

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

Date adopted: June 2024

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, including actual and emerging operational risks and their associated mitigations. 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, including through participation in the Sector Response Framework (SRF). This participation may involve the Chair or nominated representatives of the Operations Sub-committee, attending meetings of the Cross-Market Business Continuity Group (CMBCG) during an incident. CMBCG can also request the Operations Sub-committee to convene during an incident to provide market intelligence as required.
- Encourage diversity and inclusion in its membership, and within the broader FX market.

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.globalfx.org/>

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

Membership and Procedures

- The Operations Sub-committee shall comprise of appropriately 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.
- Membership of the Operations Sub-committee shall be determined by the Chair and the Secretariat in consultation with the Chair of the FXJSC to ensure the FX market is represented through the membership of its committees.
- Membership of the Operations Sub-committee will be reviewed on a regular basis. A range of factors are considered when reviewing membership and considering potential members to ensure the Committee's composition is broadly representative of the wholesale FX market in the UK. This also includes taking into account individuals' race, gender or disabilities, and other diversity factors.
- The Operations Sub-committee's aim is to build a diverse and inclusive forum and as such, members commit to increasing the diversity of its talent pipeline, implementing frequent agenda items to discuss diversity and inclusion within the scope of the Operations Sub-committee's remit, and supporting diversity and inclusion initiatives across the FX market.
- Members of the Operations Sub-committee should be mindful of the competition law guidelines provided to all members³. Members should 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.

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

- 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.

Confidentiality

- Any information disclosed or opinions expressed during Operations Sub-committee meetings will be treated as confidential unless and until the Operations Sub-committee has authorised their public release. Operations Sub-committee members may be exposed to sensitive information and, potentially, to material non-public information in the course of their work. It is understood that Operations Sub-committee members' staff may see some documents relating to the Operations Sub-committee. Unnecessary involvement of third parties in handling this material is strongly discouraged. In all cases where third parties see Operations Sub-committee 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 Operations Sub-committee and the documents in question.

Interpretation

- If there is any conflict between the provisions of these Terms of Reference, the provisions set out higher in this document shall prevail over those set out lower, to the extent of the inconsistency.

Data protection

- The Bank in its capacity as administrator and secretariat of the Operations Sub-committee, may process personal data in order to fulfil its functions, in accordance with the privacy information set out on the FXJSC webpage.⁴

⁴ <https://www.bankofengland.co.uk/markets/london-foreign-exchange-joint-standing-committee>