

Minutes

Foreign Exchange Joint Standing Committee Legal Sub-Committee

18 June 2019

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

Attendees: **Bank of England:** Jonathan Grant (Secretary), Ajneet Jassey, Paul Avanzato, Radhika Sood
Bank of England: Grigoria Christodoulou, Tom Horn (Guest Speakers)
Citigroup: Sharon Blackman
Financial Conduct Authority (FCA): David Harris
Goldman Sachs: Dan Parker (Chair)
HSBC: Harkamal Singh Atwal
LCH: Diane Bouwmeester
Standard Chartered: Rakesh Shah
XTX Markets: Sunil Samani

Dialled in: **Bank of America Merrill Lynch:** Jateen Shah
Barclays: Nasia Pachiti Pallikaropoulou
JP Morgan: Tamsin Rolls
RBS/Natwest Markets: David Cole

Apologies: **CLS:** Gaynor Wood
Deutsche Bank: Simon Goldsworthy
Morgan Stanley: Nimisha Kanabar
RBS/Natwest Markets: Baljit Saini
TP ICAP: Simon Helm
UBS: Richard Lamb

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1. Introduction and Minutes

The minutes of the 3 December 2018 meeting were approved.

2. Global FX Committee (GFXC) Meeting Report

Grigoria Christodoulou of the GFXC Secretariat reported on the recent GFXC Meeting, held on 22 and 23 May in Tokyo, Japan. On the first day of the meeting Guy DeBelle, Deputy Governor of the Reserve Bank of Australia was nominated and appointed as Chair for a two-year term, succeeding outgoing GFXC Chair, Simon Potter of the Federal Reserve Bank of New York. In addition, the GFXC welcomed the Moscow FX Joint Standing Committee as a full member. The meeting then received updates from the four working groups it had established to consider specific issues regarding: (i) the use of “cover and deal” in the global FX market; (ii) the role that disclosures can play in establishing clarity around trading practices between market participants; (iii) “buy-side outreach” to further buy-side adoption of the FX Global Code; and (iv) “embedding the Code” in the global FX market.

It was reported that the GFXC also agreed to begin planning for a three-year review of the FX Global Code. The GFXC will solicit feedback from a wide range of market participants in preparation for the review.

On the second day, the GFXC received reports from its members about FX industry developments within their jurisdiction. The GFXC also discussed recent flash events in FX markets, their implications and lessons learned.

3. **LIBOR and RFR Transition**

Tom Horn, of the Bank's risk-free rate transition team, gave an update on the global transition from IBORs to risk-free rates, the work of the Sterling Risk-Free Rates Working Group (RFRWG), and the relevance to the global FX market. Initiatives to strengthen IBORs and develop alternative risk-free rates were relevant to instruments such as cross-currency interest rate swaps and overnight indexed swaps. Such initiatives include i) the reform agenda set out by the Financial Stability Board in its 2014 report resulting in the availability of more robust risk-free rates as alternatives to IBORs; ii) increased usage of SONIA following work done by the RFRWG; and iii) recent activities and communications aimed at promoting awareness of new risk-free rates by the Bank and the FCA and seeking the engagement of market participants.

4. **Any Other Business**

The Secretary invited members to propose agenda items for future meetings of the FXJSC Legal Sub-Committee.

The next meeting will be on 10th September 2019