
FINAL NOTICE

To: Peter Charles Johnson

Individual
Reference Number: PCJ01019

Date of Birth: 20 August 1954

Date: 26 August 2016

ACTION

1. For the reasons given in this Notice, the Authority hereby imposes on Peter Johnson an order, pursuant to section 56 of the Act, prohibiting him from performing any function in relation to any regulated activity carried on by any authorised or exempt person, or exempt professional firm.

SUMMARY OF REASONS

2. The Authority takes this action because between 1 June 2005 and 1 August 2007 Mr Johnson committed deliberate misconduct when making submissions for the calculation of LIBOR on behalf of Barclays.
3. On 17 February 2014 Mr Johnson was charged by the SFO with one count of conspiracy to defraud relating to his LIBOR submissions for Barclays from 1 June 2005 to 1 September 2007. A copy of the indictment is set out at Annex A to this Notice. On 3 October 2014 at Southwark Crown Court Mr Johnson pleaded guilty to this charge. On 7 July 2016 Mr Johnson was sentenced to four years in prison. In light of his guilty plea, the Authority finds that Mr Johnson lacks honesty and integrity and, therefore, is not fit and proper.

DEFINITIONS

4. The definitions below are used in this Final Notice:

"the Act" means the Financial Services and Markets Act 2000;

"the Authority" means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority;

"Barclays" means Barclays Bank PLC;

"Barclays Final Notice" means the Final Notice published by the Authority in relation to Barclays Bank PLC on 27 June 2012;

"BBA" means the British Bankers' Association;

"Derivatives Traders" means Barclays Bank PLC's interest rate derivatives traders;

"FIT" means the Authority's Fit and Proper test for Approved Persons;

"LIBOR" means the London Interbank Offered Rate;

"SFO" means the Serious Fraud Office;

"Submitters" mean those individuals responsible for determining and making LIBOR submissions on behalf of Barclays;

"Tribunal" means the Upper Tribunal (Tax and Chancery Chamber);

"USD" means United States Dollar.

FACTS AND MATTERS

5. LIBOR is an interest rate benchmark fundamental to the operation of both UK and international financial markets. LIBOR is published daily in a number of currencies and maturities and is set according to a definition published by the BBA. It is based on interbank borrowing in the London market and banks on the LIBOR panels make daily submissions to the BBA to enable LIBOR to be calculated.
6. Mr Johnson was a senior and experienced money markets trader at Barclays. He commenced employment with Barclays in 1981. In 1995 he

was made Director in charge of the USD liquidity management book in London and he held that position until June 2008. His responsibilities included managing the assets and liability mix of the USD book and posting prices to the sales force and to money brokers about where Barclays was prepared to pay for money. In June 2008 Mr Johnson was promoted to co-head of Global Non-Sterling Liquidity Management.

7. Mr Johnson was approved to perform CF30 Customer Trading (1 November 2007 to 27 September 2012) and was previously approved to perform CF26 Customer Trading (1 December 2001 to 31 October 2007).
8. Barclays, like other banks on the LIBOR panels, delegates responsibility for determining and making LIBOR submissions to a number of Submitters. Mr Johnson was Barclays' senior USD LIBOR Submitter from 1 June 2005 to 1 August 2007 and until 2010.
9. Mr Johnson had extensive experience making LIBOR submissions. He knew that the definition of LIBOR requires submissions from panel banks based on their costs of borrowing in the interbank market. He understood the factors that were proper, and improper, to take into account when determining LIBOR submissions. In particular, he knew that the LIBOR definition does not allow for consideration of Derivative Traders' positions.
10. Between 1 June 2005 and 1 August 2007, Mr Johnson received numerous requests from Derivatives Traders attempting to influence Barclays' LIBOR submissions. Such requests were for high, low or specific USD LIBOR submissions with the aim of influencing the final benchmark USD LIBOR published by the BBA. This, in turn, would impact the profit or loss made on Derivatives Traders' trading positions. The Derivatives Traders were, therefore, motivated by profit and Mr Johnson knew this.
11. The Authority has been provided with more than 100 such written requests from at least seven different Derivatives Traders to Mr Johnson. The volume of the requests, the number of Derivatives Traders involved, the frequency of the requests and the period of time over which they were made demonstrate that it was a routine matter for Derivatives Traders to make requests to Mr Johnson.
12. Mr Johnson took requests from Derivatives Traders into account when making Barclays' USD LIBOR submissions.

13. On 27 June 2012 the Authority published the Barclays Final Notice which described significant failings in relation to LIBOR. Mr Johnson is a USD Submitter as described in the Barclays Final Notice and his own failings described in this Notice are also the basis of some of the Authority's findings against Barclays as described in the Barclays Final Notice.
14. On 6 March 2013, the Authority issued a warning notice against Mr Johnson in respect of the matters described above. The regulatory proceedings against Mr Johnson were stayed in June 2013 at the request of the SFO.
15. On 17 February 2014 the SFO charged Mr Johnson with the offence set out in the indictment copied at Annex A. The criminal charges against Mr Johnson arose out of substantially the same facts as summarised in this Notice. On 3 October 2014 Mr Johnson pleaded guilty to this charge. On 7 July 2016 he was sentenced to four years in prison.

FAILINGS

16. The regulatory provisions relevant to this Final Notice are referred to at Annex B. FIT 1.3.1G states that the Authority will have regard to, among other things, a person's honesty and integrity when assessing the fitness and propriety of a person to perform a particular controlled function.
17. Mr Johnson engaged in a serious and sustained course of improper conduct from 1 June 2005 to 1 August 2007. Mr Johnson's actions were dishonest because he took Derivatives Traders' requests into account when making Barclays' USD LIBOR submissions, despite knowing that this was not permitted under the BBA's definition of LIBOR.
18. On 17 February 2014, Mr Johnson was charged with conspiracy to defraud in respect of this behaviour and on 3 October 2014 he pleaded guilty to that charge. On 7 July 2016 Mr Johnson was sentenced to four years in prison.
19. Mr Johnson's guilty plea demonstrates a lack of honesty and integrity such that he is not a fit and proper person to perform any function in relation to any regulated activity carried on by any authorised person.

SANCTION

Prohibition Order

20. The Authority considers that Mr Johnson's actions as described in this notice demonstrate that he lacks honesty (and therefore integrity). The seriousness of his misconduct was aggravated by the fact that:
- (1) Mr Johnson was a senior and experienced employee of Barclays and was an approved person, holding the CF30 (Customer) function.
 - (2) Mr Johnson engaged in this improper activity over a prolonged period of time.
 - (3) LIBOR is of central importance to the operation of UK and worldwide financial markets. Doubts about the integrity of LIBOR threaten confidence in these markets.
21. The Authority therefore prohibits Mr Johnson from carrying out any function in relation to any regulated activity carried out by any authorised person, exempt person or exempt professional firm.

PROCEDURAL MATTERS

Decision maker

22. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.
23. This Final Notice is given under, and in accordance with, section 390 of the Act.

Publicity

24. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates. Under those provisions, the Authority must publish such information about the matter to which this notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

25. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority Contacts

26. For more information concerning this matter generally, contact Nicholas Hills (direct line: 020 7066 4162) of the Enforcement and Market Oversight Division of the Authority.

Mark Francis

Project Sponsor

Financial Conduct Authority, Enforcement and Market Oversight Division

ANNEX A

Indictment

In the Crown Court at Southwark

T2014

The Queen

-v-

**Peter Charles Johnson,
Jonathan James Mathew,
Stylios Contogoulas,
Jay Vijay Merchant,
Alex Pabon and
Ryan Michael Reich**

are charged as follows:

Count 1

Statement of Offence

Conspiracy to Defraud

Particulars of Offence

Peter Charles Johnson, Jonathan James Mathew, Stylios Contogoulas, Jay Vijay Merchant, Alex Pabon and Ryan Michael Reich between 1st June 2005 and 1st September 2007 conspired together and with other employees of Barclays PLC and its associated entities (Barclays) to defraud in that:

- 1) knowing or believing that Barclays was a party to trading referenced to the London Interbank Offered Rate for US dollar (Dollar Libor);
- 2) they dishonestly agreed to procure or make submissions of rates by Barclays, a panel bank, into the Dollar Libor setting process which were false or misleading in that they:
 - a. were intended to create an advantage to the trading positions of employees of Barclays; and
 - b. deliberately disregarded the proper basis for the submission of those rates

thereby intending to prejudice the economic interests of others

ANNEX B

GUIDANCE AND POLICY TO STATUTORY PROVISIONS AND RULES

Lack of honesty and integrity

1. The Authority has the power, pursuant to section 56 of the Act, to make a prohibition order if it appears to the Authority that an individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person, exempt person or exempt professional firm. Pursuant to section 56(2) of the Act, such an order may relate to a specified function, any function falling within a specified description or any function.

The Fit and Proper test for Approved Persons ("FIT")

2. FIT sets out the criteria for assessing a person's fitness and propriety.
3. FIT 1.1.2G states:

"The purpose of FIT is to set out and describe the criteria that the [Authority] will consider when assessing the fitness and propriety of a candidate for a controlled function (see generally SUP 10 on approved persons). The criteria are also relevant in assessing the continuing fitness and propriety of approved persons. The criteria that the [Authority] will consider in relation to an authorised person are described in COND."

4. FIT 1.2.3G states:

"Under section 63(1) of the Act (Withdrawal of approval), the [Authority] may withdraw its approval if it considers that the person in respect of whom the approval was given is not fit and proper to perform the controlled function to which the approval relates."

5. FIT 1.3.1G states that the [Authority] will have regard to, among other things, a person's honesty and integrity when assessing the fitness and propriety of a person to perform a particular controlled function.

6. FIT 1.3.3G states:

"The criteria listed in FIT 2.1 to FIT 2.3 are guidance and will be applied in general terms where the [Authority] is determining a person's fitness and

propriety. It would be impossible to produce a definitive list of all the matters which would be relevant to a particular determination."

7. FIT 2.1.1 states:

"In determining a person's honesty, integrity and reputation, the [Authority] will have regard to all relevant matters including, but not limited to, those set out in FIT 2.1.3 G which may have arisen either in the United Kingdom or elsewhere[...]"

Prohibition order

8. The Authority's approach to deciding whether to impose a prohibition order, and the scope of any such prohibition order, is set out in chapter 9 of the Enforcement Guide ("EG"). The provisions of EG set out below are those which were in force from 28 August 2007.

9. EG 9.1 sets out how the Authority's power to make a prohibition order under section 56 of the Act helps it work towards achieving its regulatory objectives. The Authority may exercise this power where it considers that, to achieve any of its objectives, it is appropriate either to prevent an individual from performing any functions in relation to regulated activities or to restrict the functions which he may perform.

10. EG 9.3 states:

"In deciding whether to make a prohibition order and/or, in the case of an approved person, to withdraw its approval, the [Authority] will consider all the relevant circumstances including whether other enforcement action should be taken or has been taken already against that individual by the [Authority]. ... in some cases the [Authority] may take other enforcement action against the individual in addition to seeking a prohibition order and/or withdrawing its approval. The [Authority] will also consider whether enforcement action has been taken against the individual by other enforcement agencies or designated professional bodies."

11. EG 9.5 states:

"The scope of a prohibition order will depend on the range of functions which the individual concerned performs in relation to regulated activities, the reasons why he is not fit and proper and the severity of risk which he poses to consumers or the market generally."

12. EG 9.8 to 9.14 set out guidance on the Authority's approach to making prohibition orders against approved persons.
13. EG 9.8 states that, in deciding whether to make a prohibition order, the Authority will consider whether its regulatory objectives can be achieved adequately by imposing disciplinary sanctions.
14. Specifically in relation to approved persons, EG 9.9 states that in deciding whether to make a prohibition order, the Authority will consider all the relevant circumstances of the case. These include, but are not limited to, the following:
 - (1) *"The matters set out in section 61(2) of the Act.*
 - (2) *Whether the individual is fit and proper to perform functions in relation to regulated activities. The criteria for assessing the fitness and propriety of approved persons are set out in FIT 2.1 (Honesty, integrity and reputation); FIT 2.2 (Competence and capability) and FIT 2.3 (Financial soundness).*
 - (3) *Whether, and to what extent, the approved person has:*
 - a. *failed to comply with the Statements of Principle issued by the [Authority] with respect to the conduct of approved persons; or*
 - b. *been knowingly concerned in a contravention by the relevant firm of a requirement imposed on the firm by or under the Act (including the Principles and other rules) or failed to comply with any directly applicable Community regulation made under MiFID or any directly applicable provision of the auction regulation.*
 - (4) *Whether the approved person has engaged in market abuse.*
 - (5) *The relevance and materiality of any matters indicating unfitness.*
 - (6) *The length of time since the occurrence of any matters indicating unfitness.*
 - (7) *The particular controlled function the approved person is (or was) performing, the nature and activities of the firm concerned and the markets in which he operates.*

(8) *The severity of the risk which the individual poses to consumers and to confidence in the financial system.*

(9) *The previous disciplinary record and general compliance history of the individual including whether the [Authority], any previous regulator, designated professional body or other domestic or international regulator has previously imposed a disciplinary sanction on the individual."*

15. EG 9.10 states:

"The [Authority] may have regard to the cumulative effect of a number of factors which, when considered in isolation, may not be sufficient to show that the individual is not fit and proper to continue to perform a controlled function or other function in relation to regulated activities. It may also take account of the particular controlled function which an approved person is performing for a firm, the nature and activities of the firm concerned and the markets within which it operates."

16. EG 9.11 states:

"Due to the diverse nature of the activities and functions under which the [Authority] regulates, it is not possible to produce a definitive list of matters which the [Authority] might take into account when considering whether an individual is not a fit and proper person to perform a particular, or any, function in relation to a particular, or any, firm."

17. One example of a type of behaviour which has previously resulted in the Authority deciding to issue a prohibition order or withdraw the approval of an approved person, set out in EG 9.12, is "[s]evere acts of dishonesty".