TIMELINE: BARCLAYS' WIDENING LIBOR-FIXING SCANDAL

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Libor, the London inter-bank lending rate, is considered to be one of the most crucial interest rates in finance.

It underpins trillions of pounds worth of loans and financial contracts.

So, when Barclays was fined £290m last week after some of its derivatives traders were found to have attempted to rig this key rate, public confidence in banks was shattered.

The scandal has forced Barclays chief executive Bob Diamond to resign, while chairman Marcus Agius also announced his resignation but will take over as executive chairman until a successor can be found.

Here are some of the key dates in the scandal:

2005

As early as 2005 there was evidence Barclays had tried to manipulate dollar Libor and Euribor (the euro equivalent of Libor) rates at the request of its derivatives traders and other banks.

Misconduct was widespread, involving staff in New York, London and Tokyo as well as external traders.

One Barclays trader told a trader from another bank in relation to three-month dollar Libor: "duuuude... what's up with ur guys 34.5 3m fix... tell him to get it up!"

Between January 2005 and June 2009, Barclays derivatives traders made a total of 257 requests to fix Libor and Euribor rates, according to a **report** by the Financial Services Authority (FSA).

2007

At the onset of the financial crisis in September 2007 with the collapse of Northern Rock, liquidity concerns drew public scrutiny towards Libor. Barclays manipulated Libor submissions to give a healthier picture of the bank's credit quality and its ability to raise funds. A lower submission would deflect concerns it had liquidity problems.

Barclays' Libor submissions were at the higher end of the range of contributing banks, and prompted **media speculation** about the true picture of the bank's risk and credit profile.

Senior treasury managers instructed submitters to reduce Libor to avoid negative publicity, saying Barclays should not "stick its head above the parapet".

On **28 November**, a senior submitter wrote in an internal email that: "Libors are not reflecting the true cost of money."

A Barclays compliance officer contacted the UK banking lobby group British Bankers' Association (BBA) and the FSA and described "problematic actions" by other banks, saying they appeared to be understating their Libor submissions.

During the financial crisis Barclays was in daily contact with the FSA but failed to discuss its own false submissions, instead commenting about liquidity generally. It told the regulator its submissions were within a reasonable range.

In an email in late December, one submitter expressed his discomfort at the rate manipulation: "My worry is that [both Barclays and the contributor bank panel] are being seen to be contributing patently false rates," he said.

"We are therefore being dishonest by definition and are at risk of damaging our reputation in the market and with the regulators."

2008

A **string of media reports** questioned the integrity of Libor.

Around **16 April**, a senior Barclays treasury manager informed the BBA in a phone call that Barclays had not been reporting accurately. But he defended the bank, saying it was not the worst offender: "We're clean, but we're dirty-clean, rather than clean-clean."

"No one's clean-clean," the BBA representative responded.

Barclays received communications from the BBA expressing concern about the accuracy of its Libor submissions. The BBA said if the media reports were true, it was unacceptable.

On **17 April,** a manager made comments in a call to the FSA that Barclays had been understating its Libor submissions: "We did stick our head above the parapet last year, got it shot off, and put it back down again. So, to the extent that, um, the Libors have been understated, are we guilty of being part of the pack? You could say we are... Um, so I would, I would sort of express us maybe as not clean clean, but clean in principle."

On **29 May** Barclays agreed internally to tell the media that the bank had always quoted accurate and fair Libors and had acted "in defiance of the market" rather than submitting incorrect rates.

On **10 June**, the BBA published a consultation paper seeking comments about proposals to modify Libor. "The BBA proposes to explore options for avoiding the stigma whilst maintaining transparency," it said. Barclays contributed comments but avoided mentioning its own rate submissions.

On **5 August** the BBA published a feedback statement on its consultation paper, and concluded that the existing process for submissions would be retained.

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In **September,** following the collapse of Lehman Brothers, the Bank of England had a conversation with a senior Barclays official, in which it raised questions about the bank's liquidity position and its relatively high Libor submissions.

In late **October,** following the discussion with the Bank of England, Barclays instructed Libor submitters to lower the rate to be "within the pack".

On **17 November** the BBA issued a draft document about how Libor rates should be set and required banks to have their rate submission procedures audited as part of compliance. The final paper would be circulated on 16 July 2009.

2009

On **2 November** the BBA circulated guidelines for all contributor banks on setting Libor rates in the same manner. Barclays made no changes to its systems to take account of the BBA guidelines.

In December Barclays started to improve its systems and controls but ignored the BBA's guidelines. Until 2009 the bank did not have a formal Chinese wall between the derivatives team and the submitters.

2010

In **June**, Barclays circulated an email to submitters that set out "fundamental rules" that required them, for example, to report to compliance any attempts to influence Libor submissions either externally or internally. It also prohibited communication with external traders "that could be be seen as an attempt to agree on or impact Libor levels".

2011

In late 2011, Royal Bank of Scotland sacked four people for their alleged roles in the Libor-fixing scandal.

2012

June

On **27 June** Barclays **admitted** to misconduct. The UK's FSA imposed a £59.5m **penalty**. The US Department of Justice and the **Commodity Futures Trading Commission** (CFTC) imposed fines worth £102m and £128m respectively, forcing Barclays to pay a total of around £290m.

One day later, Barclays' share price plunged 15%.

Chief executive Bob Diamond said he would attend a Commons Treasury Committee and that the bank would cooperate with authorities. In a **letter** to the committee chairman Andrew Tyrie, he wrote: "Even taking account of the abnormal market conditions at the height of the financial crisis, and that the motivation was to protect the bank, not to influence the ultimate rate, I accept that the decision to lower submissions was wrong." However, he said he would not resign.

On **29 June** Prime Minister David Cameron **urged regulators** to use "all the powers at their disposal" to pursue Barclays. "This is a scandal. It is extremely serious. They've had a very large fine and quite rightly. But frankly the Barclays management team have some big questions to answer," he said.

The same day, Bank of England Governor Sir Mervyn King **called** for a "cultural change", adding: "The future calculation of Libor on 'my word is my Libor' is now dead." He said implementing the Vickers banking reforms was the most important first step, but ruled out a Leveson-style enquiry into the banks.

July

On **2 July:**

- Barclays chairman Marcus Agius **resigned** and also tendered his resignation as chairman of the BBA and Mr Diamond said in **a letter to staff** that he would "get to the bottom" of what happened
- The Serious Fraud Office (SFO) **considered** whether to bring criminal charges against bankers who tried to manipulate the inter-bank lending rate.
- Prime Minister Cameron announced a parliamentary review of the banking sector, to be headed by the chairman of the Treasury Committee, Andrew Tyrie. The review should ensure that the UK had the "toughest and most transparent rules of any major financial sector", Mr Cameron said.

On **3 July** Barclays chief executive Bob Diamond **resigned**, saying that the external pressure on the bank risked "damaging the franchise".

He was shortly followed by Barclays chief operating officer Jerry del Missier, who resigned the same day.

The same day, Barclays released notes taken by Mr Diamond of a conversation he had in 2008 with the Bank of England's Paul Tucker. According to the notes, Mr Tucker indicated that "senior figures within Whitehall" had inquired about why Barclays was setting its Libor rate higher than some other banks.

While the bank said Mr Diamond did not view his conversation with Mr Tucker as an instruction to change its rates, when the message was passed down to Mr del Missier, he concluded that an instruction had been given by the Bank of England not to keep Libor so high.

"He therefore passed down a direction to that effect to the [traders]," Barclays said.

On **4 July,** Mr Diamond faced a three-hour grilling from MPs over the scandal, during which he described the behaviour of those responsible as "reprehensible" and said it had made him physically ill.

"I'm sorry, disappointed and angry," he added.

However, a number of MPs expressed surprise at his evidence, with Andrew Tyrie, chairman of the Treasury Committee, describing some of what the banker said as "implausible".

On **5 July**, credit rating agency Moody's lowered its rating outlook on Barclays from stable to negative.

The agency said shareholder and political pressure was creating uncertainty about the bank's future.

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