat rooms, Ashton and other FX traders at competitor banks also agreed to coordinate their trading to influence or manipulate the benchmark currency rates (referred to as "fixes" or "fix rates") for the benefit of one or more of the participants in the chat room, discussed and coordinated price spreads to quote to customers, and agreed amongst themselves to refrain from certain trading when another trader had an open risk position so that the price of the currency traded would not move in a direction adverse to the trader with an open risk position.

11. These price benchmarks, or fix rates, are set throughout a trading day and are used to establish the relative values of two different currencies (*e.g.*, Euro/U.S. dollar or "EUR/USD"). The fixes are important in U.S. and global financial markets because they are typically used in the valuation of investment portfolios and financial derivatives.

12. The most common fix rates are those published by the World Markets Company plc/Reuters (“WM/R”) and the European Central Bank (“ECB”). During the relevant period, the WM/R benchmark fix rate was calculated based on trades executed in particular currency pairs during a one-minute window on the hour, with the 4:00 p.m. (London time) fix being the most heavily traded WM/R benchmark for EUR/USD. The ECB fix was calculated by taking a snapshot of the market rate of a currency pair at exactly 1:15 p.m. London time. Thus, both the ECB and WM/R fix rates could be affected by FX spot trading when the fix rate is calculated.

13. Prior to the ECB or WM/R fixes, bank clients often place orders to buy or sell a specified volume of a currency “at the fix rate,” the rate that will be determined at a forthcoming fix, and the trader agrees to transact with clients at that rate. A trader with net client orders to buy currency at the fix rate must sell currency to the clients at the yet to be determined fix rate. Thus, he will make a profit if the average rate at which he buys the currency in the market before the fix is lower than the fix rate (the rate at which he must sell the currency to the clients). Similarly, a trader with net client orders to sell currency at the fix rate must buy currency from clients at the yet to be determined fix rate. Thus, he will make a profit if the average rate at which he sells the currency in the market before the fix is higher than the fix rate (the rate at which he must buy currency from clients).

14. By agreeing to transact with clients at a fix rate that is yet to be determined, a trader is exposed to rate movements at the fix. A trader will typically buy or sell currency in order to manage this risk, for example by trading in the market or “netting off” (*e.g.*, where a trader that has net client orders to buy at the fix and trades with a market participant that has net client orders to sell at the fix). However, as discussed below, rather than simply trading to hedge his exposure to client fix orders, Ashton engaged in coordinated trading with competitors

and manipulated fix rates to his benefit or the benefit of other competitors who participated in electronic chat rooms with Ashton.

**Ashton Creates “Essex Express” Chat Room  
to Engage in Manipulative Conduct**

15. In 2010, Ashton participated in two separate chat rooms with Japanese Yen traders from competitor banks. In January 2011, Ashton suggested combining the two chat rooms to facilitate the sharing of information. The combined chat room was named “Essex Express.” During the relevant period, the Essex Express chat room included traders located in the United States.

16. In the Essex Express chat room and its two precursor chat rooms, participants discussed and coordinated their trading strategies and shared confidential client information, including client identities, in contravention of Barclays’ internal policies. In particular, Ashton and other chat room participants shared their expected trading positions for benchmark fixes, including the ECB and WM/R fixes, and coordinated their trading at the fixes.

17. For example, on November 30, 2010, Ashton and traders at two other banks had discussed in a precursor chat room to “Essex Express” their plans to buy the U.S. dollar/Japanese Yen currency pair (“USD/JPY”) in connection with client fix orders received by their firms. Upon learning that the other traders were also buying at the fix, Ashton built his buy position from 306 million in Barclays client USD/JPY fix orders to more than 500 million by accepting additional orders from brokers and other market participants in attempt to influence the fix rate and potentially profit from his fix position, which also increased Barclays’ risk of loss and

exposure at the 4:00 p.m. WM/R fix. Ashton encouraged a trader at another bank to also build his position by accepting a 135 USD/JPY million buy fix order from a broker.

18. Based on information received from other chat room participants, Ashton began buying USD/JPY ahead of the fix and then transacted aggressively during the fix window in order to increase the ultimate fix rate. Ashton told other chat room participants that he bought “the messiest 300 ever at 75-78,” meaning that he bought at successively higher prices in order to influence the fix rate.

19. In the 12 minutes leading up to the fix, Ashton bought 249 million USD/JPY, and the spot market price increased from 83.65 to 83.74. During the one-minute fix window, Ashton purchased an additional 254 million. During the first 30 seconds of the window, the price increased, in part from trading by Ashton and other chat room participants, from 83.74 to 83.77. Ashton then engaged in multiple, successive transactions at prices between 83.77 and 83.79, in keeping with his comment that he bought “the messiest 300 ever at 75-78.”

20. Ashton would profit from his fix position on November 30, 2010 if he purchased USD/JPY to fill client fix orders at a lower average rate than the fix rate. By his “mess[y]” trading ahead of and during the early portion of the fix window, Ashton was able influence the fix rate. The WM/R fix rate on that date was 83.77. Ashton purchased more than 500 million USD/JPY at an average price of 83.70, making a profit of \$444,000.

21. Following the fix, Ashton and the traders at the other banks congratulated each other on their coordinated trading at the fix and Ashton revealed that he had traded 300 million “the ugliest I cud” in an effort to move the fix price as high as possible:

Trader A<sup>1</sup>: “what we reckon fix then 78”

Trader B: “i love u both” “like brothers”

Trader A: “77 fix”

Trader B: “boys well done” “top work”

Ashton: “well i bgt the ugliest 300 there i c[o]u[l]d haha”

Trader B: “hahahh” ...

Ashton: “we delivered”

Trader B: “yup”

Ashton: “but i dont wanna kiss from u”

Trader B: “i love u both”

Ashton: “I just take a beer” ...

Trader B: “my fixes made me 170 gbp”

Ashton: “lovely” “thats all u can ask”

**Ashton Creates “Sterling Lads” Chat Room  
to Engage in Manipulative Conduct**

22. In 2011, Ashton assumed responsibility for trading British Pound. Ashton soon created a chat room of prominent British Pound traders at competitor banks in London to coordinate trading strategies and share confidential information. In May 2011, he suggested creation of the chat room to a FX trader at a competitor bank:

Ashton: “was gonna suggest we start a stg [British Pound Sterling] chat”  
“get a few others in it” “I wanna get upto speed in the stg [Sterling] network” ...

Trader A: “yes I be keen” ... “Problem with these chats is tho if they get too big, they become worthless”

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<sup>1</sup> Chats that are quoted herein refer to participants other than Ashton as “Trader A,” “Trader B,” “Trader C,” etc. However, actual participants in each chat quoted vary and “Trader A,” “Trader B,” or “Trader C,” may not refer to the same individuals in each chat quoted herein.

Ashton: “wanna do one we are serious for a change in”

Trader A: “we need a few good/trusted sterling banks” “Otherwise waste of time”

23. The chat room was created thereafter and named “Sterling Lads.” The chat room included traders from Barclays – including Ashton – and three other banks. Ashton and other participants in Sterling Lads, and its precursor chat rooms, discussed and coordinated their trading strategies and shared confidential client information, including client identities, in contravention of Barclays’ internal policies. In particular, Ashton and other chat room participants shared their expected trading positions for benchmark fixes, including the WM/R fix, and coordinated their trading at the fix.

24. For example, on June 30, 2011, Ashton and other members of the chat room discussed having buy positions in the British Pound/U.S. dollar currency pair (“GBP/USD”) for the 4:00 p.m. WM/R fix. Ashton had 358 million to buy at the fix, while the other traders in the chat room had approximately 460 million to buy at the fix.

25. By sharing information about their respective fix positions and coordinating their trading, Ashton and other Sterling Lad participants were able to begin buying ahead of the fix window and to trade aggressively within the fix window in order to drive the fix rate higher for their benefit. Because the traders appeared to be running out of “ammo,” *i.e.*, order volume to transact during the fix, Ashton disclosed in the chat room that he paid a higher rate than necessary during the fix window in order to push the fix rate higher:

Ashton: “so what we losing here 700 800?”

Trader A: “yes” “looks that way” “i’m 100, my ny is 160”

Trader B: “go romf<sup>2</sup>” “get that slag up”

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<sup>2</sup> “Romf” was a nickname used for Ashton.

Trader A: “looks like we all went early... no stand out offer there at all.... just no am[m]o left, but hopefully it fixes at 53/54??”

Trader B: “absolutely 53.5” “what was the panic... 60 bid now”

Trader A: “54.5” “nice”

Ashton: “nice”

Trader B: “lovely”

Trader A: “nice work gents”

Ashton: “paid a couple of 58s for 30 or so for g[oo]d measure”

Trader B: “you looking for pips back...?”

Ashton: “haha” “nope”

26. Ashton had client orders to buy 358 million GBP/USD at the fix, but he was already short 83 million going into the fix, meaning he had to buy 441. Ashton bought 260 million before the fix window, 157 million during the fix window (when the fix rate was calculated), and 24 million shortly after. During the fix-setting window, Ashton at times bought GBP/USD at rates higher than the prevailing market rate in an effort to drive the fix rate higher. For example, at times in the fix setting window he purchased at a rate of 1.6058, which was higher than the market rate, confirming his statement that he “paid a couple of 58s... for g[oo]d measure.”

27. Ashton’s and other Sterling Lad participants’ efforts to drive the fix rate higher were successful. On June 30, 2011, the 4:00 p.m. WM/R fix rate was driven to 1.60545. Ashton

purchased GBP/USD at and around the fix window at an average rate of 1.60472, resulting in a profit of \$260,000.

**Ashton Joins “the Cartel” Chat Room  
to Engage in Manipulative Conduct**

28. Later in 2011, following the departure of a Barclays’ Euro trader, Ashton assumed responsibility for trading the EUR/USD currency pair, as well as supervision of the FX Spot Desk. Ashton was aware that his former colleague, who had become the Euro trader at another bank, belonged to an exclusive chat room with top European-based Euro traders. The members of this chat room sometimes referred to it as “the Cartel.” Ashton asked the existing members of the Cartel to let him join the chat room. Ashton was invited by the existing members of the Cartel to join the chat room on or around December 20, 2011. With Ashton’s addition, the members of the Cartel chat room represented four of the top five banks in terms of overall FX spot trading market share in G10 currencies.

29. Like he did in other chat rooms, Ashton and the other members of the Cartel discussed and coordinated their trading strategies and shared confidential client information, including client identities. In particular, Ashton and other members of the Cartel shared their expected trading positions for benchmark fixes, including the ECB and WM/R fixes, and coordinated their trading at the fixes. Ashton also used the information shared in the Cartel chat room to attempt to manipulate the fix rate.

30. For example, on January 6, 2012, Ashton informed the Cartel that he had a large sell EUR/USD position going into the ECB fix, meaning Ashton would profit if the average rate at which he sold the currency in the market before the fix was higher than the fix rate at which he had to buy currency in order to fill clients’ orders to sell at the ECB fix price. Another Cartel trader offered to give Ashton his own position to trade, resulting in additional “ammo,” or order

volume that would increase Ashton's chances of driving the fix rate higher in his favor: "ecb 106 urs... merry christmas." Shortly before the fix setting, the same trader gave Ashton an additional 42 million, further increasing his position. By taking on additional fix orders, Ashton continued to build his position to drive the fix rate in his favor. However, by taking on additional "ammo" to influence the fix, Ashton also increased Barclays' risk of loss at the fix.

31. Another Cartel trader warned Ashton of other market participants who might trade against him and advised: "sell 600 in last minute." By aggressively selling a large volume of EUR/USD just before the 1:15 p.m. fix, Ashton attempted to drive the expected fix price down. Ashton would profit if he could drive the fix rate lower than the average rate at which he sold EUR/USD ahead of the fix setting.

32. Ashton had Barclays' client orders to sell 505 million EUR/USD at the ECB fix, and increased his position by accepting 220 million in additional sell exposure from other market participants. At or around the fix, Ashton and his colleagues on the London FX Spot Desk sold 735 million EUR/USD, overselling Ashton's actual position, including selling 500 million in the minute prior to the fix. The 1:15 p.m. ECB fix rate, however, was set at 1.2776 and Ashton's pre-fix sales were at an average rate of 1.2774. As a result, Ashton had to buy 505 million EUR/USD at a rate higher than his average sales price.

33. Ashton's unsuccessful attempt to manipulate the fix rate resulted in a financial loss to Barclays of \$145,000. In a communication with another trader, Ashton acknowledged that his attempt to manipulate the fix had backfired: "I had 500 to jam it/100 showed on bid 400 hidden/with hindsight yep I sh[o]u[l]d have held it."

34. As another example, on February 21, 2012, Ashton and the other traders in the Cartel chatroom coordinated their trading prior to the 1:15 p.m. ECB fix. Another trader in the

Cartel chat room (“Trader C”) disclosed that he needed to buy \$200 million EUR/USD prior to the ECB fix. In response, Ashton matched off his sell-side fix position and refrained from trading during the fix-setting window. Once Ashton matched off his sell-side fix position, he informed Trader C that he was “clear to mangle” the fix.

35. Ashton described his strategy to influence benchmark fixes in a document he prepared in July 2012. In that document, Ashton gave an example of trading 200 million at the 4:00 p.m. WM/R fix to illustrate how he traded benchmark fix orders and influenced fix rates. During the fix trading window in the example, Ashton described selling in advance of the fix window and then selling a large volume during the window “trying to get the benchmark average rate as low as possible.” By attempting to move the fix rate “as low as possible,” Ashton could transact with Barclays’ clients at a lower fix rate than the average rate at which he covered the exposure or sold in the market, thereby generating a profit. Ashton also noted that traders could match or build their positions with other traders through chats or brokers. Ashton, however, did not disclose that he engaged in such trading practices in coordination with competitors using multi-trader chat rooms, such as the Cartel chat room.

**Ashton Improperly Disclosed Confidential  
Information Regarding Client Stop/Loss Orders**

36. In addition to attempts to manipulate benchmark currency fixes, Ashton engaged in other unsafe and unsound conduct. Ashton revealed confidential information regarding client stop/loss orders in his chat room communications with traders at competing banks and then often traded aggressively, either unilaterally or in coordination with the other traders, to move the spot market rate in order to force the client out of the position.

37. For example, on June 7, 2011, Ashton discussed his stop loss orders in GBP/USD, the currency pair also referred to as “cable,” with traders at other banks:

Ashton: “couple of stops at 1.6405 cable” ... “any stops at 00-05... cable?”  
Trader A: “any more stops...” “Have 2 guys her[e] to do at 15... notoriously tricky to do ...”  
Ashton: “not till 60” ... “got these 3 pips thru 2 pips away stops” ... “guy now has a stop lower”

38. Ashton then discussed a separate client’s stop/loss order and received encouragement from the other traders to “rip it” or trigger the order:

Trader A: “Stops here cable”  
Ashton: “mine at 60...will be around ... where urs...?”  
Trader B: “get moving romf ... rip it” ...  
Ashton: “wallop ... i went 63 bid and it was 74 paid ... haha”  
Trader B: “ahha”  
Trader A: “haha” “forced that chris”  
Ashton: “wish i had an aggregator” “like u” ... “haha”  
Trader A: “i knew you’d get nervous when you saw the 58 bid come in constantly”  
Ashton: “not nervous” “happy to rip” “haha”  
Trader A: “need 61 to print for my stops” ... “couldn’t get first time, but knew you’d help if i could keep it bid at 58”  
Ashton: “haha” “happy to oblige”  
Trader A: “thx” “i enjoyed that”

Trader A acknowledged that Ashton’s trading would help him trigger his own stop/loss orders.

### **Ashton Engaged in Other Unsafe or Unsound Conduct**

39. Ashton also engaged in other types of unsafe or unsound conduct in the chat rooms. Ashton agreed with other participants in the Cartel chat room to refrain from certain trading in the market when another trader had an open risk position, so that the price of the

currency traded would not move in a direction adverse to the trader with an open risk position.

40. For example, on December 21, 2011, Ashton worked in coordination with members of the Cartel chat room to improve Trader A's odds of success of manipulating the ECB fix. On this day, both Trader A and Trader B disclosed that they had selling interest going into the ECB fix, while Ashton had an opposing buying interest. After disclosing their respective fix positions, Ashton and Trader B agreed to match off their orders to leave Trader A "with the ammo" or volume to trade into the fix setting window.

41. Ashton also used code words to disclose client identities and other confidential information of Barclays. Although Barclays' policy prohibited disclosure of client identities outside of the bank, Ashton used code words in his chat room communications that were unique to each chat room and understood only by their participants in order to disclose confidential information, including client identities, while also evading detection by their firms' compliance functions. For example, Cartel members used various code names to disclose requests for quotes and trading activity by their clients, including: "nemesis," "woof," "bb," and the use of a number within a word (e.g., "Usu9al guy"). The use of code words indicated that Ashton knew that these disclosures violated Barclays' policy and were improper.

42. Ashton's personal dishonesty and concealment of his conduct was further evident in 2012 when his supervisors and members of Barclays' Legal and Compliance departments asked him about his chat room activities. That year, another Barclays trader under Ashton's supervision was the subject of a client complaint involving improper sharing of client information through chat room communications. Senior members of Barclays' FX business and Legal and Compliance undertook a review of this issue and other issues involving chat room use and participation. In the course of the review, his supervisors and Legal and Compliance

personnel talked to Ashton at length regarding his use of chat rooms. Ashton failed to disclose his collusive practices or manipulative trading facilitated through the Cartel or other chat rooms.

**Ashton's Misconduct Justifies an  
Order Prohibiting Him from Banking**

43. Ashton received personal benefit from his manipulative, collusive, and other misconduct. Using the ill-gotten information obtained in the Cartel and other chat rooms, Ashton was able to meet his revenue targets set for him by Barclays. For example, in 2010, before joining the Cartel and forming Sterling Lads, Ashton failed to make his annual revenue target and received a bonus of £380,000. In 2011, after joining the Cartel chat room and creating the Sterling Lads chat room, Ashton met his annual revenue target and received a higher bonus of £725,000. Following Ashton's participation in the Sterling Lads and Cartel chat rooms, Ashton was praised by his supervisors that his "[p]ersonal PNL is exceptional" and that he is "shining in the EURUSD" trading.

44. His successes in trading (using illicit information and coordinated or manipulative trading) led, in part, to his promotion to the head of the London FX Spot Desk and, subsequently, Global Head of the FX Spot business, as well as increased bonus compensation. Ashton's bonus compensation was tied to his ability to meet or exceed annual revenue targets, which he did after joining the Cartel and creating Sterling Lads.

45. Ashton's conduct showed a willful and continuing disregard for the safety and soundness of Barclays in that he engaged in a sustained pattern of misconduct over the course of years, which subjected the firm to financial loss and legal and reputational risk.

46. On May 20, 2015, Barclays agreed to a consent order with the Board of Governors for unsafe and unsound practices, based in part, on Ashton's trading conduct. Also on May 20, 2015, Barclays pled guilty to a violation of the Sherman Act, 15 U.S.C. § 1, based in

part on Ashton's participation in a conspiracy with other participants in the Cartel chat room to manipulate benchmark fixes and standing down from certain trading when other chat room participants had open risk positions. Also on May 20, 2015, Barclays settled related actions with the U.S. Commodity Futures Trading Commission for violations of the Commodity Exchange Act, the New York State Department of Financial Services, and the United Kingdom Financial Conduct Authority.

47. In total, Barclays has paid \$2.4 billion in criminal and civil fines in connection with the conduct described herein, and faced additional exposure in multiple civil litigations, including settling a class action lawsuit in 2015 for \$384 million that was based in large part on Ashton's misconduct. The class action complaint specifically named Ashton as a participant in the Cartel chat room and excerpted several Cartel and Sterling Lads chats.

48. Additionally, Barclays has incurred significant fees and costs to investigate the conduct of its FX traders, including Ashton.

## **UNSAFE AND UNSOUND PRACTICES AND BREACHES OF FIDUCIARY DUTIES BY ASHTON**

### **COUNT I: Unsafe and Unsound Banking Practices**

49. Ashton was a senior FX trader at Barclays and had supervisory responsibility for the FX Spot Desk during the review period. As set forth in paragraphs 1 through 48 above, Ashton engaged in unsafe and unsound practices by creating exclusive chat rooms with traders at competitor banks and, in violation of Barclays' policies and U.S. law, using the chat rooms to manipulate FX currency benchmarks, engage in trading practices detrimental to clients, coordinate with competitors concerning price spreads to quote customers, coordinate with competitors to refrain from certain trading when another trader had an open risk position, and improperly disclose confidential client information to competitors.

50. As set forth in paragraphs 1 through 48 above, this conduct exposed Barclays to a reasonably foreseeable risk of financial loss, legal and reputational risk, and criminal, regulatory, and civil actions and fines.

### **COUNT II: Breaches of Fiduciary Duty**

51. As an employee and as the head of the FX Spot Desk with supervisory responsibility for ensuring that it operate in accordance with firm policy, Ashton owed a fiduciary duty of care, candor and loyalty to Barclays. As set forth in paragraphs 1 through 48 above, Ashton engaged in unsafe and unsound practices and disclosed confidential information of Barclays and its clients in contravention of Barclays' policies. As such, Ashton breached fiduciary duties he owed Barclays.

### **REQUESTED RELIEF**

#### **PROHIBITION ACTION**

52. Notice is hereby given that a hearing will be held on \_\_\_\_\_, at the United States Courthouse in Southern District of New York or any place designated by the presiding administrative law judge, for the purpose of taking evidence on the charges specified herein, in order to determine whether an appropriate order should be issued under section 8(e) of the FDI Act to prohibit the future participation of Ashton in the affairs of any insured depository institution, holding company thereof, foreign bank, or any institution specified in section 8(e)(7)(A) of the FDI Act, 18 U.S.C. § 1818(e)(7)(A). As set forth above, by reason of Ashton's unsafe and unsound practices and breach of fiduciary duties, Ashton received a financial gain or other benefit and Barclays has suffered or will suffer financial losses and will probably suffer additional financial loss or other damage, or the interests of its depositors have been or could be

prejudiced; and the unsafe and unsound practices involved personal dishonesty or continuing or willful disregard for the safety and soundness of Barclays on Ashton's part.

53. The hearing shall be held before an administrative law judge to be appointed from the Office of Financial Institution Adjudication ("OFIA"), pursuant to section 263.54 of the Rules of Practice, 12 C.F.R. § 263.54. The hearing shall be public, unless the Board of Governors determines that a public hearing would be contrary to the public interest, and in all other aspects shall be conducted in compliance with the provisions of the FDI Act and the Rules of Practice.

54. **Ashton is hereby directed to file an answer to this Notice within 20 days of the service of this Notice, as provided by section 19 of the Rules of Practice, 12 C.F.R. § 263.19, with OFIA. Ashton is encouraged to file any answer to this Notice by electronic mail with the Office of Financial Institution Adjudication at [ofia@fdic.gov](mailto:ofia@fdic.gov).** Pursuant to section 263.11(a) of the Rules of Practice, 12 C.F.R. § 263.11(a), any answer filed with OFIA shall also be served on the Secretary of the Board of Governors. As provided in section 263.19(c)(1) of the Rules of Practice, 12 C.F.R. § 263.19(c)(1), the failure of Ashton to file an answer required by this Notice within the time provided herein shall constitute a waiver of his right to appear and contest the allegations of this Notice in which case the presiding officer is authorized, upon proper motion, to find the facts to be as alleged in the Notice and to file with the Secretary of the Board of Governors a recommended decision containing such findings and appropriate conclusions. Any final order issued by the Board of Governors based upon a failure to answer is deemed to be an order issued by consent.

55. Ashton may submit to the Secretary of the Board of Governors, within 20 days of the service of this Notice, a written statement detailing the reasons why the hearings described

herein should not be public. The failure to submit such a statement within the aforesaid period shall constitute a waiver of any objection to a public hearing.

56. Authority is hereby delegated to the Secretary of the Board of Governors to designate the time and place and presiding officer for any hearing that may be conducted on this Notice and to take any and all actions that the presiding officer would be authorized to take under the Board of Governors' Rules of Practice for Hearings with respect to this Notice and any hearing to be conducted hereon, until such time as a presiding officer shall be designated.

#### **CIVIL MONEY PENALTY ASSESMENT**

57. At all material times relevant to the Notice, the practices set forth in Counts I-II permit the assessment of civil money penalties under section 8(i)(2)(B) of the FDI Act, 12 U.S.C. § 1818(i)(2)(B), in a daily amount not to exceed \$37,500, pursuant to 12 C.F.R. § 263.65(b)(2)(ii).

58. Ashton engaged in unsafe and unsound practices and breaches of fiduciary duty continuously over an extended period involving manipulative and collusive trading and improper disclosure of confidential client information. Ashton's unsafe and unsound practices and breaches of fiduciary duties, as set forth in Counts I-II, constitute a pattern of misconduct and conferred upon him a financial gain or other benefit and caused Barclays more than minimal financial loss or other damage.

59. After taking into account the size of Ashton's financial resources, his good faith, the gravity of the violations, the history of previous violations, and such other matters as justice may require, the Board of Governors hereby seeks to assess a civil money penalty of \$1,200,000.00 against Ashton for recklessly engaging in unsafe and unsound practices and

breaches of fiduciary duty, as set forth in this Notice. Ashton shall forfeit and pay the penalty as hereinafter provided.

60. The penalty set forth in this Notice is assessed by the Board of Governors pursuant to section 8(i) of the FDI Act, 12 U.S.C. § 1818(i) and subparts A and B of the Board of Governors' Rules of Practice for Hearings ("Rules of Practice"), 12 C.F.R. § 263.1 *et seq.*

61. Remittance of the penalty set forth herein shall be made within 60 days of the date of this Notice, in immediately available funds, payable to the order of the Secretary of the Board of Governors of the Federal Reserve System, Washington, D.C. 20551, who shall make remittance of the same to the Treasury of the United States.

62. Notice is hereby given, pursuant to section 8(i)(2) of the FDI Act, 12 U.S.C. § 1818(i)(2) and section 263.23 of the Rules of Practice, 12 C.F.R. § 263.23, that Ashton is afforded an opportunity for a formal hearing before the Board of Governors concerning this assessment.

63. **Any request for such a hearing must be filed with the Office of Financial Institution Adjudication, 3501 N. Fairfax Drive, Suite VS-D8113, Arlington, VA 22226-3500, and with the Secretary of the Board of Governors, Washington, D.C. 20551, within 20 days after the issuance and service of this Notice on Ashton, with regard to the civil money penalty proceedings against Ashton. Ashton is encouraged to file any request for a hearing by electronic mail with the Office of Financial Institution Adjudication at [ofia@fdic.gov](mailto:ofia@fdic.gov).** A hearing, if requested, will be public, unless the Board of Governors shall determine that a public hearing would be contrary to the public interest, and in all other aspects will be conducted in compliance within the provisions of the FDI Act and the Rules of Practice before an administrative law judge to be designated pursuant to applicable law as in effect at the

time of such hearing. The hearing described above may, in the discretion of the Board of Governors, be combined with any other hearing to be held on the matters set forth in this Notice.

By order of the Board of Governors of the Federal Reserve System, effective this 30th day of June, 2016.

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By: Robert deV. Frierson (signed)

Robert deV. Frierson  
Secretary of the Board