

# Minutes

## FOREIGN EXCHANGE JOINT STANDING COMMITTEE OPERATIONS SUB-COMMITTEE

23 April 2018

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Location: Prudential Regulation Authority, Moorgate Office, EC2R 6DA

Attendees: **Association of Foreign Banks:** Callum Middleton (Alternate)  
**Barclays:** Syed Ali (Alternate)  
**BNY Mellon:** Jon Goddard  
**Citigroup:** Daniel Horgan  
**CLS:** John Hagon  
**Deutsche Bank:** Adam Jukes  
**Financial Conduct Authority:** Babatunde Carew  
**GFMA:** Andrew Harvey (Guest Speaker)  
**Goldman Sachs:** John Blythe (Deputy Chair)  
**HSBC:** James Kaye  
**Insight Investment:** Gavin Platman  
**MUFG Bank:** David Goodyear (Alternate)  
**Nomura:** Ben Miall  
**RBC:** Isabelle Dennigan (Chair)  
**Societe Generale:** Will Deighton (Deputy Chair)  
**UBS:** Colin Parry  
**UK Finance:** Andrew Rogan  
**XTX Markets:** Mike Irwin  
**Bank of England:** James Manchester (Secretariat), Tom Lynch (Secretariat), Charlotte Pope-Williams (Legal Secretariat)

Apologies: **Association of Foreign Banks :** Bruk Woldegabreil  
**Bank of England;** Jonathan Grant, Jennifer Ashton  
**Barclays:** Duncan Lord  
**JP Morgan Chase:** Phil Glackin  
**MUFG Bank:** Kerry Peacock  
**Record Currency Management:** Joel Sleight  
**SWIFT:** Joe Halberstadt  
**The Investment Association:** David Broadway

Minute no.	Minute	Action owner and due date
1.	<p><b>Welcome and apologies for absence</b> (<i>Chair – Isabelle Dennigan, RBC</i>)</p> <p>Apologies were received from Bruk Woldegabreil (Association of Foreign Banks), Jonathan Grant and Jennifer Ashton (Bank of England), Duncan Lord (Barclays), Phil Glackin (JP Morgan Chase), Kerry Peacock (MUFG Bank), Joel Sleigh (Record Currency Management), Joe Halberstadt (SWIFT) and David Broadway (The Investment Association).</p> <p>The Chair welcomed Callum Middleton (Association of Foreign Banks), Syed Ali (Barclays), and David Goodyear (MUFG Bank) representing as alternates, and welcomed guest speaker Andrew Harvey from the Global Financial Markets Association.</p> <p>The Chair also introduced Adam Jukes (Deutsche Bank), Babatunde Carew (FCA), James Kaye (HSBC), Ben Miall (Nomura) and Mike Irwin (XTX Markets) as new members to the FXJSC Operations Sub-committee.</p>	
2.	<p><b>Minutes of 26 January 2018 meeting and matters arising</b> (<i>Chair – Isabelle Dennigan, RBC</i>)</p> <p>The minutes of the 26 January 2018 meeting were agreed, and it was noted that the actions from the previous meeting had been completed. There were no matters arising.</p>	
3.	<p><b>Overview of the GFXD</b> (<i>Andrew Harvey, GFMA</i>)</p> <p>Andrew Harvey from the Global Financial Markets Association (GFMA) presented an overview of the Global Foreign Exchange Division (GFXD), and in particular the current and past work of the GFXD Operations Committee. Andrew noted that in 2018 the GFXD Operations Committee is focusing on initiatives to improve trade processing and capital efficiencies, and attendees discussed areas in the FX market where harmonisation of processes and requirements could be beneficial. It was also noted that the GFXD is monitoring technology developments to identify how FinTech could be applied in the future.</p>	
4.	<p><b>Overview of Societe Generale FX Operations</b> (<i>Will Deighton, Societe Generale</i>)</p> <p>Will Deighton (Societe Generale) presented an overview of Societe Generale's corporate and investment banking (CIB) and over-the-counter (OTC) operations from an educational perspective. The presentation outlined Societe Generale's core businesses, the organisational structure of its CIB</p>	

operations across business lines, and its post-trade processing of OTC transactions. Attendees discussed how the structure helped create operational efficiencies and reduce operational and cyber risks. Will also explained Societe Generale's priorities looking ahead, and their work exploring how smart automation within processes could be adopted.

5. **UK's withdrawal from the EU** (*Charlotte Pope-Williams, Bank of England and Colin Parry, UBS*)

Charlotte Pope-Williams (Bank of England) introduced the discussion noting that the UK's withdrawal from the EU is a market sensitive issue, and provided some suggestions about how to structure the discussion with a view to minimising legal risks for the Sub-committee. Charlotte explained that individual operating plans, prices or market practices should not be discussed. Instead members should seek to identify and discuss the external factors generally impacting the Sub-committee members arising from EU withdrawal.

Colin Parry (UBS) presented a paper outlining an initial list of considerations for FX operations in preparation of the UK's withdrawal from the EU. Attendees discussed the list of considerations and agreed a suitable structure for the paper that will form the basis of an extended EU-withdrawal discussion. It was also agreed to hold an Extraordinary FXJSC meeting for the extended EU-withdrawal discussion, and in preparation for this meeting, it was agreed that the discussion paper should be revised to incorporate the suggestions raised.

**ACT Secretariat** – to organise an Extraordinary FXJSC meeting.

**ACT Colin Parry and Secretariat** – to revise discussion paper for the Extraordinary FXJSC meeting.

6. **Education and Outreach**

a. UK Finance update (*Andrew Rogan, UK Finance*)

Andrew Rogan (UK Finance) provided an update on some key political and regulatory developments. In regard to the UK's withdrawal from the EU, it was noted that contract continuity post-EU withdrawal was a particular issue that UK authorities have highlighted. UK Finance and the Association for Financial Markets in Europe (AFME) have published a paper on the potential impact of EU withdrawal on cross-broader financial services contracts, which attendees agreed to have circulated. Secondly, the matter of TARGET2 access after EU withdrawal was also being considered by UK firms.

It was also noted that the recent UK/EU27 agreement of a two-year transitional period – which includes financial services – was seen to be positive, but it was noted that firms should continue to work towards a March 2019 deadline until this is ratified.

**ACT Secretariat** – to circulate the UK Finance / AFME paper on the impacts of EU withdrawal on contract continuity.

b. Regulatory update (*Babatunde Carew, FCA*)

Babatunde Carew (FCA) provided a regulatory update and noted that the European Securities and Markets Authority (ESMA) had recently agreed measures on the provision of contracts for difference and binary options to retail investors. The FCA released a statement to inform the market of ESMA's announcement and support, and expect to consult domestically before applying these measures.

c. CLS update (*John Hagon, CLS*)

John Hagon (CLS) provided an update on CLS initiatives. John outlined expected participation and progress of its standard automated bilateral netting CLSNet service due to go live in Q2 2018, the same-day gross payment-versus-payment settlement CLSNow service which is targeted to launch in Q4 2018, and its CCP service.

d. Association of Foreign Banks update (*Callum Middleton, AFB*)

Callum Middleton (AFB) provided an update on some of the topics recently discussed at the AFB Operations Sub-committee including: the General Data Protection Regulation (GDPR), the Second Payment Services Directive (PSD2) and cyber resilience in the industry.

e. ECB OMG update (*Will Deighton, Societe Generale*)

Will Deighton provided an update on the ECB Operations Managers Group (OMG). It was noted that the ECB OMG had recently discussed the implementation of MiFID II, a joint ECB/BoJ initiative exploring the possibilities offered by the application of Distributed Ledger Technology to payment services, and the legal implications of 'smart contracts'.

Will noted that he no longer attends the ECB OMG meetings. It was agreed that until there is an overlap of members between the FXJSC Operations Sub-committee and the ECB OMG, members can access the summary of discussion of the ECB OMG meetings on the ECB website<sup>1</sup>.

7. **Any other business** (*Chair – Isabelle Dennigan, RBC*)

None discussed.

**The next regular meeting of the FXJSC Operations Sub-committee is scheduled to be held on 6 September 2018.**

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<sup>1</sup> [www.ecb.europa.eu/paym/groups/omg/html/index.en.html](http://www.ecb.europa.eu/paym/groups/omg/html/index.en.html)