

FOREIGN EXCHANGE JOINT STANDING COMMITTEE

Bank of England
Wednesday 12 November 2008

MINUTES

Attendees

Brian Welch	ACT
Sean Comer	Barclays
Rob Loewy	Bank of China
Richard Gill	Bank of New York
Vincent Delorenzo	Bank of America
Cassandra Kenny	British Bankers' Association
James Bindler	Citi
Rob Close	CLS
Zar Amrolia	Deutsche Bank
Heather Pilley	FSA
Phil Weisberg	FXAll
Nick Burgin	Goldman Sachs
Andrew Brown	HSBC
Christopher Wilcox	JP Morgan
Marcus Nysten	SEB
James Potter	Tullet Prebon
Ben Welsh	Unicredit
Stewart Lloyd-Jones	WMBA
Graham Young	Bank of England
Jaqueline Joyston-Bechal	Bank of England
Paul Fisher	Bank of England, Chair
Grigoria Christodoulou	Bank of England, Secretariat
Sumita Ghosh	Bank of England, Secretariat

Apologies

Sarah Edgington	Morgan Stanley
Darren Coote	UBS
Susan Balogh	Goldman Sachs, Chair, Operations sub group
Susan Revell	Morgan Stanley, Chair, Legal subgroup

1. Apologies for absence and welcome to the meeting

Apologies from Sarah Edgington, Darren Coote, Susan Balogh and Susan Revell who were unable to attend.

2. Minutes of the 10 September meeting and matters arising

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

3. Recent changes to Bank of England sterling facilities

Graham Young (Bank of England) outlined the three main elements of the Bank's consultation document in its money market operations, which had been published on 16 October.

First, the previous Standing Facilities had been replaced by two separate facilities. Operational Standing Facilities would have the clear purpose of absorbing frictions in the operation of money markets and payments, and so help to stabilise the overnight rate.

Second, a Discount Window Facility had been established, enabling banks to borrow gilts against a wide range of eligible collateral in order to provide liquidity insurance.

Finally, after further consultation, the Bank was also minded to introduce permanent long-term repo operations against broader classes of collateral, to be auctioned under a mechanism where counterparties bid separately against different types of collateral.

4. Discussion of recent market developments

Attendees noted that liquidity in FX markets, both spot and swaps, remained impaired. FX settlement risk is a key area of interest for market participants and the Committee is keen to explore possible ways of reducing it.

5. Same-day FX instructions in CLS

Rob Close (CLS) gave a brief overview of the proposed initiative to settle the 'out' leg of in/out swaps in CLS Bank.

6. Regulatory update

Heather Pilley (FSA) updated the committee on regulatory developments. The FSA had established initiatives to consider a number of matters in light of recent events and Mrs Pilley described, in particular, work in the Markets Division relating to transparency, infrastructure and cross-border cooperation.

7. Update on the work of sub-groups

- Operations sub-group

The Operations sub-group met on 4 September. Jackie Farrow (SWIFT Senior Relationship Manager) gave a presentation on the mission and scope of the SWIFT FX Advisory Group. Andreas Gaus (Credit Suisse) also gave a presentation on the main features of the current ACI education portfolio.

- Legal sub-group

The legal sub-group is continuing to participate in the FX options confirmations and the FX settlement risk working groups.

8. NIPS Code

The legal sub-group is currently in the process of reviewing any references in the NIPS Code that have been superseded by the introduction of MiFID.

9. FXJSC Turnover Survey

The results of the October 2008 FXJSC turnover survey are expected to be published in late January 2009.

The next FXJSC Main Committee Meeting was to be held on Wednesday 28 January
at 4pm at Citi

FXJSC Secretariat

November 2008