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sts to save \$7b

Barclays, Credit Suisse pay fines over dark pools

Washington | Barclays and Credit Suisse have settled US federal and state charges that they misled investors in their dark pools, with Barclays admitting it broke the law and agreeing to pay \$US70 million (\$99 million), federal and New York state officials said on Sunday.

The settlements between the banks and the US Securities and Exchange Commission and the New York state attorney general mark the two largest finest ever paid in connection with cases involving dark pools.

The amount to be paid, in fines and disgorgement, is a combined total of \$US154.3 million.

At the heart of the cases against both Barclays and Credit Suisse are allegations they misled investors in the dark pools, saying they would be protected from predatory high-frequency trading tactics.

Barclays will pay a \$US70 million fine split evenly between the SEC and New York state, admit it violated securities laws and agree to install an independent monitor to ensure that its dark pool "Barclays LX" operates properly in the future.

Credit Suisse will pay a \$US60 million

fine split between the regulators, plus an additional \$US24.3 million in disgorgement to the SEC for executing 117 million illegal sub-penny orders out of its dark pool known as "Crossfinder."

Dark pools are trading venues that differ from public exchanges because orders are not visible to other traders until they are executed.

The lack of pre-trade price information is designed to help institutional investors trade large blocks of shares without the market moving against them.

As part of the settlement, Credit Suisse will neither admit nor deny the allegations. A Credit Suisse spokeswoman said the bank was pleased to have resolved the matters with the SEC and the New York attorney general.

A Barclays representative said the bank was pleased to resolve the case as it will enable the company to focus its efforts on serving clients.

The settlement with Barclays marks a dramatic end to the public legal battle between the bank and New York State Attorney General Eric Schneiderman.

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