BANK OF ENGLAND

# UK Money Markets Code Sub-Committee

## Minutes

16 May 2019

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Location: Bank of England, 20 Moorgate, London, EC2R 6DA

Attendees: **Aberdeen Standard Investments:** Gordon Lowson (Chair) (dialled in)
**ACT:** Michelle Price
**Aviva Investors:** Mick Chadwick
**Blackrock:** Tim Mcleod
**DMO (Observer):** Jessica Pulay
**FCA (Observer):** Paul Johnson
**GLA:** Luke Webster
**Hoare & Co:** Andy Green
**HSBC:** Glenn Handley
**ICAP:** Phil Chilvers
**IMMFA:** Jane Lowe
**ISLA:** Andy Dyson
**LCH:** Elissa Holme
**Lloyds:** Jamie Smith
**MTS Markets:** Oliver Clark
**Nationwide:** Terry Barton
**NatWest Markets:** Mark Thomasson
**Tradeweb:** Jennifer Kesser

**ACI:** Ashley Daffin, Darryl Hooker (attended for Items 1&2 only)

**Bank of England:** Jon Pyzer (Senior Adviser), Rebecca Maher, Tom Jennings (Secretary)

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**Item 1. Introductory remarks**

1. The Chair confirmed the minutes of February's meeting has been published on the Bank's website.

**Item 2. Presentation from the ACI on UK Money Markets Code Education Platform**

2. The ACI delivered a short presentation on their online education platform; one aspect of the platform is that it can provide training on industry codes, including the UK Money Markets Code. The presentation focussed on feedback on both Codes, garnered from users of the education platform. In particular:

    - Signatories to the Code noted on the whole that they now have processes in place to ensure continued adherence to the Code, once they have signed up to it. Methods to ensure this include provision of ongoing training to staff, as well as periodic reviews from Legal or Compliance departments.

    - Buy side take up is limited, with a variety of reasons cited by the small set of platform users that responded.

    - At this stage, Code compliance does not tend to factor significantly into client/counterparty selection amongst the buy-side/corporate sector.

**Item 3. Sub-Committee discussion on ACI presentation**

3. There was a general discussion amongst members following the presentation, regarding education for the market on the Code more broadly.

    - No members of the Sub-Committee were aware of any other education providers for the UK Money Market Code, nor for the FX Global Code.

    - It was noted that there was a need to understand further what the accountancy firms were doing in regards to the Code (if anything), i.e. whether any Code consultancy/training services were being offered.

    - Making better use of FCA data was suggested as a possible route to discovering more about the implementation of the Code. The FCA agreed to explore this option further.

**Item 4. Buy-side/Corporate Code sign-up**

4. Noting the relative weakness in sign-up amongst the buy-side and corporate sector, members of the Sub-Committee discussed what further action could be taken to encourage and promote wider buy-side sign up of the Code.

    - Noting what was fed back in the ACI presentation, several members also commented that they had heard similar reasons for lack of corporate sign up anecdotally, in particular the misconception that very little corporate activity falls within the remit of the Code. Members generally felt that the "proportionality" aspect of the Statement of Commitment should be stressed further in response and in any future communications regarding the Code.

    - The accountancy firms were again highlighted as a potential avenue to explore, as they may be able to help corporates with checking their existing adherence, and identifying any changes to business practice that should be made.

    - Some members also commented that communications from seniors at the Bank had gained traction previously, and would likely do so again. It was noted that the Bank's Head of Sterling Markets Division was due to speak at the ACT's annual conference, and would likely encourage corporate sign up.

    - For the one corporate that has already signed up to the Code, the steps taken to facilitate their sign up were covered. These included gap analysis of the Code, implementation of required changes to business practices, followed by a detailed paper to the Board for sign off.

    - The Sub-Committee reaffirmed its belief in the importance of corporates adhering to the Code given they constitute a significant part of the market, and clearly it is preferable for *both* sides of any transaction to carried out by firms which are Code compliant.

**Item 5. One page summary document on the Code**

5. Members of the Sub-Committee discussed the proposed one-page summary document on the Code. The purpose of this document is to briefly and succinctly describe what the Code is, why firms should sign up to it, and how to do so. This is an idea that was floated by members at the

previous meeting.

- Members of the Sub-Committee were strongly in favour of creating this document, and on balance believed that several (slightly different) versions should be created, tailored towards corporates, asset managers and potentially local authorities.

- The ACT volunteered to lead on drafting the document; support was also offered by LCH.

- With regards to timing, the consensus view among members was that these documents would have greatest impact if they were published *after* FCA recognition of the Code has been secured. The FCA confirmed their internal governance was still in train, but should complete in the next couple of months.

- With regards to publicity, members recommended going through Trade Associations as has previously been done. Members also highlighted there is a role for banks in publicising to their counterparties/clients. Any publicity for the Code in the financial press would also be very desirable.

**Item 6. Review of the Code**

6. Noting that the Sub-Committee (and indeed the MMC) is committed to updating the Code every three years, members discussed a review of the Code, in light of the fact that an updated Code is due to be published in April 2020.

    - The key consideration for the Sub-Committee centred on timings: in particular should the timings of the review be aligned with, or independent of, the review of the FX Global Code although aligning timings would likely lead to the Code's review being pushed back.

    - On balance, the Sub-Committee felt that if members agreed that no *substantive* changes were required to be made to the Code, then it would be preferable to complete the review in line with already agreed public timings, i.e. by April 2020. The reasons for this were that the Sub-Committee felt it important to fulfil its commitments, especially given this was made to the FCA as part of the Code's application for recognition.

    - To ensure all members a heard, the Secretariat agreed to facilitate sounding members whether any substantive changes are required to be made.

    - The Sub-Committee will seek consent for this approach from the MMC in June.

**Item 7. AOB**

7. It was noted that 200 firms now appear on the public register, around double the amount listed when the register launched last September, and this was felt to be good progress.

8. The next meeting will be in October.