

Banks Face More Suits Over Swaps *Lenders Accused of Anticompetitive Practices*

By **KATY BURNE**

An affiliate of MF Global Holdings Ltd. filed a lawsuit alleging 11 banks engaged in anticompetitive practices in the \$25 trillion credit-default-swaps market, including blocking the company from becoming a clearing broker for swaps.

MF Global Capital LLC, an arm of the collapsed broker managed by a board liquidating the company, filed a lawsuit Monday in U.S. District Court for the Northern District of Illinois, alleging the banks "restrained competition" in the market. Credit-default swaps are insurance-like contracts that pay out when a country or a company defaults on its debts.

MF Global's move is one of four lawsuits filed recently in the U.S. claiming banks inappropriately controlled the swaps market. It is also the latest sign that some companies are becoming a threat to Wall Street firms still reeling from litigation on everything from mortgage bonds to alleged manipulation of a key interest-rate benchmark.

Separately Monday, a unit of Germany's Landesbank Baden-Wuerttemberg filed a lawsuit against 13 banks alleging antitrust violations in the credit-default-swaps market. In a lawsuit filed Monday in the U.S. District Court for the Northern District of Illinois, the bank's asset-management arm accused the banks of unfairly dominating the credit-default-swaps market and overcharging customers since 2006.

In addition to these lawsuits, regulators are examining the market. This month, the European Commission informed 13 banks of its "preliminary conclusion that they infringed [European Union] antitrust rules" by colluding to prevent credit-default swaps from trading on open exchanges.

The U.S. Justice Department confirmed in 2009 that it had launched a probe into the possibility of anticompetitive activity in credit-derivatives trading, clearing, and in the information-services industries supporting the market. That investigation is continuing. The Justice Department declined to comment.

Dealers have been protective of their hold on the market for credit-default swaps, which have generated big profits.

The banks named in the MF Global suit were: [Bank of America](#) Corp., [Barclays](#) [BARC.LN](#) -5.74% PLC, [BNP Paribas](#) SA, [BNP.FR](#) -0.76% [Citigroup](#) Inc., [C](#) +0.27% [Credit Suisse Group](#) AG, [CSGN.VX](#) -0.18% [Deutsche Bank](#) AG, [DBK.XE](#) -3.91% [Goldman Sachs Group](#) Inc., [GS](#) -0.45% [HSBC Holdings](#) [HSBA.LN](#) +1.07% PLC, [Morgan Stanley](#), [MS](#) -0.88% [Royal Bank of Scotland Group](#) [RBS.LN](#) -2.52% PLC and [UBS](#) [UBSN.VX](#) +2.31% AG.

[J.P. Morgan Chase](#) [JPM](#) -0.65% & Co. was named as a "co-conspirator" in the suit. The lawsuit separately named as defendants Markit Group Ltd., a financial-data provider that is co-owned by several banks, and the International Swaps and Derivatives Association, a trade group for swaps.

Representatives for Bank of America, Barclays, BNP, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, ISDA, J.P. Morgan Chase, Markit, Morgan Stanley, RBS and UBS declined to comment. The other banks didn't immediately return requests for comment.

MF Global's lawsuit accuses the banks of preventing it from becoming a clearing broker for swaps. It also said the banks' actions caused customers to be overcharged for trades. The suit said the amount of damage done by the banks is "in the tens of billions of dollars."

The suit echoes a similar lawsuit filed in Illinois earlier this month. Three Danish pension funds and their investment-management company alleged antitrust violations in the swaps market. In May, the Sheet Metal Workers Local No. 33 Cleveland Pension Plan also alleged anticompetitive practices in the credit-default-swaps market. That lawsuit was amended to include additional information earlier this month.