

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

Laydon v. Mizuho Bank, Ltd., et al.

No. 12-cv-3419 (GBD)

Sonterra Capital Master Fund Ltd., et al. v. UBS AG, et al.

No. 15-cv-5844 (GBD)

PROPOSED PLAN OF ALLOCATION

Overview. Defendants’ manipulation of Euroyen-Based Derivatives¹ caused prices and payments to be different from what they allegedly would have been in a market operating free of the alleged manipulation. The amount of this allegedly unlawful impact on prices is referred to herein as the amount of “artificiality.” The Net Settlement Fund will be distributed by multiplying the Net Settlement Fund by the Pro Rata Fraction. The denominator of the Pro Rata Fraction is the sum total of the Net Artificiality Paid by all Class Members who have positive Net Artificiality Paid, and the numerator of the Pro Rata Fraction is each Class Member’s Net Artificiality Paid. *Example:* if a Class Member’s Net Artificiality Paid is 1% of total of Net Artificiality Paid by all Class Members who have positive Net Artificiality Paid, then the Class Member will receive 1% of the Net Settlement Fund.

¹ “Euroyen-Based Derivatives” means (i) a Euroyen TIBOR futures contract on the Chicago Mercantile Exchange (“CME”); (ii) a Euroyen TIBOR futures contract on the Tokyo Financial Exchange, Inc. (“TFX”), Singapore Exchange (“SGX”), or London International Financial Futures and Options Exchange (“LIFFE”) entered into by a U.S. Person, or by a Person from or through a location within the U.S.; (iii) a Japanese Yen currency futures contract on the CME; (iv) a Yen-LIBOR and/or Euroyen TIBOR based interest rate swap entered into by a U.S. Person, or by a Person from or through a location within the U.S.; (v) an option on a Yen-LIBOR and/or Euroyen TIBOR based interest rate swap (“swaption”) entered into by a U.S. Person, or by a Person from or through a location within the U.S.; (vi) a Japanese Yen currency forward agreement entered into by a U.S. Person, or by a Person from or through a location within the U.S.; and/or (vii) a Yen-LIBOR and/or Euroyen TIBOR based forward rate agreement entered into by a U.S. Person, or by a Person from or through a location within the U.S.

Net Artificiality Paid. It is anticipated that the Settlement Administrator will calculate, based on the proof of claims and any other submissions by each Class Member, the “Net Artificiality Paid” across all Euroyen-Based Derivatives for each Class Member. Net Artificiality Paid is the amount (if any) by which a Class Member’s Total Artificiality Paid exceeds such Class Member’s Total Artificiality Received.

It is anticipated that Total Artificiality Paid will be determined for each Class Member by multiplying the number of Euroyen-Based Derivatives purchased by such Class Member by the applicable amounts of estimated daily artificiality (if any) of the relevant Euroyen-Based Derivatives at the time of each such purchase. The amounts of daily artificiality will be determined by Plaintiffs’ expert, Dr. Craig Pirrong. Declaration of Craig Pirrong in Support of Preliminary Approval of Class Action Settlement dated June 16, 2016 (“Pirrong Decl.”) ¶¶ 35-38. It is anticipated that Total Artificiality Received will be determined for each Class Member by multiplying the number of Euroyen-Based Derivatives sold by such Class Member by the applicable amounts of daily artificiality (if any) of the relevant Euroyen-Based Derivatives at the time of each such sale.

When prices are artificially low, sales result in artificiality paid and purchases result in artificiality received. When prices are artificially high, purchases result in artificiality paid and sales result in artificiality received. Again, the amounts of daily artificiality (the “daily artificiality matrix”) will be determined by Dr. Craig Pirrong. *Id.*

It is also anticipated that Total Artificiality Paid and Total Artificiality Received will each include a component to account for any variable (or “floating”) payments paid or received in connection with Euroyen-Based Derivatives. *Id.* ¶ 39. Inflated payments that are made will constitute artificiality paid to the extent of such inflation. Inflated payments that are received will constitute artificiality received to the extent of such inflation. Reduced payments that are made will

constitute artificiality received to the extent of such reduction. Reduced payments that are received will constitute artificially paid to the extent of such reduction.

If a Class Member's Total Artificiality Paid exceeds their Total Artificiality Received, then such Class Member will have Net Artificiality Paid and will be entitled to receive a *pro rata* share of the Net Settlement Fund. *Id.* ¶ 40.

Pro Rata Fraction. The sum total of the Net Artificiality Paid by all Class Members who have positive Net Artificiality Paid will constitute the denominator, and the Class Member's own Net Artificiality Paid will constitute the numerator of the Pro Rata Fraction. That fraction that will be multiplied by the Net Settlement Fund to determine the Class Member's payment. *Example:* If the Class Member's Net Artificiality Paid constitutes 1% of the Net Artificiality Paid of all Class Members with positive Net Artificiality Paid, then that Class Member will receive 1% of the Net Settlement Fund. For example, if the Net Settlement Fund is \$15 million and a Class Member's Pro Rata Share is 1%, that Class Member will receive \$150,000. This method will be used to determine the amount to be paid to each Class Member.

As set forth in the Pirrong Declaration, which will be available on the official settlement website at www.EuroyenSettlement.com, Dr. Pirrong is engaged in a process to determine the daily amounts of artificiality, if any, in Euroyen-Based Derivatives. It is anticipated that this process may be updated after Plaintiffs obtain the borrowing costs from each Defendant in discovery. *Id.* ¶ 34. This Proposed Plan of Allocation will be posted on the settlement website and Settlement Class Members will have an opportunity to review and object to such Proposed Plan of Allocation.