

Minutes

Foreign Exchange Joint Standing Committee Extraordinary Meeting

20 March 2020

Location: Teleconference

Committee **Dan Parker (Chair, Legal Sub-committee)** – *Goldman Sachs*

Attendees: **Frances Hinden** – *Shell*

Galina Dimitrova – *The Investment Association*

Giles Page – *Citigroup*

Helen Boyd – *Financial Conduct Authority [Alternate]*

Isabelle Dennigan (Chair, Operations Sub-committee) – *RBC*

James Kemp – *FICC Markets Standards Board*

Kayhan Mirza – *Goldman Sachs*

Kevin Kimmel – *Citadel Securities*

Marc Bayle de Jesse – *CLS*

Marcus Browning – *Rokos Capital*

Neill Penney – *Refinitiv*

Robbie Boukhoufane – *Schroders*

Rohan Churm (Chair) – *Bank of England*

Russell Lascala – *Deutsche Bank*

Sian Hurrell – *RBC*

Simon Manwaring – *Natwest Markets*

Stephen Jefferies – *JP Morgan*

Zar Amrolia – *XTX Markets*

FXJSC **David Edmunds** – *Bank of England*

Secretariat: **Grigoria Christodoulou** – *Bank of England*

James O'Connor – *Bank of England*

Lauren Hustwitt – *Bank of England*

Paul Avanzato (Legal Secretariat) – *Bank of England*

Apologies: **Alan Barnes** – *Financial Conduct Authority*

Andrew Hauser – *Bank of England*

David Clark – *European Venues and Intermediaries Association*

Richard Bibbey – *HSBC*

Richard Purssell – *Insight Investment*

Sarah Boyce – *Association of Corporate Treasurers*

Wang Yan – *Bank of China*

On 20 March 2020, the London Foreign Exchange Joint Standing Committee (FXJSC) held an extraordinary meeting (via conference call) to discuss FX market conditions, functioning, and operational readiness in light of the developments in global financial markets resulting from the outbreak of Covid-19. The meeting was conducted in accordance with the FXJSC's Terms of Reference and Competition Guidelines.

1. FX Market Functioning

- Members noted that FX market conditions had deteriorated since early March in response to Covid-19 developments, with increased volatility and a widening of spreads observed in all markets, particularly in lesser traded currency pairs and FX swaps.
- Volumes traded on platforms were elevated but appeared to be orderly with no notable issues. There had been an increase in ticket volumes, as well as the cost of transacting in some FX forwards.
- Members noted that conditions had improved since the announcement on 15-16 March by the major central banks of enhancements to the provision of liquidity via the standing US dollar liquidity swap line arrangements, offering new US dollar repo operations with an 84-day maturity at a weekly frequency, and lowering the price of all swapline-funded facilities.¹

2. Operational Readiness

- Members confirmed that the majority of their operations were working from home or split across main and contingency sites. There was a heightened focus on operational risk due to the percentage of staff now working from home, plus longer hours and intensity to meet deadlines. With the location changes of staff since the outbreak of Covid-19 in the UK, it was noted that this had not had a material impact on market liquidity.
- Members welcomed the announcement from the Bank and PRA² on a number of measures aimed at alleviating operational burdens on PRA-regulated firms and Bank-regulated financial markets infrastructures (FMIs) in the wake of the Covid-19 outbreak.

3. Global Foreign Exchange Committee (GFXC) Update

- The GFXC had agreed to cancel the physical meeting in Zurich in June, and would instead hold a conference call. All GFXC work related to the 3-year review of the FX Global Code had been suspended, and Akira Hoshino would now remain as GFXC vice-Chair until the end of the year.

¹ The Bank of England's Market Notice is available at: <https://www.bankofengland.co.uk/markets/market-notice/2020/enhancements-to-the-provision-of-us-dollar-repo-operations-march-2020>

² Market Notice: <https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-covid-19>