

# Minutes

## Foreign Exchange Joint Standing Committee

11 May 2017

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Location: Bank of England, Threadneedle Street, London, EC2R 8AH

Attendees: **Association of Corporate Treasurers:** Sarah Boyce  
**Bank of Tokyo-Mitsubishi UFJ:** Tetsuro Kono  
**Barclays:** James Hassett  
**BNP Paribas:** Adrian Boehler  
**British Bankers' Association:** Ronald Kent  
**Deutsche Bank:** Russell Lascala  
**FICC Markets Standards Board:** James Kemp  
**Financial Conduct Authority:** Jamie Black  
**Goldman Sachs:** Kayhan Mirza  
**HSBC:** Frederic Boillereau  
**Insight Investment:** Richard Pursell  
**Rolls-Royce:** James Harvey  
**Saxo Bank:** Kurt Vom Scheidt  
**Shell:** Frances Hinden  
**The Investment Association:** Galina Dimitrova  
**Thomson Reuters:** Neill Penney, Paul Clarke (Guest speaker), Shirley Barrow (Guest Speaker)  
**Tullett Prebon:** James Potter  
**UBS:** George Athanasopoulos  
**Wholesale Markets Brokers' Association:** David Clark  
**Goldman Sachs:** Dan Parker (Chair, Legal Sub-committee)  
**RBC:** Isabelle Dennigan (Chair, Operations Sub-committee)  
**Bank of England:** Chris Salmon (Chair), Rebecca Jackson, David Edmunds, Jonathan Grant, Grigoria Christodoulou (Secretariat), Tom Lynch (Secretariat), Chris Cox, Alex Hutton, James O'Connor, Hannah Reynolds, Jan Lasik, Ed Ocampo

Apologies: **Bank of China:** Wang Yan  
**CLS:** David Puth  
**Millennium Global Investments:** Lisa Scott-Smith  
**XTX Markets:** Zar Amrolia

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| Minute no. | Minute  | Action owner and due date |
|------------|---|---------------------------|
| 1.         | <p><b>Welcome and apologies</b><br/>Apologies were received from Wang Yan, David Puth, Lisa Scott-Smith and Zar Amrolia. The Chair welcomed guest speakers Paul Clarke and Shirley Barrow (Thomson Reuters).</p> <p>Ahead of the second agenda item the Chair reminded the committee of David Clark's (Wholesale Markets Brokers' Association) role on the Board of Thomson Reuters Benchmark Services Limited which administers the World Markets (WM) fixing, and his role as chair of the WM Oversight Committee.</p>  |                           |
| 2.         | <p><b>WM/R fixing update by Thomson Reuters</b><br/>Neill Penney, Paul Clarke and Shirley Barrow (Thomson Reuters) provided an update on WM/R benchmark fixings. They presented an overview of recent changes to their governance model underpinning the fixing process, and followed with some observations on trading activity in and around the fixing window, with a focus on changes since the move to a 5-minute window (from 1-minute) for the 4pm fixing.</p>   |                           |
| 3.         | <p><b>Minutes of 13 March 2017 meeting and matters arising</b><br/>The minutes of the March 2017 meeting were agreed. There were no matters arising.</p>  |                           |
| 4.         | <p><b>FX Market Developments – innovation and industry initiatives</b><br/>James O'Connor (Bank of England) opened a discussion on recently observed industry initiatives and innovations. The committee discussed various topics including the influence of algorithmic trading, and an increasing focus on Transaction Cost Analysis.</p>   |                           |
| 5.         | <p><b>Financial Conduct Authority Update</b><br/>Jamie Black (Financial Conduct Authority) informed the committee that the FCA's Mission was published on 5 May 2017. The full statement can be found on the FCA's <a href="#">website</a>. Jamie Black highlighted that the report covered their approach to unregulated activities.</p>   |                           |
| 6.         | <p><b>Updates from sub-committees</b></p> <p><i>Operations Sub-Committee</i><br/>Isabelle Dennigan (Chair of Operations Sub-Committee) provided an overview of the work being undertaken by the sub-committee. The Operations Sub-Committee met on 3 May 2017 and received two presentations: (i) on the 7 October 'flash event' during which sterling depreciated by around 9% versus the USD in early Asian trading; and (ii) an industry update from CLS, including products currently under development.</p> <p>The implementation of MiFID II has been a key focus for the Operations Sub-Committee, discussing the operational, structural and client reporting implication for institutions. Isabelle Dennigan also noted the Operations Sub-Committee will be reviewing membership shortly.</p> <p><i>Legal Sub-Committee</i><br/>Dan Parker (Chair of Legal Sub-Committee) provided an overview of work being undertaken by the sub-committee. The Legal Sub-Committee met on 20 April 2017 and also received a presentation on the 7 October 'flash event'.</p> <p>Dan Parker noted that among the topics the Legal Sub-Committee would be focusing on this year were MiFID II and Britain's withdrawal from the European Union. The Legal Sub-Committee is also undertaking a membership review.</p> |                           |

7. **FX Global Code Update**

Chris Cox (Bank of England) noted that FX Global Code (Code) would be launched on Thursday 25 May. Alongside the Code publication, a report on adherence to the FX Global Code and a request for feedback on last look practises would be published, and a new Global Foreign Exchange Committee (GFXC) website launched.

The Chair explained that the GFXC - which will maintain the Code going forward - will be formalised and expanded on Wednesday 24 May 2017. The GFXC comprises 16 local FXCs from across the globe, including the FXJSC. The Chair noted that Rebecca Jackson (Bank of England) and Lisa Scott-Smith (Millennium Global) will be representing the FXJSC at this meeting.

8. **FXJSC Administration**

*Terms of Reference*

Grigoria Christodoulou (Bank of England) explained that the FXJSC Terms of Reference will need to be reviewed after end-May to reflect the FXJSC's membership of the GFXC, and to recognise the expectation of Code adherence for FXJSC members after an agreed upon transition period of 12 months. Based on extensive outreach with FXJSC members, the Chair expressed an expectation that most members would be in a position to provide the Secretariat with a Statement of Commitment by end-March 2018, with some flexibility for those that need it to utilise the full 12 month transition.

*Annual Update*

Grigoria Christodoulou (Bank of England) informed attendees that the FXJSC Annual Review article would be published in the Bank of England's Q2 Quarterly Bulletin and a draft had been circulated to members for review with the meeting agenda. The article covers the work undertaken by the FXJSC Main Committee and its sub-committees during 2016.

*Membership review*

The Chair reported that a review of the FXJSC membership will take place before the next meeting to ensure the committee continues to be representative of the UK FX market. An update on progress will be given at the next meeting (20 September 2017).

9. **Any other business**

The next meeting of the FXJSC will be held on 20 September 2017 at the Bank of England.