

Effect of forex price fixing would be minuscule – Bank

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Editor at Large

IF FOREIGN exchange traders had manipulated trading in the rand, it would not have had more than an infinitesimal effect on the value of the currency, the Reserve Bank said yesterday.

It also made it clear that the Competition Commission had not shared details of the probe announced last week into alleged price fixing in the forex market with the Bank.

Releasing the bank supervision department's annual report, Reserve Bank deputy governor Kuben Naidoo said the Competition Commission had informed the Bank of the forex market probe, but there were legal issues around the confidentiality of the whistleblower who had prompted the

probe. "We don't know whether there was manipulation of the rand exchange rate but our sense is if there was, it might have had an effect at the level of an infinitesimal decimal point."

Mr Naidoo said the Bank had been conducting its own review of the forex trading operations of South African banks since October and so far had not found anything untoward. The misdemeanours the commission was probing were in foreign jurisdictions, but did involve the rand, he said.

RMB currency strategist

John Cairns said though it was possible for traders to manipulate the exchange rate, it was impossible for them to do so for more than a short period.

The commission said last week it was investigating 11 foreign currency trading entities, based on information that they were colluding to fix prices on trade in currency pairs involving the rand.

The Bank has been at pains to emphasise that the commission's probe had nothing to do with the Bank's review, which was not triggered by any allegations of wrongdoing but was launched in response to events in international markets, where regulators in the US and UK imposed billions of dollars worth of penalties on banks

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**Reserve Bank
deputy
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