

Minutes

Foreign Exchange Joint Standing Committee

20 September 2017

Location: Bank of England, Threadneedle Street, London, EC2R 8AH

Attendees: **Association of Corporate Treasurers:** Sarah Boyce

Bank of China: Wang Yan

Bank of Tokyo-Mitsubishi UFJ: Tetsuro Kono

Barclays: James Hassett

BNP Paribas: Adrian Boehler

CLS: David Puth

Deutsche Bank: Russell Lascale

FICC Markets Standards Board: James Kemp

Financial Conduct Authority: Jamie Black, Daniel Measor, Stephen Hanks

HSBC: Frederic Boillereau

Insight Investment: Richard Pursell

Millennium Global Investments: Lisa Scott-Smith

Rolls-Royce: James Harvey

Saxo Bank: Kurt Vom Scheidt

Shell: Frances Hinden

Thomson Reuters: Neill Penney

Tullett Prebon: James Potter

UK Finance: Ronald Kent

Wholesale Markets Brokers' Association: David Clark

XTX Markets: Zar Amrolia

Goldman Sachs: Dan Parker (Chair, Legal Sub-committee)

RBC: Isabelle Dennigan (Chair, Operations Sub-committee)

Bank of England: Chris Salmon (Chair), Grigoria Christodoulou (Secretariat), Tom Lynch (Secretariat), Jan Lasik, Chris Cox, James O'Connor, Assad Khan

Apologies: **Goldman Sachs:** Kayhan Mirza

The Investment Association: Galina Dimitrova

UBS: George Athanasopoulos

Minute no.	Minute	Action owner and due date
1.	<p>Welcome and apologies Apologies were received from Kayhan Mirza, Galina Dimitrova and George Athanasopoulos. The Chair welcomed guest speakers Stephen Hanks and Daniel Measor (Financial Conduct Authority).</p> <p>The Chair informed attendees that Jamie Black (Financial Conduct Authority) will be stepping down from the committee, and thanked him for his contributions. Alan Barnes (Financial Conduct Authority) will replace Jamie Black for future meetings.</p>	
2.	<p>Financial Conduct Authority update Stephen Hanks and Daniel Measor from the Financial Conduct Authority (FCA) attended the meeting as guest speakers. Stephen Hanks provided an update on the Markets in Financial Instruments Directive (MiFID II). This was followed by a discussion regarding trade reporting, Systematic Internalisers, and Legal Entity Identifiers.</p> <p>Mr Measor provided an update on the FCA's approach to codes of conduct and industry standards. Mr Measor noted that codes of conduct, such as the FX Global Code, can provide useful guidance for ensuring proper standards of market conduct, particularly for markets outside of the FCA's 'regulatory perimeter'. Mr Measor noted that the FCA would be seeking views on their approach through a public consultation later this year.</p>	
3.	<p>Minutes of 11 May 2017 meeting and matters arising The minutes of the May 2017 meeting were agreed.</p>	
4.	<p>FXJSC Administration <i>Terms of Reference update</i> The Chair reported that the Foreign Exchange Joint Standing Committee (FXJSC) Terms of Reference have been reviewed and updated to reflect the FXJSC's membership of the Global Foreign Exchange Committee (GFXC), and to recognise the expectation that relevant FXJSC members will demonstrate their adherence to the FX Global Code by end-May 2018. The revised Terms of Reference were approved by the FXJSC.</p> <p>It was noted that the Terms of Reference of the FXJSC Operations and Legal Sub-committees have similarly been revised and agreed. The Chair proposed publishing their Terms of Reference, membership lists and minutes of the two Sub-committees on the FXJSC website. The FXJSC agreed with this approach.</p> <p><i>Membership review update</i> The Chair noted that the membership of the committee was being reviewed to ensure that it continues to be representative of the UK wholesale FX market.</p> <p>Initial analysis suggested that the committee size was broadly right and individual membership should continue to evolve over time to reflect the dynamic and diverse nature of the FX market. It was noted that any required membership changes would be made by early 2018.</p>	<p>FXJSC Secretariat 21.11.2017</p>
	<p><i>Setting the future agenda</i> The Chair summarised member feedback following a series of bilateral conversations with the FXJSC Secretariat over preceding weeks. This included ideas on conjunctural and structural topics for future FXJSC meetings, and members agreed on a provisional set of agenda items for</p>	

upcoming meetings.

5. **Updates from the Global Foreign Exchange Committee**

Last Look feedback

Grigoria Christodoulou (Bank of England) updated the committee on the GFXC Secretariat's timeline for the last look consultation. The deadline for feedback submission was 21 September. A working group comprised of a subset of the GFXC Secretariat would synthesise the submissions received and draft a paper for consideration at the GFXC meeting on Tuesday 14 November. Individual submissions would be published on GFXC website.

FX Global Code survey

Ms Christodoulou informed the committee that the GFXC FX Global Code Survey would be launched on 25 September. The survey was designed to gauge baseline awareness and adoption of the FX Global Code. It would be distributed to a diverse set of market participants from different centres represented on the GFXC, and a public mechanism would also be created on the GFXC website to allow market participants without direct links to the GFXC to express an interest in participating.

Preparation for the 14 November GFXC meeting

An additional meeting of the FXJSC is scheduled to take place on Friday 10 November to prepare for the GFXC meeting being held on Tuesday 14 November.

6. **Market Developments**

Tetsuro Kono (Bank of Tokyo-Mitsubishi UFJ) provided attendees with an update on market developments in Japan. The presentation included an overview of 'Abenomics', a review of the current political climate and the potential impacts on Japan's economy, and an update on Japanese yen volatility.

7. **Updates from sub-committees**

Operations Sub-Committee

Isabelle Dennigan (RBC and Chair of Operations Sub-committee) provided an overview of the Operations Sub-committee's work. The Operations Sub-Committee met on 12 September and agenda items included a presentation on distributed ledger technology, and a discussion on the RTGS extended settlement day.

Legal Sub-Committee

Dan Parker (Goldman Sachs and Chair of Legal Sub-committee) provided an overview of the Legal Sub-committee's work. The Legal Sub-committee met on 18 September and discussed MiFID II and the FX Global Code implementation (including a discussion of common challenges regarding institutions signing the FX Global Code's Statement of Commitment). Edwin Schooling-Latter (FCA) also attended as a guest speaker to discuss conduct risk in FX markets.

The Legal Sub-committee are also reviewing the FXJSC competition guidelines.

8. **Any other business**

James O'Connor (Bank of England) shared a summary of the April 2017 FXJSC Turnover Survey results.¹ The average daily reported UK foreign exchange turnover was \$2,440 billion per day in April 2017, 12% higher than October 2016, and 10% higher than a year earlier. This is the highest turnover since the record high in October 2014.

The Chair informed attendees that Rebecca Jackson (Bank of England) has

¹ <http://www.bankofengland.co.uk/markets/Pages/forex/fxjsc/default.aspx>

stepped down from the committee due to a change in role. The Chair thanked Rebecca Jackson for her contributions to the FXJSC.

9. **The next meeting of the FXJSC will be held on 10 November 2017.**