
Hughes Hubbard & Reed

Firm Wins Dismissal of SIBOR Claims Against Macquarie

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Nov. 13, 2018 — The firm achieved a victory for Macquarie when a Manhattan federal judge threw out claims against the Australian investment bank for alleged manipulation of the Singapore Interbank Offered Rate (SIBOR) and Singapore Swap Offer Rate (SOR).

On Oct. 4, U.S. District Judge Alvin K. Hellerstein granted HHR's motion to dismiss claims brought by two investment funds, finding they failed to state a claim and lacked personal jurisdiction over Macquarie.

FrontPoint Asian Event Driven Fund and Sonterra Capital Master Fund filed the suit in July 2016 as part of a proposed class action that accused 46 defendants affiliated with 20 international financial institutions, including Bank of America, JPMorgan Chase and UBS, of rigging Singapore's benchmark interest rates.

Of the 46 defendants, 19 were panel members that helped calculate SIBOR and SOR by submitting the interest rates at which they could borrow U.S. and/or Singapore dollars in the Singapore market. Plaintiffs alleged these panel banks submitted fraudulent rates to benefit their trading.

Judge Hellerstein allowed the case to proceed against the panel members, finding that plaintiffs plausibly alleged an antitrust conspiracy against them. But he dismissed claims against 27 other defendants, including Macquarie, on the grounds that the plaintiffs did not sufficiently allege how non-panel banks were involved in that conspiracy.

Judge Hellerstein held: "There are no allegations that non-panel members communicated with panel members, or that non-panel members contributed to or participated in the conspiracy in some other way. Instead, the allegations against these defendants are only that they traded SIBOR- and SOR-based derivatives in the United States with parties other than plaintiffs. But such trading, even if adequately alleged, is an innocent activity if not connected to the panel members' conspiracy."

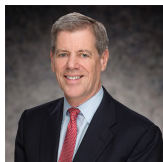
Macquarie was also among the 29 foreign defendants moving to dismiss for lack of personal jurisdiction. Judge Hellerstein granted the motion only as to those who were not SIBOR panel members.

Chris Paparella, Marc Weinstein, Robert Bell, Justin Ben-Asher and Brittany Cohen worked on this case.

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