

Minutes

Foreign Exchange Joint Standing Committee Legal Sub-Committee

24 April 2018

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

Attendees: **Bank of America Merrill Lynch:** Jateen Shah
Bank of England: Jonathan Grant (Secretary), Charlotte Pope-Williams, Tim Scott (Guest speaker)
Barclays: Nasia Pachitipallikaropoulou
Deutsche Bank: Simon Goldsworthy
Financial Conduct Authority (FCA): David Harris,
FSMB: Gerry Harvey, James Kemp (Guest speakers)
Goldman Sachs: Dan Parker (Chair)
HSBC: Harkamal Singh Atwal
LCH: Diane Bouwmeester
Morgan Stanley: Nimisha Kanabar
RBS/Natwest Markets: Baljit Saini
Standard Chartered: Rakesh Shah
TP ICAP: Simon Helm
XTX Markets: Sunil Samani

Dialled in: **Citigroup:** Sharon Blackman
UBS: Richard Lamb

Apologies: **Bank of England:** Jan Lasik
Bank of New York Mellon: Jacqueline Joyston-Bechal
CLS: Gaynor Wood
JP Morgan: Tamsin Rolls

Minute no.**Minute****1. Introduction and Minutes**

The minutes of the 25 January 2018 meeting were approved subject to the correction of a minor typographical error identified by David Harris, FCA.

Diane Bouwmeester, LCH and Nimisha Kanabar, Morgan Stanley were welcomed as new members of the committee.

2. FICC Markets Standards Board (“FMSB”) (Gerry Harvey, CEO, FMSB)

Mr Harvey explained the genesis and structure of the FMSB. The FMSB is the private sector response to the misconduct in the Fixed Income, Currency and Commodities (**FICC**) markets that came to light after the financial crisis. Mr Harvey explained that the FMSB’s aim was to help raise standards of conduct in global wholesale markets and aims to restore and support market discipline. He noted that the FMSB was established shortly after the Fair and Effective Markets Review (**FEMR**) in 2015 which had been launched by the Chancellor of the Exchequer and the Bank of England in June 2014. FEMR sought to reinforce confidence in the FICC markets after various incidents of misconduct. Mr Harvey highlighted that several FMSB members were involved with FEMR.

Mr Harvey noted that the FMSB’s membership is such that it enables a diverse range of market participants to come around the table to discuss the wholesale market. He also noted that the FMSB draws its independence, legitimacy and authority from its unique structure and membership.

Mr Harvey gave a short summary of the work that the FMSB is currently undertaking. This includes work on reference pricing, suspicious transaction reporting and government bond issuance.

Mr Harvey commented on the FMSB’s role in the wider financial services sector noting that the FMSB is not a regulator and neither is the FMSB responsible for the professionalization of the FICC markets. Instead the FMSB produces standards and guidelines aimed at the market as a whole, and seeks to avoid duplication with codes such as the Global FX Code wherever possible.

3. Global FX Code – Update on signing Statements of Commitment (Dan Parker, Goldman Sachs)

Mr Parker reminded committee members that signing a Statement of Commitment was a condition of FXJSC membership. It is expected that all members will have issued Statements of Commitment by the end of May 2018. It was noted that some members have chosen to place their Statement of Commitment on several registers such as the CLS and NEX register.

4. EU Withdrawal (Timothy Scott, Bank of England)

Mr Scott explained that the Bank had established an EU withdrawal unit staffed by policy officials and lawyers shortly after the EU referendum. He provided some background to committee members about the legal mechanisms underlying EU withdrawal. He explained that the European Communities Act 1972 (the “**1972 Act**”), which is the mechanism through which EU law becomes law in the UK, will be repealed by the European Union (Withdrawal) Bill (now, following Royal Assent, the European Union (Withdrawal) Act 2018 (the “**Withdrawal Act**”). In essence, law that has already been made under the 1972 Act will be retained by the Withdrawal Act

but the Withdrawal Act will also contain a power for ministers to correct deficiencies arising due to EU withdrawal.

Mr Scott provided some explanation of the Bank's role in relation to EU withdrawal. Part of which will involve the Bank correcting what are known as Binding Technical Standards which arise from approximately 10,000 EU rules which fall within the Bank's remit. The Bank is also giving careful consideration to matters such as authorisation and contractual continuity. He also explained that HM Treasury are undertaking a similar correction exercise to the Bank in relation to primary legislation.

5. **Any Other Business**

None

6. **Next Meeting**

The Secretary stated that the next meeting of the FXJSC Legal Sub-Committee would be held on Tuesday 4 September 2018.