

CORPORATES AND THE UK MONEY MARKETS CODE – A GUIDE



BANK OF ENGLAND

ACT

What is the Code?

The purpose of the UK Money Markets Code (“the Code”) is to establish a fair, effective and open market for all. It sets out high level principles aimed at promoting best practice in the UK’s wholesale money markets.

It’s a way for all market participants (including corporates and their counterparty banks) to demonstrate that they meet the minimum standards of professionalism in their market activities, to ensure a fair and effective market.

Who does it apply to?

The Code applies to all those who transact in any of the unsecured deposit, repo or the securities lending markets. In particular, any corporate who actively places their excess cash in wholesale bank deposits or invests in Certificates of Deposit or Commercial Paper should consider themselves within scope.

Importantly, the concept of proportionality is embedded throughout the Code, enabling market participants to adopt only those elements appropriate for their business.

Why sign up to the Code?

Corporates are a fundamental part of the financial markets. Encouraging all to adhere to the Code raises the bar for good practice across the entire market.

The Code is also a valuable resource:

- when setting up or reviewing the activities undertaken by a treasury function;
- as a guide to good practice;
- to develop internal audit programmes for Treasury.

What are the principles underlying the Code?

- **Ethics:** behave in an appropriate and professional manner.
- **Governance:** have an appropriate senior management governance framework.
- **Risk Management:** maintain an effective risk control environment.
- **Information Sharing and Confidentiality:** communications between market participants should be clear, accurate, professional, and meet all appropriate confidentiality standards.
- **Execution, and Settlement:** Exercise appropriate skill and care when negotiating, executing and settling trades.
- Have in place **effective and efficient processes** to promote the secure, smooth and timely settlement of trades, which includes never intentionally allowing a trade to fail.

How do we adhere to the Code?

As proportionality is embedded throughout, instead of having to adhere to all the technical specifications, corporates can use their judgement about what is appropriate and consistent with the principles of the Code.

Adherence to the Code can be affirmed by a standard statement of commitment to the *principles* underlying the Code. And this can be demonstrated by appearing on the Public Register via UKMoneyMarketsCode@bankofengland.co.uk.

Further information

- [ACT Briefing note for corporates: UK Money Markets Code \(July 2017\)](#)
- [The UK Money Markets Code \(April 2017\) & Explanatory Notes \(May 2018\)](#)
- [The UK Money Markets Code Public Register](#)
- For further information, email UKMoneyMarketsCode@bankofengland.co.uk.