

Foreign Exchange Joint Standing Committee - Operations Sub-committee: Terms of Reference

Date adopted: February 2019

The Foreign Exchange Joint Standing Committee - Operations Sub-committee (the “Operations Sub-committee”) was established by the Foreign Exchange Joint Standing Committee (“FXJSC”) to provide expert advice on the operational aspects of the wholesale foreign exchange market (the “FX Market”) in the UK. The Operations Sub-committee is also tasked with coordinating the FXJSC Main Committee’s operations-related contribution regarding contingency planning arrangements with relevant UK public authorities. The Operations Sub-committee is comprised of senior-level FX operations managers from institutions active in the FX Market, infrastructure providers, representatives from industry associations and the relevant UK public authorities.

The Operations Sub-committee will:

- Meet to discuss important operational issues and developments that may have a direct or indirect impact on the FX Market. Report to the FXJSC on their potential or actual implications for market practices and, where appropriate, propose potential responses to them.
- Advise the FXJSC on relevant aspects related to the objectives of the Global Foreign Exchange Committee (GFXC)¹, including those related to promoting and maintaining the FX Global Code (the “Code”) as well as facilitating adherence to the Code in the UK.
- Liaise, where appropriate, with trade associations covering the FX Market and other financial markets, both in London and in other financial centres.
- Identify and address any operations related issues concerning contingency planning in the FX Market in the UK and, where necessary, make recommendations to the relevant authorities and, if need be, directly to the market.
- Act as a point of co-ordination in time of market stress or dislocation to assess potential impact, support information sharing, promote the speedy resolution of settlement problems and, by its actions, enable the market to continue to operate as efficiently as possible.

The Secretariat of the Operations Sub-committee will:

- Produce minutes of the Operations Sub-committee’s meetings. These will be reviewed and confirmed by members at the next meeting and will be published on the Bank of England website² shortly after. The Secretariat is provided by the Bank of England.

¹ <http://www.globalfxc.org/>

² <https://www.bankofengland.co.uk/markets/london-foreign-exchange-joint-standing-committee>

Membership and Procedures

- The Operations Sub-committee shall comprise experienced senior FX operations managers from financial and non-financial institutions active in the FX Market, infrastructure providers, representatives from industry associations and the relevant UK public authorities. The Operations Sub-committee aims to meet regularly, consistent with the FXJSC.
- The Operations Sub-committee is typically chaired by a representative from industry with relevant expertise and seniority and is appointed by the FXJSC. The Chair and the Secretariat of the Operations Sub-committee shall have a standing invitation to attend meetings of the FXJSC.
- Members are invited to contribute with a view to furthering the interests of the FX Market, rather than representing the interests of their individual institutions. Membership is dependent on individuals having relevant expertise to be able to contribute to discussions, committing their own time, and providing adequate resources to support the objectives of the Operations Sub-committee. Non-members may, on occasion, be invited to attend Committee meetings to discuss or present on specific issues.
- Generally membership is on an individual rather than on an institutional basis. Therefore, a member who steps down cannot automatically pass on their seat to a replacement within their institution.
- Where relevant, members are expected to come from institutions that conduct their FX market activities in a manner consistent with the principles of the Code, and demonstrate their commitment by using the Statement of Commitment provided in Annex 3 of the Code. At the FXJSC Main Committee Chair's discretion, transitional arrangements may be offered to institutions with firm plans to demonstrate their commitment to the Code.
- The Operations Sub-committee has a Membership Committee appointed by the Chair, which is comprised of the Chair, the deputy Chair(s), the Secretariat and two or more members of the Operations Sub-committee. The Chair and Secretariat are responsible for initially assessing any prospective member's suitability to join the Operations Sub-committee and to set out the terms of engagement for members. If suitable, the Chair proposes the candidate to the Membership Committee for consideration. Membership of the Operations Sub-committee will be reviewed on a regular basis. A range of factors are considered when reviewing membership with the aim to ensure the Operations Sub-committee's composition is broadly representative of the wholesale FX market in the UK, and includes having regard to the diversity of members and the institutions they come from.
- Members of the Operations Sub-committee should be mindful of the competition law guidelines provided to all members³. Members should aim to attend Operations Sub-committee meetings on a regular basis. They should contact the Secretariat if they are unable to attend a meeting and the Chair if absences are frequent.
- Each member should nominate an alternate who can participate in contingency arrangements if needed. Alternates should not normally attend meetings but are allowed if agreed prior to the relevant meeting by either the Chair or the Secretariat. However attendance by an alternate does not represent attendance by the individual member.

³ <https://www.bankofengland.co.uk/-/media/boe/files/markets/foreign-exchange-joint-standing-committee/fxjsc-competition-guidelines-2018.pdf>