

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

MANHATTAN and BRONX SURFACE TRANSIT OPERATING AUTHORITY PENSION PLAN and METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN MASTER TRUST, on behalf of themselves and all other similarly situated,

Plaintiffs,

-against-

BANCO SANTANDER S.A., SANTANDER INVESTMENT SECURITIES, INC., SANTANDER HOLDINGS USA, INC., BANCO SANTANDER (MEXICO) S.A. INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO, SANTANDER INVESTMENT BOLSA, SOCIEDAD DE VALORES, S.A.U., BANCO BILBAO VIZCAYA ARGENTARIA, S.A., BBVA SECURITIES, INC., BBVA COMPASS BANCSHARES, INC., BBVA BANCOMER S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO BBVA BANCOMER, GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V., JPMORGAN CHASE & CO., JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, JP MORGAN SECURITIES LLC, J.P. MORGAN BROKER-DEALER HOLDINGS INC., BANCO J.P. MORGAN, S.A. INSTITUCIÓN DE BANCA MÚLTIPLE, J.P. MORGAN GRUPO FINANCIERO, HSBC HOLDINGS PLC, HSBC BANK PLC, HSBC SECURITIES (USA) INC., HSBC MARKETS (USA) INC., HSBC MÉXICO, S.A., INSTITUCION DE BANCA MÚLTIPLE, GRUPO FINANCIERO HSBC, HSBC NORTH AMERICA HOLDINGS INC., HSBC LATIN AMERICA HOLDINGS (UK) LIMITED, BARCLAYS PLC, BARCLAYS CAPITAL PLC, BARCLAYS CAPITAL INC., BARCLAYS BANK PLC, GRUPO FINANCIERO BARCLAYS MEXICO, S.A. DE C.V., BARCLAYS BANK MEXICO, S.A., CITIGROUP INC., CITIGROUP GLOBAL MARKETS INC., CITIGROUP FINANCIAL PRODUCTS INC., CITIGROUP GLOBAL MARKETS HOLDINGS INC., BANCO NACIONAL DE MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO BANAMEX, BANK OF AMERICA N.A., BANK OF AMERICA CORPORATION, BANKAMERICA INTERNATIONAL FINANCIAL CORPORATION, BANK OF AMERICA MEXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO BANK OF AMERICA, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, DEUTSCHE BANK AG, DEUTSCHE BANK SECURITIES, INC., DEUTSCHE BANK AMERICAS HOLDING CORP., DEUTSCHE BANK MÉXICO, S.A. INSTITUCIÓN DE BANCA MÚLTIPLE, CREDIT SUISSE AG, CREDIT SUISSE (USA) INC., CREDIT SUISSE AG, NEW YORK BRANCH, CREDIT SUISSE SECURITIES (USA) LLC, GRUPO FINANCIERO CREDIT SUISSE (MEXICO), S.A. DE C.V., BANCO DE CREDIT SUISSE (MEXICO), CASA DE BOLSA CREDIT SUISSE (MEXICO), S.A. DE C.V., CREDIT SUISSE SERVICIOS (MEXICO) S.A. DE C.V., and "JOHN DOES" 1-10,

Defendants.

Docket No.

**CLASS
ACTION
COMPLAINT**

**JURY TRIAL
DEMANDED**

Plaintiffs Manhattan and Bronx Surface Transit Operating Authority Pension Plan and Metropolitan Transportation Authority Defined Benefit Pension Plan Master Trust, (collectively “Plaintiffs”) allege upon knowledge as to each of their own actions and upon information and belief as to all other matters, against Defendants (as defined below) as follows:

I. INTRODUCTION

1. A Mexican government bond (“MGB”) is a financial instrument issued by Mexico’s government as part of its financial operations, for the purposes of raising capital, funding its budget, and controlling Mexico’s monetary supply.
2. The Defendant banks and/or their subsidiaries or affiliated companies are: (a) horizontal competitors at auctions for MGBs, (b) members of the Market Makers Program that are designated by the Secretaría de Hacienda y Crédito Público (“SHCP”, the Mexican Finance Ministry) to participate actively in the fixed-rate MGB market, and (c) entities that bid and offer prices for MGBs in the secondary market for the purpose of providing liquidity and facilitating investment in the overall MGB market.
3. MGBs are issued pursuant to an approval process. In exchange for participation in the Market Makers Program, the Bank of Mexico (“Banxico”) requires Defendants to bid individually for the MGBs offered in each auction. The Defendants’ bids in total must be for the entire amount of MGBs offered. Defendants thus control the supply of MGBs in the over-the-counter market, where they sell the bonds purchased at auction to their own customers.
4. In April 2017, Mexico’s antitrust regulator, the Comisión Federal de Competencia Económica (“COFECE”), announced that it had uncovered evidence of anticompetitive conduct in the MGB market extending back to 2006. Although COFECE began its investigation in October 2016, it did not make the investigation public until six months later. On April 6, 2017, *El Financiero*, a Mexican financial newspaper, reported that the COFECE’s investigation covers both the primary and secondary markets for MGBs. In May of 2017, it was reported that COFECE’s investigation had accepted at least one Defendant into its cartel leniency program in

return for a reduced penalty; pursuant to COFECE's procedures, that company admitted being a participant in an agreement to fix MGB prices and would provide evidence against its co-conspirators.

5. In a July 3, 2017 report, Bloomberg indicated that the COFECE investigation was focusing on seven of the eight Market Maker banks--the local units of Banco Santander S.A., Banco Bilbao Vizcaya Argentaria S.A., JPMorgan Chase & Co., HSBC Holdings Plc, Barclays plc, Citigroup Inc., and Bank of America Corporation.

6. In August of 2017, Mexico's securities regulator, the Comisión Nacional Bancaria y de Valores ("CNBV"), announced that it was proceeding with its own investigation of misconduct in the MGB market based on additional evidence it had uncovered of collusion among the Defendants to suppress prices for government securities.

7. The SHCP is also investigating the manipulation of MGBs.

8. On November 22, 2017, the Mexican Parliament issued a request to COFECE to explain further the status of its investigation. As discussed below, the request corroborated that a bank had sought immunity in exchange for cooperation and that massive fines might be levied against the co-conspirators.

9. An analysis of MGB prices and auction results before and after COFECE's announcement show that Defendants conspired to fix MGB prices between January 1, 2006 and April 18, 2017 (the "Class Period") through at least three means: (a) rigging MGB auctions through collusive bidding and information sharing; (b) selling MGBs purchased at auction at artificially higher prices; and (c) agreeing to fix the "bid-ask spread" artificially wider, overcharging and underpaying customers in every MGB transaction by suppressing the "bid price" at which Defendants offered to buy MGBs and increasing the "ask price" at which they offered to sell. This comprehensive scheme resulted in inflated MGB prices, and lower yield for Plaintiffs and the class they represent while generating supra-competitive profits for Defendants.

10. Economic studies indicated that the MGB market was potentially subject to collusion as far back as the 1990s. Governmental reforms instituted in the early 2000s were

intended to resolve these problems by changing MGB auctions from a discriminatory price system to a fixed price system. As has now become clear, they did not succeed. In November 2017, Banxico issued a Code of Conduct intended to proscribe the cartel activities under investigation.

11. Defendants' agreement to restrain trade in the MGB market is consistent with a pattern of collusion and price-fixing by many of these same Defendants during the Class Period, involving the manipulating of the London Interbank Offered Rate ("LIBOR") and the Euro Interbank Offered Rate ("Euribor"), the foreign exchange ("Forex" or "FX") market, and the markets for gold, silver, platinum, among others. Some of the Defendants here are also being investigated by the United States Department of Justice ("DOJ") for rigging auctions for supranational, sub-sovereign and agency ("SSA") bonds.

12. The alleged conspiracy is confirmed by independent economic analysis obtained by the Plaintiffs that is discussed below.

13. Plaintiffs are domestic purchasers of MGBs and Defendants' customers in the United States. Plaintiffs were overcharged and/or were underpaid in each of these transactions as a direct result of Defendants' conspiracy to fix MGB prices in the United States.

14. In view of COFECE's and CNBV's ongoing investigations and the admission of at least one Defendant to participation in the alleged cartel, as well as the other evidence alleged herein, the pleaded facts render Plaintiffs' claims here are more than plausible.

II. PARTIES

A. Plaintiffs

15. Plaintiff Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA") Pension Plan is a single-employer pension plan sponsored by the Manhattan and Bronx Surface Transit Operating Authority, a subsidiary of Metropolitan Transportation

Authority (“MTA”)¹ New York City Transit. The MaBSTOA Plan provides retirement,

disability, cost-of-living adjustments and death benefits to plan members and their beneficiaries.

16. Plaintiff MTA Defined Benefit Pension Plan Master Trust consist of a cost-sharing multiple employer plan that includes certain MTA Long Island Rail Road non-represented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA Long Island Rail Road represented employees hired after December 1, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and non-represented employees and certain employees of the MTA Bus Company, as well as a single employer plan that covers employees of MTA Long Island Rail Road hired prior to January 1, 1988.

B. Defendants

1. Banco Santander S.A.

17. Defendant Banco Santander S.A., formerly known as Banco Santander Central Hispano S.A., is a public banking group with its global headquarters in Santander, Spain.

18. Defendant Banco Santander S.A.’s United States segments include the Intermediate Holding Company (IHC) and its subsidiaries: Santander Bank, Banco Santander Puerto Rico, Santander Consumer USA, Banco Santander International, Santander Investment Securities, and Banco Santander S.A. New York Branch (“Santander New York”),

¹ The Metropolitan Transportation Authority (“MTA”), created by enabling state legislation in 1965, is a New York State public authority and public benefit corporation. The MTA is a corporate entity separate and apart from the State of New York which has the responsibility for developing and implementing a unified mass transportation policy for the City of New York, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties. It provides commuter rail service from the City of New York to the States of Connecticut and New Jersey. The MTA carries out these responsibilities directly and through its subsidiaries and affiliates (“Related Entities”), which are also public benefit corporations, in accordance with the New York Public Authorities Laws. The Related Entities sponsor and participate in a number of pension plans for their employees, including the Plaintiffs, the Manhattan and Bronx Surface Transit Operating Authority Pension Plan and the Metropolitan Transportation Authority Defined Benefit Pension Plan Master Trust.

19. Banco Santander (Mexico) S.A. Institución de Banca Múltiple, Grupo Financiero (“Santander Mexico”) is the entity through which Banco Santander S.A. operates in Mexico. It is the successor to Grupo Financiero Santander Mexico, S.A.B. de C.V.

20. Banco Santander S.A., derived more than \$370 million in profit from its U.S.-based operations in 2016, including from its fixed income sales activities, which includes MGBs.

21. Santander New York is a subsidiary of Banco Santander S.A. Santander New York reported \$1.4 billion in assets in its 2015 U.S. Resolution Plan. It is regulated by both the NYSDFS and the Federal Reserve Board.

22. Banco Santander S.A. marketed MGBs to and transacted MGBs with U.S. investors from within the United States throughout the Class Period. Plaintiffs transacted MGB directly with Banco Santander S.A. in New York during the Class Period.

23. Santander Mexico was a designated market maker for Mexican government securities throughout the Class Period and is presently under investigation by, *inter alia*, COFECE, the CNBV, and the SHCP for participating in the conspiracy to fix MGB prices as alleged herein.

24. Defendants Banco Santander S.A., Santander Investment Securities Inc., Santander Investment Bolsa, Sociedad de Valores, S.A., and Santander Mexico are referred to collectively as “Santander.”

2. Banco Bilbao Vizcaya Argentaria, S.A.

25. Defendant Banco Bilbao Vizcaya Argentaria, S.A. (“BBVA S.A.”) is an international financial group with its headquarters in Bilbao, Spain.

26. One of the premier business areas of BBVA S.A. is the United States.

27. BBVA S.A. provides corporate banking, investment banking, and wealth management products and services to U.S.-based customers through its U.S. subsidiaries Compass Bank, BBVA Securities Inc., and its New York Branch.

28. BBVA S.A.’s Mexico segment consists of its subsidiary Grupo Financiero Bancomer, BBVA-Bancomer was a designated market maker for MGBs throughout the Class

Period and is presently under investigation by COFECE, the CNBV, and the SHCP for participating in the conspiracy to fix MGB prices as alleged herein.

29. Defendants BBVA S.A., BBVA Compass Bancshares, Inc., BBVA Securities, Inc., Grupo Financiero BBVA Bancomer, S.A. de C.V., and BBVA-Bancomer are collectively referred to as “BBVA.”

30. Plaintiffs purchased MGA directly from BBVA during the Class Period.

3. JPMorgan Chase & Co.

31. Defendant JPMorgan Chase & Co. (“JPMCC”) is an American banking and financial services holding company headquartered in New York, New York.

32. As of December 31, 2016, JPMC was the largest bank in the United States with approximately \$2.490 trillion in assets. JPMC had \$1.4 billion in trading and investing assets within Mexico in 2016, including trades and investments in MGBs.

33. Defendant J.P. Morgan Broker-Dealer Holdings Inc. is a direct, wholly-owned subsidiary of JPMC and is based in New York.

34. Defendant JP Morgan Securities LLC (“JPMCS”) is based in New York and is a wholly-owned subsidiary of JPMC and a direct subsidiary of J.P. Morgan Broker-Dealer Holdings Inc. JPMCS is a broker dealer registered with, and regulated by, the United States Securities and Exchange Commission (the “SEC”). Throughout the Class Period, JPMCS operated an emerging markets desk that sold MGBs to investors located in the United States.

35. Defendant JPMorgan Chase Bank, National Association is a wholly-owned subsidiary of JPMC, which is headquartered in New York. JPMorgan Chase Bank, National Association has retail branches in 23 states in the United States. JPMorgan Chase Bank, National Association marketed MGBs to and transacted MGBs with investors throughout the United States during the Class Period, including Mexican Federal Government Development Bonds (“BONOS”).

36. JPMorgan Mexico was a designated market maker for MGBs throughout the Class Period and is presently under investigation by COFECE, the CNBV, and the SCHP for participating in the conspiracy to fix MGB prices as alleged herein.

37. JPMC, J.P. Morgan Broker-Dealer Holdings Inc., JPMCS, JPMorgan Chase Bank, National Association, and JPMorgan Mexico are collectively referred to as “JPMorgan.”

4. HSBC

38. Defendant HSBC Holdings PLC is a British multinational banking and financial services company, with its headquarters in London, England.

39. HSBC Holdings PLC is the parent company of one of the world’s largest banking and financial services groups, including in the United States where it has 13,000 employees. HSBC Holdings PLC’s American depository receipts are listed on the NYSE.

40. Defendant HSBC Bank PLC is a wholly-owned subsidiary of HSBC Holdings PLC that transacted MGBs with investors in the United States during the Class Period.

41. Defendant HSBC Mexico, S.A., Institucion De Banca Múltiple, Grupo Financiero HSBC (“HSBC Mexico”) is a direct subsidiary of HSBC Latin America Holdings (UK) Limited and a wholly-owned subsidiary of HSBC Holdings PLC.

42. Defendant HSBC Mexico was a designated market maker for MGBs throughout the Class Period and is presently under investigation by COFECE, the CNBV, and the SHCP for participating in the conspiracy to fix MGB prices as alleged herein.

43. Defendants HSBC Holdings PLC, HSBC North America Holdings Inc., HSBC Securities (USA), HSBC Bank PLC, HSBC Markets (USA) Inc., HSBC Latin America Holdings (UK) Limited, and HSBC Mexico are collectively referred to as “HSBC.”

5. Barclays PLC

44. Defendant Barclays PLC is a multinational bank and financial services company headquartered in London, England. Barclays PLC has operations in over 40 countries and employs approximately 120,000 people.

45. Barclays PLC and its subsidiaries employ traders in their New York Office who transact in MGBs.

46. Defendant Barclays Bank Mexico, S.A. (“Barclays Mexico”) is a wholly-owned subsidiary of Grupo Financiero Barclays Mexico, S.A. de C.V. Throughout the Class Period Barclays Mexico was a designated market maker for MGBs and is presently under investigation by COFECE, the CNBV, and the SChP for participating in the conspiracy to fix MGB prices as alleged herein.

47. Defendants Barclays PLC, Barclays Bank PLC, Barclays Capital Inc., Barclays Capital PLC, Grupo Financiero Barclays Mexico, S.A. de C.V., and Barclays Mexico are collectively referred to as “Barclays.”

6. Citigroup

48. Defendant Citigroup Inc. is a multinational investment banking and financial services corporation headquartered in this District.

49. Citigroup Inc. reported approximately \$16 billion in investment securities and trading account assets, including MGBs, at year-end of 2016.

50. Defendant Citigroup Global Markets Holdings Inc. is a direct subsidiary of Citigroup Inc. and is based in New York.

51. Citigroup Global Markets Inc. marketed MGBs to and transacted MGBs with investors in the United States during the Class Period, including directly with Plaintiffs.

52. In 2001, Citigroup, Inc. acquired Grupo Financiero Banamex-Accival for \$12.5 billion. The acquired entity then operated in Mexico under the name “Citibanamex.” Defendant Citibanamex, is a wholly-owned subsidiary of Citigroup Inc. It was a designated market maker for MGBs throughout the Class Period and is presently under investigation by COFECE, the CNBV, and the SChP for participating in the conspiracy to fix MGB prices as alleged herein.

53. Defendants Citigroup Inc., Citigroup Global Markets Holdings Inc., Citigroup Financial Products Inc. Citigroup Global Markets, Inc., and Citibanamex are collectively referred to as “Citigroup.”

7. Bank of America

54. Defendant Bank of America Corporation is an American global bank headquartered in Charlotte, North Carolina.

55. In 2008, Bank of America Corporation acquired Merrill Lynch & Co., Inc. (“Merrill Lynch”).

56. Bank of America Corporation reported holding \$430 million in Mexican securities and other investments, including MGBs, as of December 31, 2016.

57. Bank of America Corporation completed its purchase of Defendant Merrill Lynch Pierce Fenner & Smith Incorporated on January 1, 2008 and continued operating Merrill Lynch Pierce Fenner & Smith’s debt and equity underwriting and sales and trading businesses after that date.

58. Bank of America Mexico was a designated market maker for MGBs throughout the Class Period and is presently under investigation by COFECE, the CNBV, and the SCHP for participating in the conspiracy to fix MGB prices as alleged herein.

59. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated is based in New York and is a wholly-owned subsidiary of Bank of America Corporation. It is the successor to Banc of America Securities, which traded MGBs in the United.

60. Defendants Bank of America Corporation, Bank of America N.A., BankAmerica International Financial Corporation, Bank of America Mexico, and Merrill Lynch, Pierce, Fenner & Smith Incorporated are collectively referred to as “Bank of America.”

8. Deutsche Bank AG

61. Defendant Deutsche Bank AG is a German financial services company headquartered in Frankfurt, Germany. Deutsche Bank AG maintains a substantial presence in the United States, including in the United States market for MGBs.

62. Deutsche Bank AG’s United States headquarters is in New York. Deutsche Bank AG considers its New York branch to be a “material entity” within the United States. Deutsche

Bank AG's United States-based dealers trade in Latin American sovereign debt products, including MGBs.

Deutsche Bank AG's Fixed Income and Currencies business is considered one of its "core businesses." The business markets and trades MGBs from its offices in the United States, where it provides interest rate products with its United States clients and maintains a Fixed Income Proprietary Trading team that trades MGBs.

63. Deutsche Bank Mexico was a designated market maker for MGBs during the Class Period and is presently under investigation by COFECE, the CNBV, and the SCHP for participating in the conspiracy to fix MGB prices as alleged herein.

64. Deutsche Bank AG, Deutsche Bank Securities, Inc., Deutsche Bank Americas Holding Corp., and Deutsche Bank Mexico are collectively referred to as "Deutsche Bank"

9. Credit Suisse

65. Defendant Credit Suisse AG is a Swiss financial services company headquartered in Zurich, Switzerland, and maintains a substantial presence in the United States, including in the United States market for MGBs.

66. Defendant Credit Suisse (USA) Inc. provides financial and banking services in the United States and is based in New York, New York. Credit Suisse (USA) Inc. operates as a subsidiary of Credit Suisse Holdings (USA) Inc.

67. Defendant Credit Suisse AG, New York Branch operates as a subsidiary of Credit Suisse AG.

68. Defendant Credit Suisse Financiero Credit Suisse (Mexico), S.A. de C.V., was established as a holding company of Credit Suisse AG to expand its local presence in Mexico. Credit Suisse AG also operates the following subsidiaries in Mexico: Banco Credit Suisse (Mexico), Casa de Bolsa Credit Suisse (Mexico), S.A. de C.V., Credit Suisse Servicios (Mexico) S.A. de C.V.

69. Defendants Credit Suisse AG, Credit Suisse (USA) Inc., Credit Suisse, AG, New York Branch, Credit Suisse Securities (USA) LLC, Grupo Financiero Credit Suisse (Mexico),

S.A. de C.V., Banco De Credit Suisse (Mexico), Casa De Bolsa Credit Suisse (Mexico, S.A. de C.V., Credit Suisse Servicios (Mexico) S.A. de C.V. are collectively referred to as “Credit Suisse.”

III. JURISDICTION AND VENUE

70. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1337(a) and sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15(a). This Court also has jurisdiction over the state law claims under 28 U.S.C. § 1367 because those claims are so related to the federal claims that they form part of the same case or controversy, and under 28 U.S.C. § 1332 because the amount in controversy for the Class exceeds \$5,000,000 and there are members of the Class who are citizens of a different state than Defendants.

71. Venue is proper in this District pursuant to, among other statutes, §§ 4, 12, and 16 of the Clayton Act, 15 U.S.C. §§ 15(a), 22, and 26, and 28 U.S.C. § 1391. One or more Defendants resided, transacted business, were found, or had agents in this District, and a substantial portion of the affected interstate trade and commerce described in this Complaint was carried out in this District.

72. Each Defendant transacted MGBs at artificial prices in a continuous and uninterrupted flow of commerce throughout the United States and with counterparties located in the United States. HSBC, Citigroup, Bank of America Corp., JPMorgan, Barclays, Banco Santander SA, BBVA, Deutsche Bank AG, and their U.S.-based dealer affiliates transacted MGBs directly with investors in the United States, including Plaintiffs, throughout the Class Period.

73. Defendants’ conspiracy to set, fix and maintain artificial MGB prices and impose trade restraints was implemented in the United States. Each Defendant and its United States-based subsidiaries and/or dealer affiliates acted in furtherance of and enforced Defendants’ price-fixing conspiracy in the United States by, among other things: (a) marketing price-fixed MGBs to investors in the United States; (b) selling MGBs purchased during government-run auctions at artificially higher prices in the United States; and (c) quoting fixed, agreed upon bid and ask

prices for MGBs to investors in the United States. These actions restrained trade and interstate commerce by distorting and imposing supra-competitive prices on investors located throughout the United States, including Plaintiffs and the Class.

74. Defendants utilized offices and licensed bank branches in this District to exploit the market in the United States for MGBs, for example, by marketing and selling price-fixed MGBs to consumers in this District. As alleged herein, many Defendants' MGB trading operations are headquartered in and/or directed from this District. Accordingly, a substantial part of the events giving rise to Plaintiffs' claims occurred in this District and a substantial portion of the affected interstate trade and commerce described herein was carried out in this District.

75. Defendants Banco Santander S.A., JPMC., HSBC, Barclays Plc, Citigroup, Deutsche Bank, Credit Suisse, and Bank of America Corporation registered their New York branch or representative or agency offices with the New York State Department of Financial Services ("NYDFS"), acquiring licenses to do business in this state under New York Banking Law § 200-b.

76. Defendants Bank of America, Citigroup, Barclays, JPMorgan Chase & Co., and Credit Suisse are subject to enhanced supervision by the Large Institution Supervision Coordinating Committee ("LISCC") of the Federal Reserve System, which is a Federal Reserve System-wide committee, chaired by the director of the Federal Reserve Board's ("FRB") Division of Banking Supervision and Regulation. These Defendants have been identified by the LISCC as being "financial institutions that may pose elevated risks to U.S. financial stability," and thus, require supervision by the Federal Reserve.

A. Defendants' Unlawful Acts in the United States Market for MGBs

77. Throughout the Class Period, each Defendant exploited the United States market for MGBs. Each Defendant marketed MGBs to investors in the United States by promoting the supposedly attractive features of these financial products, including their investment-grade credit rating, the relative ease of trading, Mexico's close ties with the United States economy, and

yields significantly higher than those offered by comparable United States Treasury securities.

At the same time, each Defendant failed to disclose to these investors that it was engaged in a price-fixing conspiracy that caused them to pay higher prices when buying MGBs or receive less money when selling MGBs than they would have absent Defendants' conspiracy.

78. Defendants' use of the United States market enabled them to trade hundreds of billions of dollars in MGBs with investors located in the United States and in this District resulting in millions of dollars in excess profits that they could not have collected in the absence of their conspiracy.

79. BBVA, Santander, Deutsche Bank, HSBC, Bank of America, Citigroup, Credit Suisse, and Barclays, themselves and through their United States-based subsidiaries and/or affiliates as agents, undertook substantial efforts aimed at selling MGBs to investors in the United States. These efforts including literature, groups of bankers within the banks to sell MGB to investors.

80. Defendants' intentional exploitation of the U.S. market for MGBs succeeded. Due to Defendants' marketing and sales activity, foreign investment in Mexico's government debt repeatedly broke records, according to the Institute of the International Finance. In many of the MGBs that Plaintiffs traded, MGBs held by investors outside of Mexico constitute a substantial majority of all outstanding bonds.

81. As of the end of the Class Period, foreign investors held \$110.9 billion worth of MGB. By June of 2016, MGB holding by investors outside of Mexico (including tens of billions of dollars' worth held by United States investors) totaled 58.5% of all outstanding BONOS (Mexican Federal Government Development Bonds, as described further below), a total of \$86.2 billion national value.

82. Defendants used their United States based dealer subsidiaries, which include Santander Investment Securities, Inc., BBVA Securities, Inc., Compass Capital Markets, HSBC Securities (USA) Inc. and Barclays Capital Inc., to sell MGBs with the knowledge of, and for the benefit of, their corporate parents and close affiliates that served as market makers for MGBs as

more particularly alleged in Part C, below. Additionally, as more particularly alleged above, the New York based affiliates of BBVA, Santander, Deutsche Bank, HSBC, and Barclays supervised, directed, and bore responsibility for the MGB trading and the sales strategies of these Defendants.

B. Defendants' United States Dealer-Subsidiaries Sold MGBs in the United States as Agents for their Corporate Parents

83. Each Defendant acted through its United States-based subsidiaries to buy and sell MGB at fixed, artificial bid-ask spreads to investors located in the United States, including in transactions with Plaintiffs. In each instance, the corporate parents benefitted from, knew of, and exercised control over the conduct of their dealer-subsidiaries as more particularly alleged below.

IV. PATTERN OF COLLUSION AND PRICE-FIXING

84. Many of the named Defendants have been the subject of previous DOJ investigations finding market manipulation and anticompetitive behavior, including collusion and price fixing, in the LIBOR, Euribor, Foreign Exchange (FX), SSA Bonds, and the International Swaps and Derivatives Association fixed interest rate (“ISDAfix”).

85. For example, in June of 2012, Barclays Plc settled for \$453 million with United States and United Kingdom authorities for its role in manipulating the LIBOR, a leading benchmark interest rate used in financial products and transactions around the world.

86. In April of 2015, Defendant Deutsche Bank pled guilty in connection with its role in manipulating the LIBOR. Deutsche Bank was fined a total of \$2.519 billion in criminal penalties by the DOJ, the U.S. Commodities Futures Trading Commission (“CFTC”), the New York Department of Financial Services (“NYDFS”), and the United Kingdom’s Financial Conduct Authority (“FCA”). The U.S. Assistant Attorney General proclaimed that “[f]or years, employees at Deutsche Bank illegally manipulated interest rates around the globe—including LIBORs for U.S. Dollar, Yen, Swiss Franc and Pound Sterling, as well as Euribor—in the hopes

of fraudulently moving the market to generate profits for their traders at the expense of the bank's counterparties.”

87. In May of 2015, Defendants JPMC, Citigroup, and Barclays agreed to plead guilty to felony charges for conspiring to manipulate the price of U.S. dollars and euros exchanged in the foreign currency exchange (FX) spot market, and agreed to pay fines totaling more than \$2.5 billion.

88. In December of 2015, the DOJ launched an investigation against many of the named Defendants in this case into antitrust violations in the market for SSA Bonds. Specifically, Defendants were being investigated for manipulating and colluding to fix prices in the SSA bond market.

89. In May of 2016, Defendants Bank of America, Barclays Plc, Citigroup, Credit Suisse, JPMC, and Deutsche Bank (in addition to Royal Bank of Scotland Group Plc) agreed to pay \$324 million to settle a private United States lawsuit alleging that Defendants rigged the ISDAfix benchmark—a benchmark used in the \$533 trillion derivatives market. Companies and investors use ISDAfix to price swaps transactions, commercial real estate mortgages, and structured debt securities. Subsequently, Defendant HSBC also agreed to settle and pay \$14 million in connection with the private U.S. litigation alleging that HSBC was part of the rigging of the ISDAfix benchmark.

90. In December of 2016, Defendants JPMC and HSBC, along with another firm Credit Agricole, were fined by European Union authorities for rigging the Euribor benchmark. The trio faced fines totaling \$514 million (USD) or 485.5 million Euros.

91. In September of 2017, Defendant HSBC was fined \$175 million for failing to properly monitor currency traders on the FX market.

V. THE MEXICAN BOND MARKET

A. The Mexican Government Bond Market

92. The Mexican government issues bonds to raise capital, fund deficits in the budget, and control the nation's money supply.

93. All MGBs are all backed by the Mexican government, and are issued pursuant to auctions dominated by Defendants, and sold to investors by Defendants, who control an overwhelming majority of the MGB supply available in the United States.

94. The market for MGBs is structured as follows. The Mexican government, issues MGBs in regularly-scheduled auctions. Auctions are announced on a weekly basis on the last day of the week prior to the auction, on a weekly basis.

95. The Defendants are the exclusive government-approved market makers, Defendants participate in the government-run MGB auctions, where they simultaneously submit bid schedules indicating the amount of MGBs they are willing to buy and for what price. These bids are supposed to be confidential. To ensure that bid schedules are not disclosed or shared with other bidders prior to each auction, bid schedules are submitted either in a sealed envelope or through encrypted electronic files.

96. The MGB investors, including Plaintiffs and the members of the Class, cannot participate in the government-run MGB auctions. Instead, they must purchase MGBs from the Defendants or other market sellers. Plaintiffs here transacted directly with the Defendants.

97. MGBs can have different features depending on the instrument's face value, maturity, and coupon payment. The face value is set before the security is issued and represents the amount the issuer pays to the holder of the security at maturity. The maturity date is the date which the face value of a bond is to be paid in full. The maturity date is set when the bond is issued. The length of time between when a bond is issued and when it matures determines its "tenor." A bond's coupon payment determines how much, if any, of the interest earned on the par value is paid before the bond matures. Finally, the yield is the annual rate of return of an investment in a bond if the investor holds the bond until maturity.

98. Coupon-bonds pay interest at set intervals, known as the "coupon period," and also entitle the holder to payment of the face value at maturity.

99. In contrast, a zero-coupon bond is a bond that is issued at a discount to its face value and does not pay interest until maturity. Instead, the difference between the purchase price and the face value of the bond represents the yield earned by the holder.

1. CETES

100. Federal Treasury Certificates (“CETES”) are short-term zero-coupon bonds issued by the Mexican government. Like other zero-coupon bonds, they trade at a discount to their face value, with the difference between the purchase price and the face value representing the yield. CETES have maximum tenors of one-year and are normally issued with maturities between 28, 91, 182, and 364 days. CETES have a par value of 10 pesos and are normally quoted by their yield rate.

101. CETES are the most liquid securities on the MGB market, and maintain their value because the “co-signer” of this investment is the Mexican government, backed by sustained growth and public finances.

102. Issued for the first time in 1978, CETES are the oldest tradable debt instruments issued by the Mexican Federal Government.

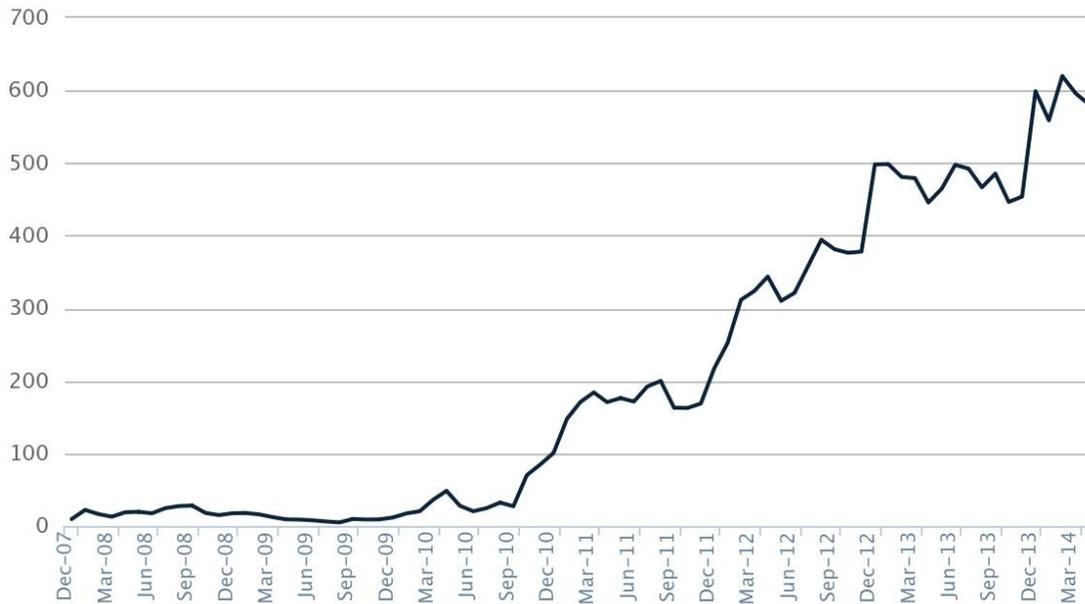
103. A 2011 BBVA report states that CETES “are one of the leading instruments in the Mexican money market and are commonly used as a benchmark for financial transactions. Since 1978, CETES have been the main source of federal government funding.”

104. CETES are issued in “multi-price” auctions during which Banxico arranges Defendants’ bids in order from highest price to lowest price and allocates bonds in descending order based on the quantity requested. The auction stops once the amount of bonds awarded equals the amount offered during that auction.

105. CETES are considered an attractive short-term investment because they are highly liquid, fungible, and pay higher yields than United States Treasury Bills of the same maturity.

106. Foreigners have invested heavily in CETES. Chart 3.24 from the 2014 Banxico report depicts this development:

Chart 3.24

Foreigners holdings in cetes*Billion pesos*

Banco de México

2. BONOS

107. BONOS (or also sometimes referred to in articles as “MBONOS”) issued through Banxico, are fixed-rate coupon bonds with maturities greater than one year. They first began to be issued in 2000. As stated in a 2014 Banxico report on the Mexican Government securities market, “Bonos pay interest every six months and...their interest rate is determined on the issue date and remains fixed all along their term. Bonos are not fungible among themselves except if they pay the exact same interest rate.”

108. BONOS may be issued for any maturity period that is a multiple of 182 days. To date, BONOS have been issued with maturities of 3, 5, 10, 20 and 30 years. They are commonly known as BONOS M3, M5, M10, M20 and M30, depending on the tenor. Interest rates on BONOS are announced prior to issuance. BONOS are issued in “single-price” auctions, which function similar to the multi-price auction described above, except that all bonds are sold at the final price where the auction stops.

109. BONOS are more attractive for long-term investors because they offer periodic interest payments that are higher than the interest generally available through United States Treasury Bonds.

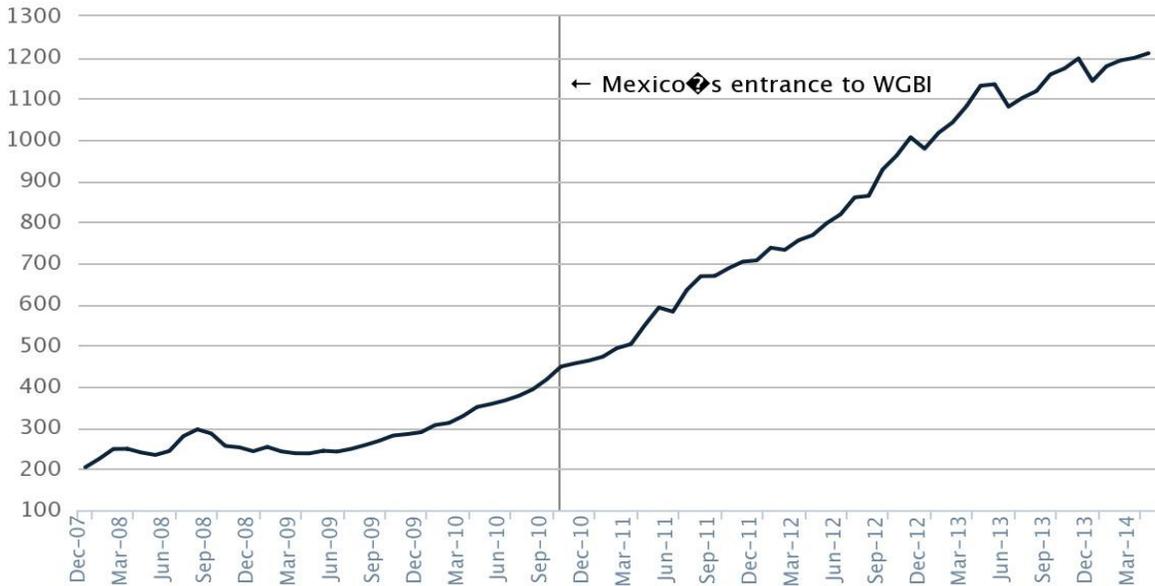
110. Both in the terms of the amount of investment and the percentage of investors,

foreign investment in BONOS has become very significant, as reflected in the following Charts

3.25 and 3.26 from the 2014 Banxico report:

Chart 3.25
Foreigners holdings in bonos

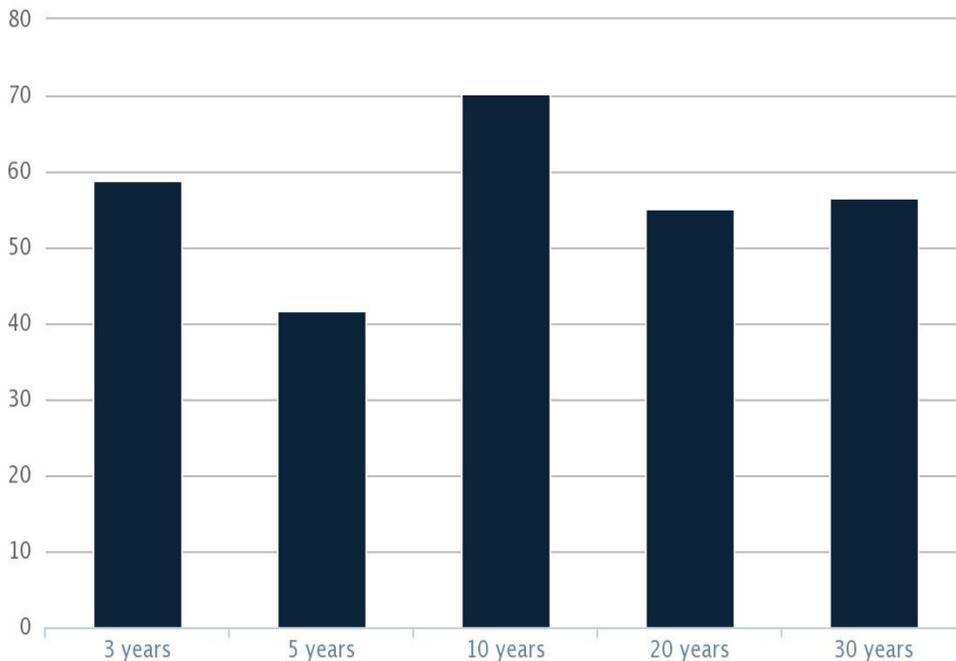
Billion pesos



Banco de México

Chart 3.26
Foreigners holdings in bonos

Percent to total outstanding; by term



Banco de México

3. UDIBONOS

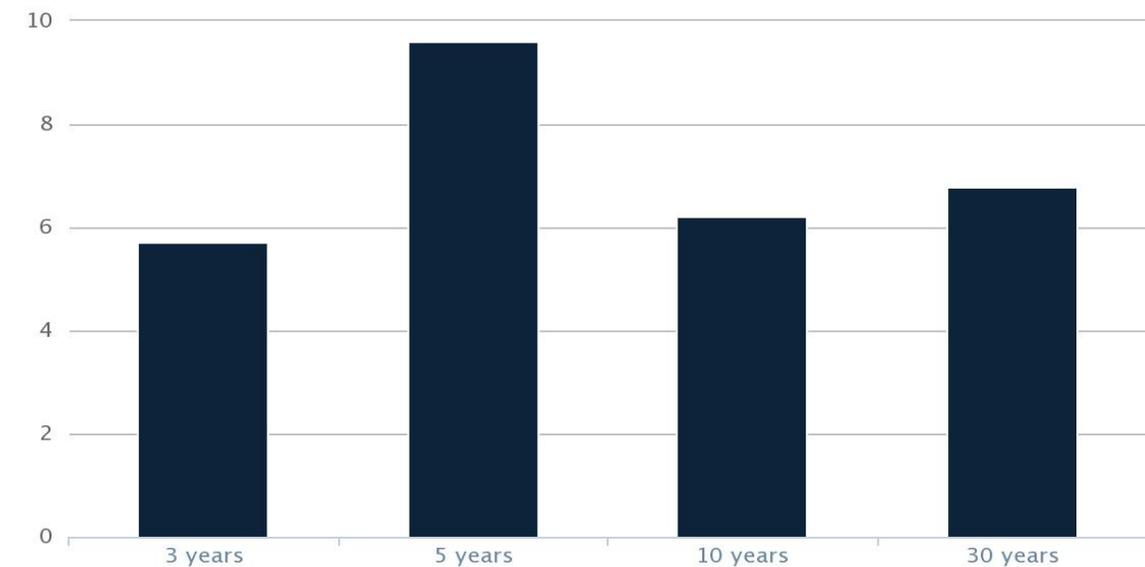
111. Federal Government Development Bonds (“UDIBONOS”) were created in 1996 and are inflation-hedged instruments. That is, these investment instruments protect the holder from unexpected changes in the inflation rate.

112. UDIBONOS consist of coupon bonds that have maturity terms of 3, 10 and 30 years and pay interest rates every six months at a real fixed interest rate determined at the issue date payable in UDIs (investment units) that is payable in Mexican pesos.

113. UDIBONOS are suitable for institutional investors like insurance companies and pension funds since these securities allow savings growth in real terms. They have a par value of 100 UDIs, which are inflation investment units tied to Mexico’s National Consumer Price Index.

114. Again, foreign investment in UDIBONOS has been significant, as reflected in Chart 3.27 from the 2014 Banxico Report.

Chart 3.27
Foreigners holdings in udibonos
Percent to total outstanding; by term



Banco de México

4. BONDES D

115. Federal Government Development Bonds (“BONDES D”) are MGBs that can be issued with any maturity in multiples of 28 days, but are normally issued with maturities of 3, 5,

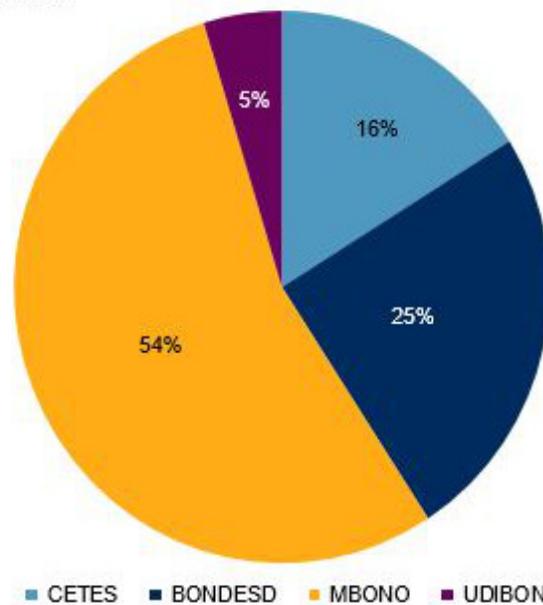
or 7 years. BONDES D are issued in multi-price auctions, have a par value of 100 pesos, and pay a coupon every month.

116. The interest paid on BONDES D is determined by compounding on a daily basis the rate at which banks and brokerage firms carry out their overnight trade repurchase agreements. BONDES D are therefore known as variable rate bonds.

B. Outstanding Amount

117. Among CETES, BONOS, UDIBONOS, and BONDES D, there is approximately \$270 million (USD) outstanding. One-third of the total outstanding maturities for these four MGB instruments are set to occur between 2019 and 2021. The chart below illustrates the outstanding amount of those four MGB instruments.

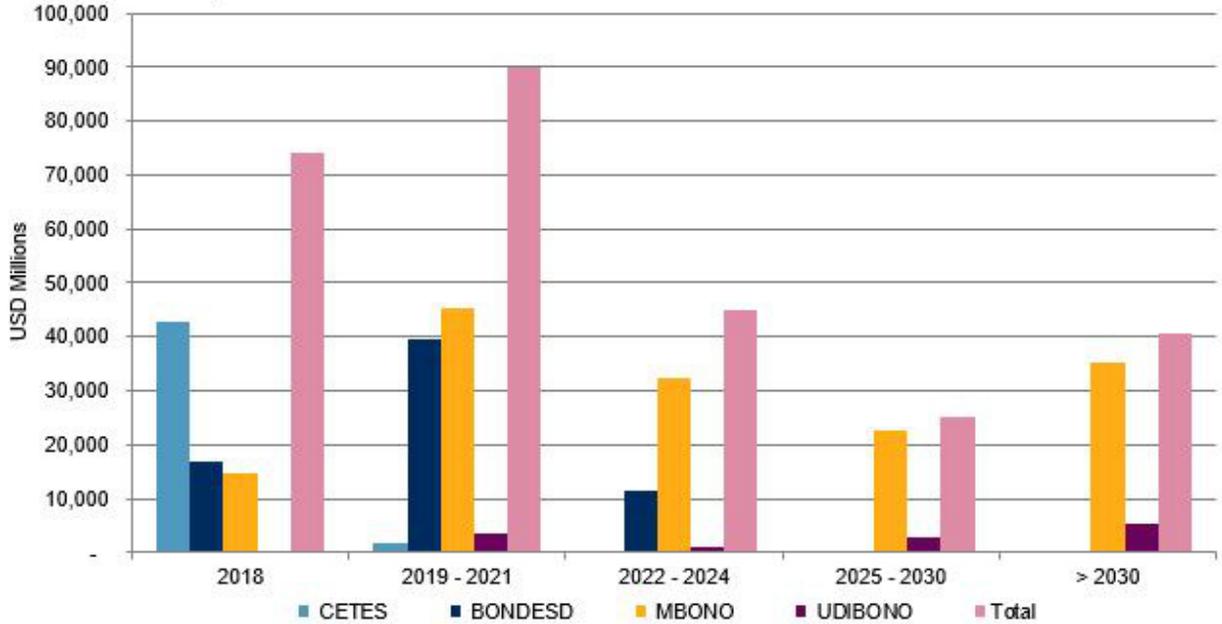
Exhibit 1: Outstanding Amount



Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Chart is provided for illustrative purposes.

118. The chart below indicates the maturity structure of these various types of MGBs:

Exhibit 2: Maturity Structure

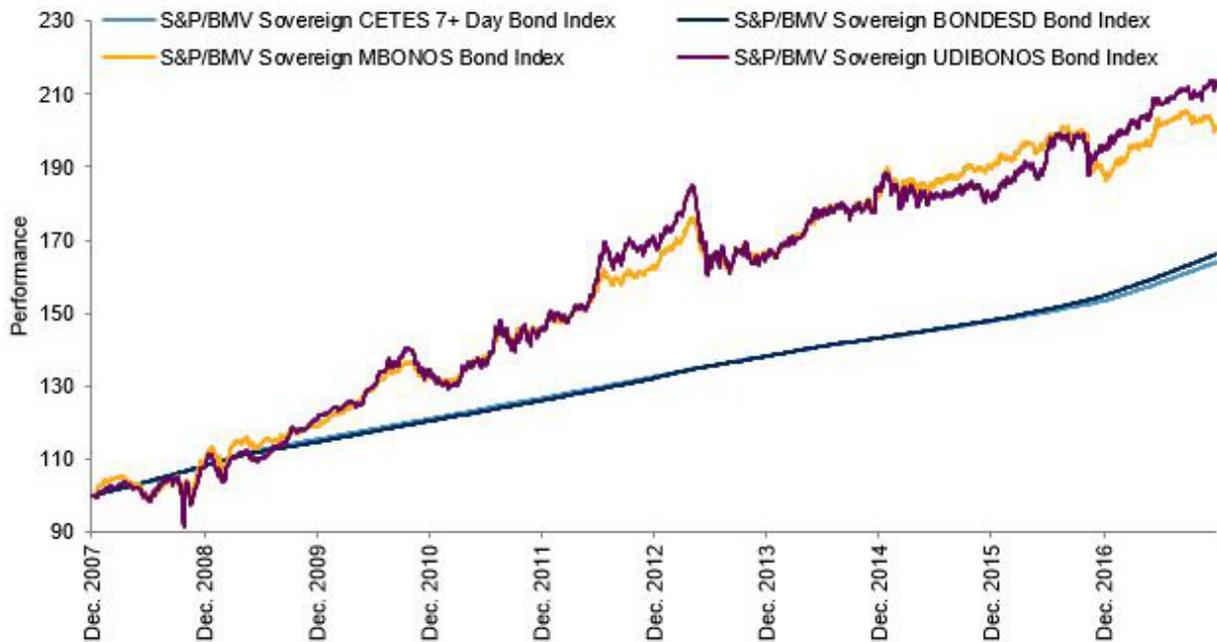


Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Chart is provided for illustrative purposes.

119. In 2018 alone, without taking into account outstanding CETES, \$32 million (USD) in bonds are expected to mature between BONDES D and BONOS.

120. The performance of CETES, BONOS, UDIBONOS and BONDES D during the period between 2007 and 2016 was tracked as follows :

Exhibit 3: 10-Year Performance



Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. The S&P/BMV Sovereign CETES 7+ Day Bond Index, S&P/BMV Sovereign BONDES D Bond Index, S&P/BMV Sovereign MBONOS Bond Index, and S&P/BMV Sovereign UDIBONOS Bond Index were launched on April 1, 2015.

121. The annual returns for these four types of MGBs were detailed as follows:

Exhibit 4: Annual Returns

INDEX	1 YEAR (%)	3 YEAR (%)	5 YEAR (%)	10 YEAR (%)
S&P/BMV Sovereign CETES 7+ Day Bond Index	6.72	4.77	4.65	6.30
S&P/BMV Sovereign BONDESD Bond Index	7.22	5.27	5.07	6.52
S&P/BMV Sovereign MBONOS Bond Index	6.47	3.43	4.65	9.98
S&P/BMV Sovereign UDIBONOS Bond Index	8.92	5.35	5.03	11.21

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. The S&P/BMV Sovereign CETES 7+ Day Bond Index, S&P/BMV Sovereign BONDESD Bond Index, S&P/BMV Sovereign MBONOS Bond Index, and S&P/BMV Sovereign UDIBONOS Bond Index were launched on April 1, 2015.

C. The MGB Market Makers

122. Defendants participate in Banxico's "Market Makers Program." In this capacity, Defendants are responsible for providing liquidity to the MGB market and are required to commit to obligations in both the government-run auctions and in MGB transactions with investors.

123. According to the 2014 Banxico report,

All along the [MGB Market Makers Program's] program's existence, 13 institutions have been appointed as market makers, including two brokerage firms. Some of the intermediaries have merged and continue participating in the program as a new corporate group. A maximum number of 10 market makers has been achieved (from September 2007 to February 2008) and a minimum number of five (from May 2001 to July 2002). Currently, there are eight banks appointed as market makers of cetes and bonos, of which four are also market makers of udibonos.

124. These eight banks are: Defendants Santander Mexico, BBVA-Bancomer, JPMorgan Mexico, HSBC Mexico, Barclays Mexico, Citibanamex, Bank of America Mexico, and Deutsche Bank Mexico. They were preceded by, *inter alia*, Citibank (part of Citigroup), Chase Manhattan (now part of JP Morgan & Co.), Credit Suisse, and Merrill Lynch (now part of Bank of America).

125. The same report notes that:

Market makers not only have to fulfill certain duties, they also enjoy special rights. These rights comprise transactions they may carry out with the Ministry of Finance and Banco de México, which include the following: (1) additional purchase of securities by exercising an option for the amount originally placed in the weekly primary auction; (2) access to

126. Market makers must submit bids in at least the following amounts in each MGB auction: (1) 20% of the amount offered by the Mexican government, or (2) 1 divided by the number of market makers for that security, whichever is lower. These minimum bidding requirements ensure that, in each auction, Defendants collectively submit bids for at least 100% of the MGBs issued.

127. Market makers agree to present two-way quotes (both for bid and ask) to consumers for each MGB, in all their maturities. They perform this function in major financial markets where MGBs trade, including in the United States, as alleged in the Jurisdiction and Parties sections, above.

128. Market makers earn profits (in addition to fees and commissions) by selling MGBs purchased during government-run auctions to consumers. They also earn profits by collecting the difference between the price of each MGB they buy outside of auctions (i.e. the “bid” price) and the price that they sell that MGB (i.e., the “ask” price). The difference between the bid price and the ask price is known as the “bid-ask spread.”

129. Consumer MGB transactions occur almost entirely over-the-counter and transactions usually take place by telephone or electronic means. Investors seeking to purchase or sell MGBs must pick up the phone and call an MGB salesperson or trader employed by one of the Defendants, who then provides a “quote.” Because Defendants are the only authorized market makers for MGBs, Defendants exercise near-total control of MGB supply. Defendants controlled approximately 82% of the market during the Class Period. This percentage is even larger and exceeds 85%, once quotes from interdealer brokers (who broker trades between Defendants) and the Mexican Finance Ministry (which sometimes trades MGBs, but not with consumers) are excluded. This high degree of market control created an opportunity for Defendants to conspire.

130. The Market Maker Program applies to both CETES and BONOS and was

extended to UNIBONOS in 2008.

D. Government Investigation of Collusion Among Defendants

A. The MGB Cartel

131. On April 19, 2017, the Investigative Authority of COFECE announced that it had uncovered evidence of price-fixing and collusion in the \$400 billion (USD) “government bond intermediation market” where Defendants are the exclusive market makers. According to the November 22, 2017 request of the Mexican parliament, COFECE identified Defendants’ conduct as constituting monopolistic practices under Article 53 of the Mexican Federal Law of Economic Competition (“LFCE”). COFECE was said to be investigating “the financial brokers for evidence of agreements, arrangements, or combinations of economic agents that are competitors involved, whose purpose or effect is the manipulation of prices, restriction or limitation of the offer or the demand, division, and segmentation of markets, the agreement or coordination of positions in tenders, just as in the exchange of information with the object or effect of accomplishing the above conduct.”

132. According to the parliamentary request, pursuant to the LFCE, participants who have been found colluding to manipulate the market could be fined up to 10% of their income.

133. COFECE’s investigation identified the MGB market as a \$400 billion (USD) market, where Mexican authorities have identified that just in the first trimester of 2017 alone, the auctions of CETES, BONDES D, and UDIBONOS alone totaled approximately 56 billion pesos. The parliamentary request also made it clear that the arrangement or coordination of bidding schedules detrimentally affects the government and investors in the MGBs market.

134. The parliamentary request noted the market manipulation of the LIBOR rate by many of the named Defendants in this complaint. Listing Barclays Plc’s \$450 million (USD) settlement with United States and United Kingdom financial authorities for its role in manipulating the LIBOR rate, the request also pointed out the roles of Defendants JPMC, Bank of America, HSBC, and other banks in their fraudulent scheme to manipulate the LIBOR rate.

Specifically, the Report recognizes that Barclays Plc attempted to justify its participation in the anticompetitive LIBOR manipulation scheme by using the classic phrase, “everyone else was also doing it.”

135. The parliamentary request also noted that, fearing the COFECE investigation, many of the named Defendants attempted to shift liability away from their institutional entities by stating that certain of their high level executives acted independently to rig the MGBs market. The newspaper *El Heraldo De Mexico, Columna Un Monto De Plata* announced that the banks involved in the manipulation of the MGB market will pay the “mother of all fines.”

136. The head of COFECE’s Investigatory Authority, Carlos Mena Labarthe, has stated: “the damage to public finance and investors could be serious, considering that every year the government places hundreds of billions of Mexican pesos in these markets and that the daily volume of the instruments traded may reach approximately 100 billion Mexican pesos.”

137. In the April 2017 *El Financiero* article cited earlier, it was confirmed that the investigation covered both the primary and secondary bond markets, stating:

This week, the competition authority, Cofece, announced that in October 2016 it initiated an investigation into possible agreements between sector participants to manipulate a market that operates around 100 billion pesos a day.

The market in which there are currently outstanding securities for 6.2 billion pesos all, yes all, participants will be investigated.

The case investigated by this regulator is that of alleged manipulation and monopolistic practices in the bond market issued by the Mexican government at all levels, from federal to municipal, in addition to the IPAB and state productive enterprises.

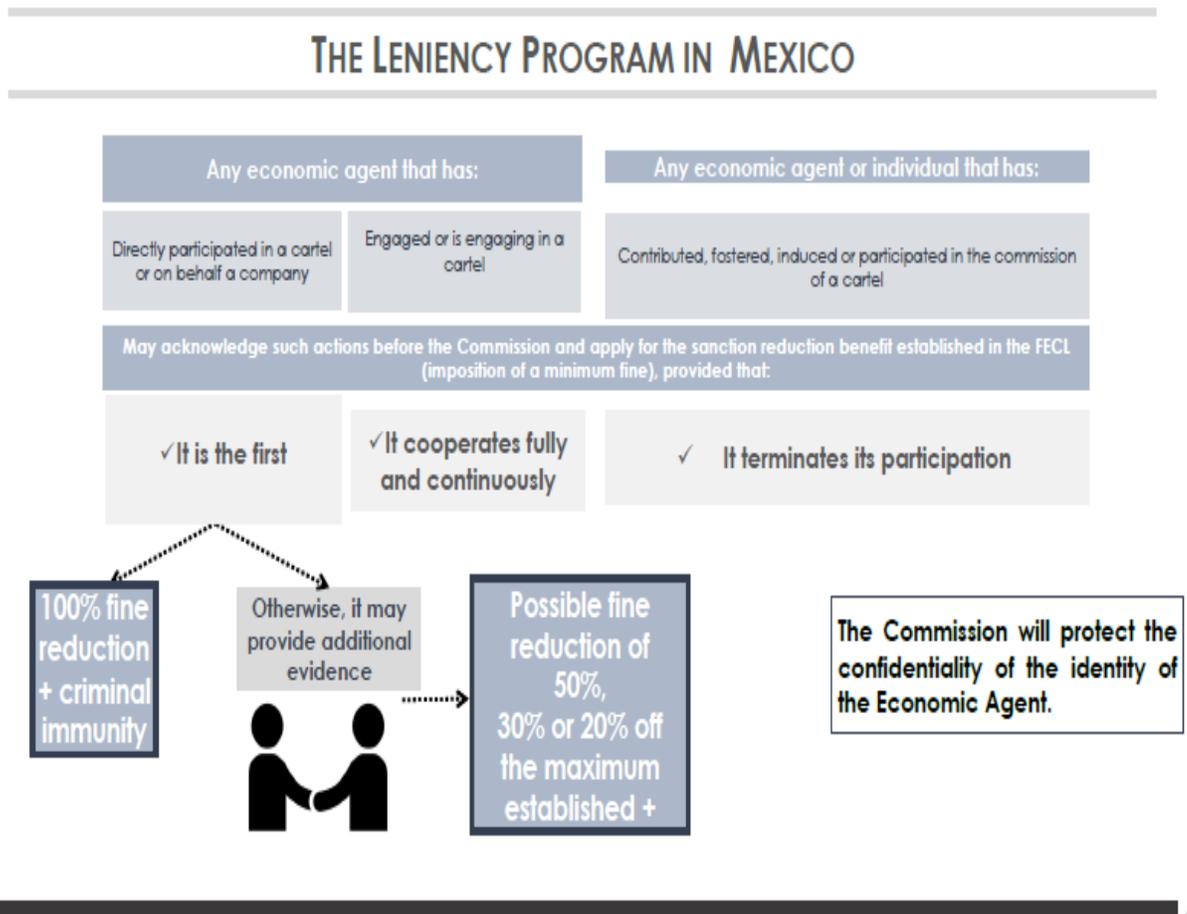
The collusion and possible exchange of information between participants could have generated a manipulation of price or demand in that market by the institutions that negotiate them, which would violate the Federal Competition Law.

138. Another April 2017 article that appeared in the Mexican financial review *Dinero en Imagen* stated that many entities involved in the investigation were likely to seek immunity in order to avoid fines. In May of 2017, COFECE expanded its investigation. Bloomberg reported

that the antitrust regulator had “zeroed in on 7 banks, including three from the U.S. as part of a widening investigation into price manipulation in the nation’s bond market.” As noted above, these banks are Defendants Banco Santander SA, BBVA, JPMorgan, HSBC, Barclays, Citigroup, and Bank of America—seven of the eight MGB market makers. Each of the banks has acknowledged that it is subject of COFECE’s investigation. The only Market Maker not identified was Deutsche Bank.

139. The November 22, 2017 parliamentary request confirmed that one banking institution already had been granted an immunity deal in exchange for providing information helpful to the investigation. It is plausible that institution is Deutsche Bank.

140. Bloomberg has confirmed that one Defendant had applied for, and been granted, leniency under Mexico’s cartel leniency program. In 2016, the aforementioned Mr. Labarthe explained the Mexican amnesty program with this chart:



141. Thus, for an amnesty applicant to confess to COFECE, it had (a) participated or was participating in a cartel or (b) contributed to, or participated in the commission of a cartel. This constitutes admission of the direct commission of criminal activity.

142. A May 2017, article in the Mexican journal *Alternacia* confirmed that the COFECE investigation extended back to at least October of 2006.

143. A July 2017, article in the publication *Plano Informativo* explained how the cartel worked:

The mechanism is relatively simple. The primary traders submit offers for the bonds in auctions and, through the exchange of information between the operators, manipulate the demand with which the interest rates are manipulated by the same intermediaries, who do not pay the "whole" to the Treasury.

Although it is premature to establish the amount of the defrauded, some estimates could locate the loss for the Treasury between 1,200 and 1,500 million dollars.

144. The mechanism described in this article is similar to what has gone on with respect to SSA Bonds, which the DOJ is investigating. Banks understood to be targets of that investigation include the United States operations of Bank of America, Barclays, Citigroup, Credit Suisse, Deutsche Bank and HSBC. The allegations in civil suits involving such bonds are that the competing banks communicated with each other, by chat room or other electronic means during bond auctions in which they competed, effectively becoming a "Superdesk" rather than multiple competing trading desks. In private class litigation involving SSA Bonds, it was announced in August of 2017 that Deutsche Bank had settled for \$48.5 million and Bank of America had settled for \$17 million.

145. Following COFECE's announcement of its investigation into seven banks for their role in rigging the MGB market, the CNBV announced on July 3, 2017, it would conduct its own independent investigation into the manipulation of the MGB market. The investigation was launched to determine whether banks, brokers and pension funds colluded.

146. Both the COFECE and CNBV investigations have requested records of electronic chats and other communications to facilitate their probe into the conduct. Both investigations are still ongoing.

147. On June 20, 2017, the SHCP announced that it was also separately investigating the MGB market for anticompetitive behavior and collusion to manipulate rates in the MGB market.

148. In November of 2017, the SCHP issued a new code of conduct intended to combat such cartel practices. Also in November 2017, COFECE requested a fourth extension of the investigation.

VI. INDEPENDENT ECONOMIC ANALYSIS CONFIRMS DEFENDANTS' BID RIGGING AND PRICE-FIXING

149. As described above, COFECE and the CNBV both uncovered evidence that Defendants conspired to fix MGB prices in government-run MGB auctions as well as in transactions with MGB consumers. Independent economic analysis confirms Defendants' collusive conduct.

A. Bid Dispersion Analysis Of Primary Auctions, Using Auctions For BONDES D As An Example, Supports Allegations of Collusion

150. An analysis of the price dispersion of winning bids in auctions, using auctions for BONDES D as an example, confirms the existence of collusion. In analyzing the dispersion, data from January of 2006 to April of 2018 were used: That sample was divided into two periods: before and after April 18, 2017. To further focus on the period leading up to the COFECE's public announcement of its MGB investigation on April 19, 2017, the previous period was subdivided into two sub-periods: before September 28, 2016 (the date on which COFECE initiated its investigation into MGB collusion), and from September 28, 2016 to April 18, 2017 (the date ending the day before COFECE's announcement). The period since April 19, 2017 is further subdivided into two sub-periods: (a) from April 19, 2017 to November 28, 2017, and (b) after November 28, 2017. The sub-period of September 28, 2016 to April 18, 2017 and April 19, 2017 to November 28, 2017 have identical number of months.

151. The analysis shows that the dispersion of winning bids (the difference between the maximum bid price and the minimum allotted bid price, was generally lower before the COFECE's announcement of its investigation for various tenors. The dispersion of winning bids

captures the heterogeneity of bidders' expectations who are more determined to win in the auctions. The lower dispersion is consistent with collusion at the auction. The following figure shows that in the period leading up to April 19, 2017, the median dispersion of winning bids were lower for all tenors of BONDES D than the median dispersion of winning bids in a period of equal length after April 19, 2017.

Median dispersion of winning bids (in pesos) for BONDES D

Period	1-Year	3-Year	5-Year
Sep. 19, 2016 - Apr. 18, 2017	0.0004	0.0000	0.0001
Apr. 19, 2017 - Nov. 28, 2017	0.0019	0.0026	0.0034

152. An analysis comparing the quantity of bonds requested at the BONDES D auctions to the quantity allotted shows that the requested quantities were higher before the public announcement of the COFECE investigation. The "cover ratio" is defined as the ratio of the amount tendered to the amount allotted in the auction. A higher cover ratio indicates that more bonds were requested by bidders compared to the amount of bonds actually allotted. If bidders were colluding in an auction, they would bid for more bonds (resulting in a higher cover ratio) due to their confidence in knowing the price at which the auction will settle. When there is uncertainty, bidders will tend to be more cautious, thus leading to a lower cover ratio.

153. The following chart shows that in the period leading up to April 19, 2017, the median cover ratio for all tenors of BONDES D were higher than after April 19, 2017, which confirms that bidders were more confident in their collusive bidding prior to that date.

Median cover ratio for BONDES D

Period	1-Year	3-Year	5-Year
Sep. 19, 2016 - Apr. 18, 2017	8.73	9.60	9.41
Apr. 19, 2017 - Nov. 28, 2017	3.87	8.67	6.54

154. Bid dispersion in terms of yield (for CETES) and price (for BONOS) similarly increased significantly across all tenors following COFECE's announcement.

B. Analysis of Auction Prices Compared With Secondary Market Prices

155. The analysis of price differences between the auction price and the end-of-day secondary market price shows that the difference is positive and higher for various tenors of BONOS and UDIBONOS before April 19, 2017. If the secondary market price is higher than auction price, the market makers can profit from buying in the primary auction and selling in the secondary market.

156. Bids for auction occur on a Tuesday between 10 a.m. and 11 a.m., and the auction results including the auction price are revealed on the same day at 11:30 a.m. The auctioned securities are settled and start trading only on Thursday. The chart below compares the price at the auction on Tuesday with the price in the secondary market of the same security of matching tenor.

Price difference (in Pesos) for BONOS

Period	3-Year	5-Year	10-Year	20-Year	30-Year
Before Apr. 18, 2017	0.6214	0.1369	0.0384	0.0647	0.0401
After Apr. 19, 2017	0.4299	-0.2047	0.0184	0.3049	0.0067

157. Similar results are obtained for UDIBONOS:

Price difference (in Pesos) for UDIBONOS

Period	3-Year	10-Year	30-Year
Before Apr. 18, 2017	5.0879	1.1718	0.3168
After Apr. 19, 2017	-1.7436	0.5551	-0.0069

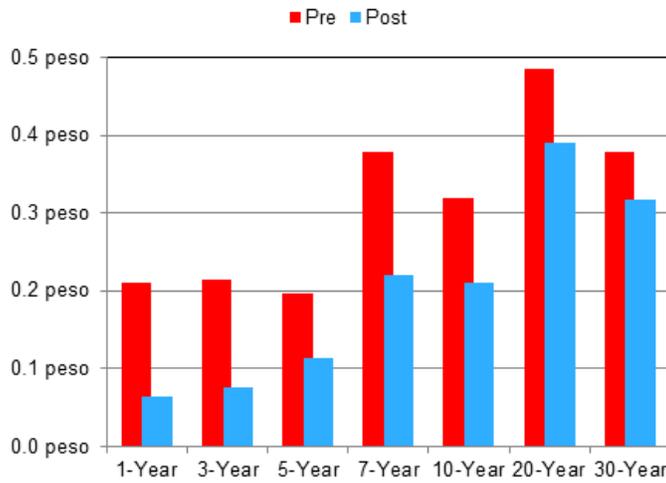
C. Analysis of Bid-Ask Spreads

158. An analysis of daily bid-ask spread data shows that the spread for MGBs has shrunk in a meaningful way in the period from April 19, 2017 to April of 2018 compared with the period from 2011 to April 18, 2017, for, BONOS and UDIBONOS for all tenors, as an example. The greater bid-ask spread during the earlier period in the secondary market shows that the market makers earned a higher profit, which is consistent with collusive conduct.

159. The following figure shows the comparison of bid-ask spreads for BONOS, comparing the period from 2011 to April of 2017 to the period starting on April 19 2017 to April of 2018. As is clear, the bid-ask spread diminished significantly. For example, for the 1-Year

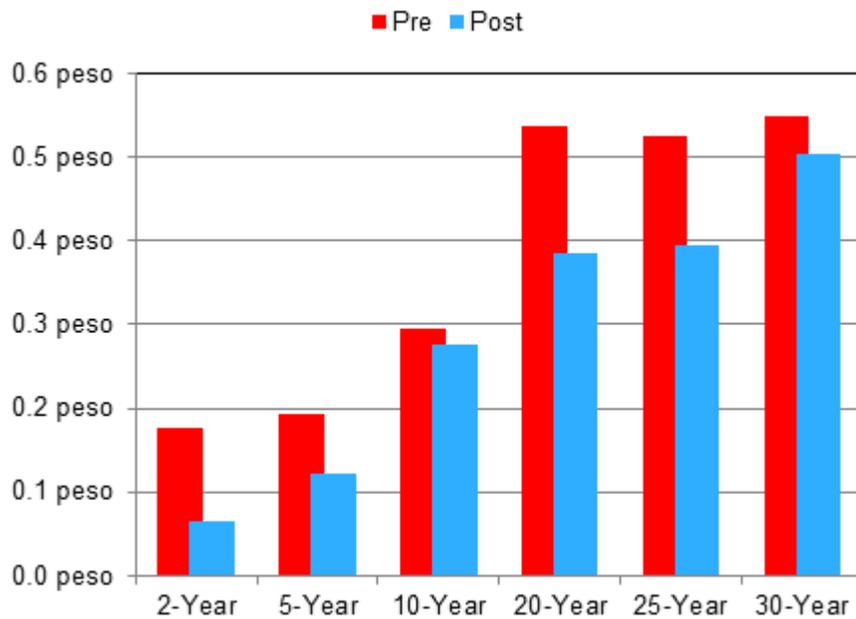
tenor, the median spread shrank from 0.21 pesos to 0.06 pesos. Similarly, the spread for the 30-Year tenor shrank from 0.38 pesos to 0.32 pesos.

Median bid-ask spreads of BONOS has declined since April 19, 2017



160. The next figure shows the comparison of bid-ask spreads for UDIBONOS during the two periods. As is clear in the figure, the spreads again diminished significantly. For example, for the 2-Year tenor the median spread shrank from 0.18 pesos to 0.07 pesos, similarly the 30-Year tenor shrank from 0.55 pesos to 0.50 pesos.

Median bid-ask spreads of UDIBONOS has declined since April 19, 2017



D. The Structure of the MGB Is Conducive To Collusion And Has Led To Past Collusion

161. The MGB market is dominated by a tight group of the eight major Market-Makers identified above and has been similarly dominated by small groups of Market-Makers since these entities were recognized by Banxico in 2000. The Defendants employ MGB traders who are well acquainted with each other and have often formed relationships with other MGB traders by working together at the same bank. Defendants' often hired each other's MGB traders providing an opportunity for collusion in the MGB market.

162. The MGB market has historically been prone to collusion. A 1993 analysis of bidding behavior in the 28-day CETES weekly auctions during 1986-91 found evidence suggestive of collusion among the largest market participants. A 2001 study also suggested collusion in the secondary market for CETES bonds with 28, 91, 182, and 364 day maturities during 1996-2000. Reforms implemented in the early 2000s were supposed to curb any collusive practices, but do not appear to have been successful.

163. CNBV's president, Jaime González Aguadé, noted in 2017 that collusion and anticompetitive behavior has been seen before in the MGB market, where just a few years ago, COFECE applied sanctions against several entities for their misconduct with respect to BONOS. Two Defendants were fined at that time, including Bank of America, which was fined 7.26 million pesos and Barclays Mexico, which was fined 2.05 million pesos.

E. Defendants' Conspiracy Injured Plaintiffs

164. Plaintiffs are domestic consumers of MGBs who collectively purchased tens of millions of dollars' worth of MGBs in the United States during the Class Period.

165. As described above, Defendants and their co-conspirators fixed the prices of MGBs during the Class Period for their own profit by: (a) rigging the MGB auction process; (b) conspiring to sell bonds purchased during such auctions at artificially higher prices; and (c) agreeing to fix the bid-ask spread charged to consumers artificially wider. See Parts III-IV, above.

166. As a direct result of Defendants' and their co-conspirators' misconduct, Plaintiffs were overcharged each time they purchased MGBs from Defendants and underpaid each time they sold MGBs to Defendants. Thus, Plaintiffs were injured and suffered harm in each MGB transaction conducted during the Class Period.

VII. CLASS ACTION ALLEGATIONS

167. Plaintiffs bring this action pursuant to Rule 23 of the Federal Rules of Civil Procedure on their own behalf and as representatives of the following Class:

All persons that entered into an MGB transaction between at least January 1, 2006 to April 18, 2017 (the "Class Period"), where such persons were either domiciled in the United States, its territories or the District of Columbia, or, if domiciled outside the United States or its territories, or the District of Columbia, transacted in the United States or its territories or the District of Columbia.

Excluded from the Class are Defendants and their employees, agents, affiliates, parents, subsidiaries and co-conspirators, whether or not named in this Complaint, and the United States government.

168. The Class is so numerous that individual joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiffs at this time, Plaintiffs are informed and believe that there are thousands of Class members in the United States.

169. Plaintiffs' claims are typical of the claims of the other members of the Class. Plaintiffs and the members of the Class sustained damages arising out of Defendants' common course of conduct in violation of law as complained of herein. The injuries and damages of each member of the Class were directly caused by Defendants' wrongful conduct in violation of the laws as alleged herein.

170. Plaintiffs will fairly and adequately protect the interests of the members of the Class. Plaintiffs are adequate Class representatives and have no interest adverse to the interests of absent Class members. Plaintiffs have retained counsel competent and experienced in class action litigation, including antitrust litigation.

171. Common questions of law and fact exist as to all members of the Class, which predominate over any questions affecting solely individual members of the Class. These common questions of law and fact include, without limitation:

- a. whether Defendants and their co-conspirators engaged in a combination or conspiracy to fix outcomes and rig MGB auctions;
- b. whether Defendants conspired to sell MGBs purchased at auction to consumers at artificially higher prices and buy MGBs from consumers at artificially lower prices;
- c. whether Defendants fixed prices of MGBs available for sale to United States investors by, for example, conspiring to quote wider fixed bid-ask spreads;
- d. the character, duration, and nature of the acts performed by the Defendants in furtherance of their conspiracy;
- e. whether Defendants' unlawful conduct caused injury to the business and property of Plaintiffs and the Class by imposing supra-competitive costs on them that were higher than would otherwise have been available absent Defendants' conspiracy; and
- f. the appropriate measure of damages sustained by Plaintiffs and Class members.

172. A class action is superior to other methods for the fair and efficient adjudication of this controversy because joinder of all Class members is impracticable. Treatment as a class will permit a large number of similarly-situated persons to adjudicate their common claims in a single forum simultaneously, efficiently, and without the duplication of effort and expense that numerous individual actions would engender. Class treatment will also permit the adjudication of claims by many Class members who could not afford individually to litigate claims such as those asserted in this Complaint. The cost to the court system of adjudication of such individualized litigation would be substantial. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications establishing incompatible standards of conduct for the Defendants.

173. Plaintiffs are unaware of any difficulties that are likely to be encountered in the management of this action that would preclude its maintenance as a class action.

VIII. EQUITABLE TOLLING AND FRAUDULENT CONCEALMENT

174. The applicable statutes of limitations relating to the claims for relief alleged herein were tolled because of fraudulent concealment involving both active acts of concealment by Defendants and inherently self-concealing conduct.

175. The secret nature of Defendants' conspiracy—which relied on non-public methods of communication, including private instant messages, telephone calls, secret bidding schedules and meetings conducted behind closed doors to conceal their agreements to artificially raise the prices of MGB—was intentionally self-concealing. This concealment-through-secrecy prevented Plaintiffs from uncovering their unlawful conduct.

176. Defendants used affirmative acts of concealment to hide their violations of law from Plaintiffs and the Class, including: (1) secretly disseminating confidential bidding schedules to each other and agreeing on bids in MGB auctions; (2) implicitly representing that each Defendant was bidding competitively in the auction for MGB such that the final price represented a competitive auction; and (3) charging inflated spreads to customers without disclosing that the charges reflected an agreed price set by Defendants rather than a competitive price.

177. Many, if not all, of these affirmative acts of concealment were also inherently self-concealing and could not be detected by Plaintiffs or other members of the Class. Defendants engaged in multiple forms of price fixing, which are inherently self-concealing and could not be detected by Plaintiffs or other members of the Class. For instance, Defendants' bidding schedules are considered highly sensitive information that cannot be accessed by the public, which enabled Defendants' conspiracy to remain undetected for years. Similarly, Defendants' participation in the Market Maker Program required that they submit competitive bids in auctions and compete when offering MGB to consumers. By participating in the Market Maker Program, Defendants therefore represented that the prices they charged were determined by competitive forces rather than fixed by a conspiracy.

178. Defendants also disseminated circulars, brochures and other marketing materials to United States investors in order to convince them to invest in MGBs. An example is BBVA's "Handbook of Mexican Financial Instruments" issued in 2011. None of these materials disclosed their collusive acts.

179. As a result, Plaintiffs and the Class had no knowledge of Defendants' unlawful and self-concealing manipulative acts and could not have discovered same by exercise of due diligence. Plaintiffs thus assert the tolling of the applicable statutes of limitations affecting the rights of the claims for relief asserted. Defendants are also equitably estopped from asserting that any otherwise applicable limitations period has run.

IX. CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF

(Conspiracy to Restrain Trade in Violation of §§ 1 and 3 of the Sherman Act) (Against all Defendants)

180. Plaintiffs hereby incorporate each preceding and succeeding paragraph as though fully set forth herein.

181. Defendants and their unnamed co-conspirators entered into and engaged in a combination and conspiracy in an unreasonable and unlawful restraint of trade in violation of §§ 1 and 3 of the Sherman Act, 15 U.S.C. §§ 1, 3.

182. During the Class Period, Defendants—a group of horizontal competitors in the MGB market—entered into a series of agreements designed to generate unlawful profits for themselves in MGB transactions by conspiring to, among other things: (a) share pricing information and submit fixed bids during MGB auctions in violation of Banxico rules; (b) sell MGBs purchased at auction to consumers at artificially higher prices; and (c) fix the bid-ask spread artificially wider in MGB transactions with Plaintiffs and Class members.

183. This conspiracy to restrain trade and fix prices in the MGB market caused Plaintiffs and members of the Class to be overcharged or underpaid in their MGB transactions. Plaintiffs and Class members also were deprived of the ability to obtain MGB for competitive prices during the Class Period owing to Defendants' conspiracy and their complete control of MGB supply. Plaintiffs and members of the Class thus paid more or received less than they would have for MGBs absent Defendants' conspiracy and overt acts in furtherance of the conspiracy.

184. This horizontal price-fixing conspiracy is a per se violation of §§ 1 and 3 of the Sherman Act. Alternatively, the conspiracy resulted in substantial anticompetitive effects in the MGB market. There is no legitimate business justification for, and no pro-competitive benefits caused by, Defendants' conspiracy to rig bids in auctions or fix MGB prices charged to investors or any of the overt acts taken in furtherance thereof. Any ostensible procompetitive benefits are pre-textual or could have been achieved by less restrictive means.

185. As a direct, material, and proximate result of Defendants' violation of §§ 1 and 3 of the Sherman Act, Plaintiffs and the Class have suffered injury to their business and property, within the meaning of § 4 of the Clayton Act throughout the Class Period.

186. Plaintiffs and members of the Class seek treble damages for Defendants' violations of §§ 1 and 3 of the Sherman Act and under § 4 of the Clayton Act.

187. Plaintiffs and the Class also seek an injunction against Defendants, preventing and restraining the violations alleged above, under § 16 of the Clayton Act.

SECOND CLAIM FOR RELIEF

(Unjust Enrichment in Violation of the Common Law) (Against All Defendants)

188. Plaintiffs incorporate by reference and re-alleges the preceding allegations, as though fully set forth herein.

189. Plaintiffs (and other Class members) transacted MGBs during the Class Period directly with Defendants HSBC Securities (USA) Inc., Citigroup Global Markets Inc., BBVA Securities, Inc., and Banco Santander Central.

190. These transactions were supposed to be priced based on competitive market forces and reflect honest competition by the Defendants.

191. However, as alleged above, rather than competing honestly and aggressively with each other, Defendants colluded to fix the prices charged or remitted to Plaintiffs and the Class in purchases and sales of MGBs.

192. Defendants' collusion enabled them to collect supra-competitive profits on every transaction of MGBs with Plaintiffs and the Class. At the same time, it caused Plaintiffs and the Class to pay more (in the case of MGB purchases) and receive less (in the case of MGB sales) on their MGB transactions with Defendants.

193. It is unjust and inequitable for Defendants to have enriched themselves in this manner at the expense of Plaintiffs and the Class, and equity and good conscience require the Defendants to make restitution.

194. Plaintiffs and the Class therefore seek restoration of the monies of which they were unfairly and unlawfully deprived as described in this Complaint.

X. PRAYER FOR RELIEF

Plaintiff demands relief as follows:

A. That the Court certify this lawsuit as a class action under Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, that Plaintiffs be designated as class representatives and that Plaintiffs' counsel be appointed as Class counsel;

B. That the unlawful conduct alleged herein be adjudged and decreed to violate §§ 1 and 3 of the Sherman Antitrust Act, 15 U.S.C. §§ 1, 3;

C. That Defendants be permanently enjoined and restrained from continuing and maintaining the conspiracy alleged in the Complaint under § 16 of the Clayton Antitrust Act, 16 U.S.C. § 26;

D. That the Court award Plaintiffs and the Class damages against Defendants for their violation of federal antitrust laws, in an amount to be trebled under § 4 of the Clayton Antitrust Act, 15 U.S.C. § 15, plus interest;

E. That the Court order Defendants to disgorge their ill-gotten gains from which a constructive trust be established for restitution to Plaintiffs and the Class;

F. That the Court award Plaintiffs and the Class their costs of suit, including reasonable attorneys' fees and expenses, including expert fees, as provided by law;

maximum rate allowable by law; and

H. That the Court directs such further relief as it may deem just and proper.

XI. DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs demand a jury trial as to all issues so triable.

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New York, New York

Respectfully submitted,

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