

**BANK OF ENGLAND
UK MONEY MARKETS CODE SUB-COMMITTEE**

Held on 27th June 2017

at Legal & General Investment Management, 1 Coleman Street, London EC2.

MINUTES

External Attendees

Michelle Price	ACT
Mick Chadwick	Aviva Investors
Alessandro Cozzani	BAML
Andy Green	C. Hoare & Co
John Goldsmith	DMO
Wladimir Kraus*	FCA (<i>Observer</i>)
Ned Taylor	HSBC
Clementine Bowyer*	TPICAP
Martin Curran*	IMMFA
Andy Dyson	ISLA
Paul Wilson	JP Morgan (<i>Co-Chair</i>)
Paul Elkins	LCH Clearnet
Jennifer Gillespie	LGIM (<i>Co-Chair</i>)
Jamie Smith	Lloyds Bank
Terry Barton	Nationwide
Mark Thomasson	RBS
Gordon Lowson	Standard Life

*Alternate

Bank of England

Jon Pyzer
Iain Ramsay

1. Update on UK Money Markets Code Events and Publicity

- 1.1. Jennifer Gillespie had an article in CityAM published the day after the publication of the Code. In recent weeks, the Association of Foreign Banks, the ACT, the Building Societies Association, the Investment Association, ISLA and the BBA had provided opportunities for the Bank and members of this Committee to give presentations on the Code. The support of the Bank at such events had been appreciated, and the Bank made clear their intention to continue to provide support for similar events going forward. Future events were planned with the Asset and Liabilities Management Association and with the Local Government sector.

2. Feedback on reception of the Code

- 2.1. It was agreed widely that the Code documented recognised best practise, which is in many cases covered by either firms' existing internal policies. As such, Committee members noted no significant hurdles that had arisen during the process of internal review of the Code. Members noted that there had been no significant negative feedback from clients or counterparties in relation to the Code. Members did note, however, that some queries had arisen around geographical coverage of the Code. For example, firms based outside the UK had queried when the Code would apply to their trading activities. Members agreed that it would be of particular importance for there to be full awareness around the breadth of market participants whose activities are covered by the Code. So far, ISLA and the BSA had made statements supporting and endorsing the Code and it was hoped other trade associations would follow.

3. Best practise for demonstrating commitment to the Code

- 3.1. Members briefly discussed the different approaches to demonstrating commitment, which included sign off by heads of desks or individual trading units prior to final signing of the statement of commitment by a more senior member of staff. For international banks, it was common that the individual with overall responsibility for the UK would sign. Whilst there was no single model amongst firms represented around the table, members agreed that, broadly speaking, an in-depth review followed by regular (e.g. annual) review of adherence was a suitable approach.
- 3.2. Members discussed the possible circulation of signed statements, or publicity around firms' commitments. However, some noted that any such publicised approach could result in a de facto 'register' of signatories. It was agreed that a survey of a wide range of market participants, possibly facilitated by industry associations, could provide a helpful opportunity for the extent of commitment to the Code to be evidenced. The Bank suggested that a common set of questions could help in analysing the results, and agreed to provide a set of survey questions. The sub-committee agreed that the survey should be sent over the late summer for discussion by the sub-committee in Q4 2017. **ACT:** Bank to draft survey questions, and to arrange a sub-committee meeting to discuss results in Q4 2017.

4. Education, training and adoption

- 4.1 Jon Pyzer had been in contact with the ACI, who were working on covering the Code in their dealing certificate training. Members discussed other well-known qualifications in which the Code could feature. Those included the Investment Management Certificate, and the relevant Chartered Banker Institute

qualifications. ISLA and the ACT confirmed that they will update their qualifications material to incorporate the Code. The Bank would consider whether the slide pack that had been used in recent presentations could be made available to those running training programmes, as members felt this helpfully encapsulated the key points that should be covered in training.

5. Governance approach to changes to the Code

- 5.1 In making changes to the text of the Code, members felt that a balance should be struck between making material and relevant changes to the text, versus the challenge of version control and not excessively updating the text of the Code. The Committee agreed that an annual review should take place, examining comments received by the Bank or members themselves throughout the year. Updated versions of the Code should be publicised alongside a notification to inform market participants whether or not the changes in the new version were substantive. It would be for each market participant to determine whether and when they should re-confirm their commitment to the Code, although an annual review would seem likely to evolve as best practice, subject to proportionality.

6. Reporting to the Money Markets Committee (MMC)

- 6.1 It was agreed that reported instances of egregious or material non-adherence to the Code should be passed on to the MMC. Whilst it was agreed that 'naming and shaming' of individual market participants would not be appropriate, it was agreed that, in such a case, some form of public response from one of the committees, clarifying the appropriate approach to such practice, could be warranted.

7. AOB

- 7.1 The Co-chairs would not be able to attend MMC on 4 July, and so Gordon Lawson kindly offered to update the sub-committee. Members were invited to comment on the minutes of the previous meeting by written procedure.