

**Sterling Risk-Free Rates Senior Advisory Group**  
**Terms of Reference**

## **Background**

The Working Group on Sterling Risk-Free Reference Rates (the 'Working Group') was constituted by the Bank of England and the Financial Conduct Authority with the objective of catalysing a broad-based transition to SONIA by end-2021 across sterling bond, loan and derivative markets, in order to reduce the financial stability risks arising from the widespread reliance of financial markets on Libor.<sup>1</sup>

The Working Group has determined that it would benefit from a Sterling Risk-Free Rates Senior Advisory Group (the 'Advisory Group') to provide strategic support and senior engagement at firms to help achieve the Working Group's deliverables and objectives.

## **Objectives**

The role of the Advisory Group is to provide advice and support to the Working Group; it is not a parallel recommendation making body and does not replace the detailed consultation and publication work undertaken by the Working Group.

The Advisory Group will determine its own work-plan that includes, but is not limited to the below points:

1. Provide strategic advice and support to the Working Group to progress transition efforts:
  - Work alongside the Working Group with a focus on engaging with senior decision makers at firms, facilitating transition efforts across organisations and mobilising relevant expertise across the market.
  - Publically demonstrate senior engagement and commitment to transition, including by designating resources within the firms represented by the Advisory Group Members, as necessary.
2. Provide a forum for senior market practitioners to consider progress with transition and validate delivery against the Working Group's adoption timeline.
3. Facilitate broad market engagement:
  - Looking beyond the Working Group's initiatives in sterling markets to the implications for firms operating across multiple currencies/jurisdictions to ensure that this perspective is considered.

## **Membership**

The Chair of the Working Group chairs the Advisory Group.

Members are identified by the Bank and the FCA, with input from the Chair, with a view to achieving a broad spectrum of market coverage, including Banks, Dealers, Asset Managers, Insurers and Corporates. Membership is periodically reviewed.

Members are invited as individuals based on their seniority and the contribution of the firms they represent in key markets, and will typically be Senior Managers responsible for RFR transition, for those firms where the Senior Managers Regime applies. They will be able to speak for the institution

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<sup>1</sup> <https://www.bankofengland.co.uk/-/media/boe/files/markets/benchmarks/rfr-terms-of-reference.pdf>

they represent and have sufficient seniority to be able to commit resources. In view of the high importance attached to these characteristics, alternates are not encouraged – but on occasion they may attend with the prior agreement of the Chair

Representatives from the Bank of England and the FCA participate as ex officio members.

Bank of England and FCA staff, alongside the Chair's office, provide the Advisory Group secretariat.

The Working Group's Counsel can provide legal support to the Advisory Group, as required.

### **Governance and transparency**

The Advisory Group is not a decision taking body; there is therefore no formal quorum.

Meetings will be held on at least a quarterly basis.

Consistent with the Advisory Group's supporting role, discussions of the Advisory Group will be minuted. A summary of the topics discussed will be reported to the Working Group by the Chair and reflected in the Working Group meeting minutes.

The Advisory Group will not make publications on behalf of the Working Group. Consistent with its advisory role, any publications the Advisory Group wishes to make would be proposed to the Working Group and, if adopted, made by the Working Group.

As *ex officio* members, the Bank and FCA may provide guidance to the Advisory Group, including by suggesting specific objectives or amending these Terms of Reference, as necessary, in order to achieve the Working Group's overall objective above.

Consistent with the Working Group's communications messages, Members may engage with a broad set of individuals to raise awareness, educate and gather intelligence on the transition.

These Terms of Reference will be published on the Bank's website.

### **Confidentiality, Competition law and conflicts of interest**

The Advisory Group will operate according to the same principles regarding confidentiality, competition law and conflicts of interest as the Working Group, specifically:

#### **a) Confidentiality**

Any non-public information disclosed or opinions expressed during Advisory Group meetings will be treated as confidential unless and until the Advisory Group has authorised their public release via the Working Group minutes.

Advisory Group members may be exposed to sensitive information and, potentially, to material non-public information in the course of their work. It is understood that Advisory Group members' staff may see some documents relating to the Advisory Group, but unnecessary involvement of third parties in handling this material is strongly discouraged. Members are reminded of their legal obligations in relation to material non-public information, including under the Market Abuse Regulation.

In all cases where third parties see Advisory Group documentation, individual members are expected to accept responsibility for ensuring that those third parties are aware of and respect the confidentiality and sensitivity which attaches to the Advisory Group and the documents in question.

#### **b) Competition law**

It is the responsibility of Advisory Group members to ensure they understand their responsibilities under, and fully comply with, all applicable competition laws, including UK and EU competition laws.

To the extent that any participant is unclear of these responsibilities, they should consult the legal and/or compliance teams at their respective institution for further guidance.

Particular care will need to be exercised in order to make sure that Advisory Group members familiarise themselves with the concept of competitively sensitive information and do not unilaterally disclose or exchange it under any circumstance. Technical, operational and administrative advice/input/feedback relating to the implementation of RFRs will be discussed in meetings of the Advisory Group. However, if the disclosure or exchange of potentially competitively sensitive information is absolutely necessary for the legitimate purposes of the Advisory Group, then procedures will be put in place to make sure that the information is suitably anonymised and aggregated and can be shared in compliance with UK and EU competition laws.

In addition, if, for instance, during an Advisory Group meeting, a participant has concerns about the discussion from a competition law compliance perspective – for example, due to sharing competitively sensitive information – the participants should make their concerns known to the meeting as a whole, and the discussion giving rise to such concerns should cease. If such discussion does not cease, the participants concerned should leave the relevant meeting, pending the receipt of legal advice.

In line with the above, members of the Advisory Group may not use their position for commercial advantage by citing participation in client promotional materials.

### **c) Conflicts of interest**

Any actual or potential conflicts of interest by members (or their representatives) shall be noted by the relevant member and passed back to the Chair of the Advisory Group. The Chair of the Advisory Group will assess any raised conflict of interest in conjunction with the impacted members' assignments and responsibilities, and engage with its own legal advisors, the Bank of England and the FCA to consider possible actions, including the replacement of the conflicted members.