

## FOREIGN EXCHANGE JOINT STANDING COMMITTEE

Bank of England  
Wednesday 2 July 2008

### MINUTES

#### **Attendees**

Brian Welch	ACT
Sean Comer	Barclays
Richard Gill	Bank of New York
Vincent Delorenzo	Bank of America
James Bindler	Citi
Heather Pilley	FSA
Christopher Wilcox	JP Morgan
Richard Gladwin	Lehman Brothers
Sarah Edgington	Morgan Stanley
James Potter	Tullet Prebon
Zar Amrolia	Deutsche Bank – dialled in
Andrew Brown	HSBC
Darren Coote	UBS
Stewart Lloyd-Jones	WMBA
David Clark	WMBA
Paul Fisher	Bank of England, Chair
Grigoria Christodoulou	Bank of England, Secretariat
Sumita Ghosh	Bank of England, Secretariat

#### **Other attendees**

Piers Cracknell	Moneycorp, Commercial Director
Keith Hatton	Moneycorp, Chief Executive
Nick Yalden	Moneycorp, Relationship Manager

#### **Apologies**

Rob Loewy	Bank of China
Phil Weisberg	FXAll
John Ewan	BBA
Marcus Nysten	SEB
Nick Burgin	Goldman Sachs
Ben Welsh	Unicredit
Susan Balogh	Goldman Sachs, Chair, Operations sub group
Susan Revell	Morgan Stanley, Chair, Legal subgroup
Jaqueline Joyston-Bechal	Bank of England

## **1. Apologies for absence and welcome to the meeting**

Apologies from Rob Loewy, Phil Weisberg, John Ewan, Marcus Nysten, Nick Burgin, Ben Welsh, Susan Balogh, Susan Revell and Jacqueline Joyston-Bechal who could not attend.

The chair welcomed Piers Cracknell, Keith Hatton and Nick Yalden from Moneycorp as guest speakers.

## **2. Minutes of the 14 May meeting and matters arising**

The minutes of the March meeting were agreed. There were no matters arising.

## **3. Presentation on consumer risk in the non-regulated FX market by Moneycorp**

Piers Cracknell gave a brief overview of Moneycorp and discussed some of the recent developments in the non-regulated FX market. The market landscape has changed markedly in recent years with the number of money service providers increasing notably, to around 80 from only a handful in 2000. The relatively low barriers to entry may have contributed to this trend. It was noted, for example, that there are currently no specific standards that new entrants are required to adhere by. This is becoming a source of real concern for the industry.

He outlined three main areas within the non-regulated FX space where further progress could be made: (i) confirming that the management of money service providers has the appropriate expertise and credentials, (ii) ensuring that the marketing material used by providers adheres to the financial industry best practice guidelines, (iii) put in place controls regarding the use of client funds by money service providers.

## **4. Discussion: Recent market developments**

Attendees noted that liquidity in FX markets remains robust but market conditions are still fragile and may take longer than previously anticipated to recover. The marked increase in oil prices and developments in US regional banks were two current areas of interest.

## **5. BIS Triennial Survey Review**

The BIS Markets Committee is undertaking a review of the BIS Triennial Survey Review and is considering a number of possible suggestions, including altering the frequency of the survey and refining the current data collection. The Chair has responded to the BIS Markets Committee on behalf of the FXJSC.

### **5. Regulatory Update**

Heather Pilley of the FSA updated the group on recent regulatory developments and initiatives.

In July, the FSA, Bank of England and HM Treasury published a consultation document dealing with financial stability and deposit protection. This follows the consultation made by the Tripartite Authorities in January 2008. It provides an update of key events since January and contains new proposals.

The FSA has introduced a new short selling disclosure regime whereby participants are required to disclose significant short positions, defined as 0.25% of issued capital, in stocks admitted to trading on prescribed markets which are undertaking rights issues.

An update on disclosure for contracts for differences (CfDs) has been published by the FSA. Following its November 2007 CfDs consultation paper, the FSA has decided a general disclosure regime for long CfD positions will be implemented. The disclosure threshold will be at 3% and existing share and CfD holdings, in the same company, should be aggregated for disclosure purposes. CfD writers, who act as intermediaries, will be subject to an exemption.

## **6. Update on work of sub –groups**

### **- Operations sub-group**

The Operations sub-group met on 19 June. Leslie Jacobs (EMTA Senior Legal Counsel) gave a presentation on the current EMTA initiatives and priorities. The Chair of the Main FXJSC attended the meeting and gave a brief overview of recent market developments.

- **Legal sub-group**

The Legal sub-group is continuing its work on Master NDF confirmations documentation.

- **Outreach sub-group**

The secretariat provided a brief update on the recent membership changes in the Outreach sub-group. The next sub-group meeting is scheduled to take place in the autumn.

**7. Update on work of other FX Committees**

A quarterly liaison conference call between the various international committees' secretariats had taken place. It updated members from the different committees on the work streams and discussions that have been taking place in the different financial centres.

**8. Any other business**

- **Dinner following November meeting**

The November FXJSC Main Committee meeting will be followed by the annual committee dinner.

- **FXJSC Turnover survey**

The FXJSC, together with the Canadian, New York, Singapore and Australian Foreign Exchange Market Committees, will publish the results of their April 2008 turnover survey on Monday 28 July.

- **FX Settlement Working Group**

The Main FXJSC has set up a working group to consider the issue of FX settlement risk and what more might be done to reduce it. The first meeting was held in June and discussed the terms of reference and agenda for the group.

The next FXJSC Main Committee Meeting was to be held on Wednesday 10 September at 4pm at Bank of New York.

**FXJSC Secretariat**

**July 2008**