

Minutes

FOREIGN EXCHANGE JOINT STANDING COMMITTEE OPERATIONS SUB-COMMITTEE

13 May 2020

Time: 14:00 – 15:15

Location: Teleconference

Attendees: **Adam Jukes** – *Deutsche Bank*
Andrew Rogan – *UK Finance*
Babatunde Carew – *FCA*
Daniel Horgan – *Citigroup*
David Broadway – *The Investment Association*
Gavin Platman (Deputy Chair) – *Insight Investment*
Isabelle Dennigan (Chair) – *RBC*
James Kaye – *HSBC*
Jason Flynn – *JP Morgan*
Joe Halberstadt – *SWIFT*
John Blythe (Deputy Chair) – *Goldman Sachs*
John Hagon – *CLS*
Jon Goddard – *BNY Mellon*
Kerry Peacock – *MUFG Bank*
Mike Irwin – *XTX Markets*
Sharon Chapman – *Barclays*
Steve Forrest – *UBS*
Terri Van Praagh – *Northern Trust*

FXJSC Secretariat: **David Edmunds** – *Bank of England*
Devin Bennie – *Bank of England*
Lauren Hustwitt – *Bank of England*
Matt Dukelow – *Bank of England*
Paul Avanzato (Legal Secretariat) – *Bank of England*

Minute no.	Minute	Action owner and due date
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1. **Welcome and apologies for absence**
 Isabelle Dennigan (Chair, RBC) welcomed members to the FXJSC Operations Sub-committee meeting held via conference call.

2. **Minutes of previous meeting and matters arising**
 The minutes of the 13 February, and extraordinary teleconference meeting on 27 March were agreed. There were no matters arising.

Market Conditions: Covid- 19

Members noted that FX market conditions had started to return to normal levels since the high volumes observed in March. The Committee discussed some of the challenges dealing with the increase in volumes, for example, reliance on the same operational staff dealing with the increased number of trades, staff transitioning to working from home and greater reliance on operational systems. Some members confirmed they were able to transfer work between their global locations to deal with this increase.

From an operational perspective, members discussed some of the logistical challenges with having to move staff to working from home in a short period. Organisations had to quickly adapt, finding new methods of collaborating and communicating as well as ensuring that needs for equipment were met. Some members noted that working from home had been a challenge, ensuring all staff were properly equipped in order to work effectively, however after a few weeks of adjusting, staff members and the organisation had become more used to working from home and meeting critical business needs.

Members noted that staff and operations have largely adjusted to the new ways of working and had now started to resurrect work previously deprioritised. Members also discussed the continued focus on staff wellbeing.

3. **Operational Normalisation: Isolation Exit Strategy**
 Members discussed preparations for staff returning to the office, particularly in the short term, and how the office is likely to change. Examples included: phased approach in staff returning to the office; introducing shift patterns; flexibility for staff to continue to work from home; and specialist office cleaning and changes to office etiquette which may require staff training. Members also discussed the potential impact on staff collaboration and productivity during this period of return.

4. **Post Covid-19: Changes to Business As Usual (BAU) working**
 Members discussed how Covid-19 has accelerated the move towards more digital and collaborative ways of working, as large proportions of the workforce have had to quickly adapt to working from home. Members observed that while there are some business areas that work more effectively in the office, a large proportion of the workforce are able to effectively work from home. There has also been a shift towards finding digital solutions to streamline existing processes as people are unable to meet face-to-face, one example of this was the use of digital signatures.

Members also discussed the impact on operational resilience and business continuity, as well as the increasing reliance on technology. Members noted

concerns regarding the increase in phishing and cyber-attacks and to ensure staff continue to remain vigilant.

5. **Industry Update – updates provided by written procedure**

i. **CLS update**

Due to the Covid-19 outbreak driving market volatility, CLS had seen larger volumes and values, however by April these began to normalise. Mr Hagon provided an update on CLS's various service offerings.

ii. **SWIFT update**

Joe Halberstadt (SWIFT) provided the committee an update on SWIFT's reprioritisation following the Covid-19 outbreak. SWIFT has decided to prioritise for 22 November 2020 only the MT Category 5 (Securities Markets) messages; all other changes that were originally planned for 2020 will be postponed till November 2021. It was also noted SWIFT have published their new approach to ISO20022 adoption¹.

6. **FCA Regulatory Update – update provided by written procedure**

The FCA noted that it was responding to the financial implications of coronavirus to ensure customers are protected and markets continue to function well, continuing to work closely with the Government, Bank of England and Payment Systems Regulator. It was noted that the FCA have dedicated teams set up to focus on the FCA response, overseen by an executive committee².

7. **Education & Outreach – updates provided by written procedure**

i. **The Investment Association (IA) update**

David Broadway (The Investment Association) provided an update on the Investment Association's response to Covid-19. Mr Broadway noted the formation of a 'Covid-19 Group' to consider issues and manage proactive communications with members and on behalf of the industry. It was noted that due to the Covid-19 outbreak, the implementation of the reject codes initiative and discussions regarding custodian timestamps have been delayed.

ii. **ECB OMG update**

Steve Forrest (UBS) provided an update from the European Central Bank (ECB) Operations Managers Group (OMG). Mr Forrest noted that the ECB OMG convened a meeting on 25 March inviting members to give feedback on the impact of Covid-19 in their respective institutions. Common themes included: infrastructure issues; staff mobility including split site working /working from home; telephony issues; electronic signatures; and staff morale. Overall members had observed that the crisis has boosted modifications and improvements to their business continuity processes.

8. **Any other business:**

Andrew Rogan (UK Finance) updated members on the contingency planning for changes to settlement arrangements that the Bank of England and UK Finance had undertaken. Working across a legal working group and an operations working group, the sector has worked to resolve a wide range of operational and legal challenges that could arise should the Cross Markets Business Continuity Group invoke either the Voluntary Suspension of Sterling Payments protocol (VSSP) or choose to shorten the settlement day. Ms

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Secretariat:

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Secretariat to

circulate VSSP

¹ <https://www.swift.com/standards/iso-20022-programme/timeline>

² <https://www.fca.org.uk/firms/information-firms-coronavirus-covid-19-response>

Dennigan noted that she will represent the FXJSC Operations Sub-committee materials to and welcomed member's feedback. members.

Jon Goddard (Bank of New York Mellon) informed members on the update to the FX Settlement Crisis Management Playbook ("the Playbook") and welcomed feedback from members. The Playbook is due to be completed by the next FXJSC Operations Sub-committee meeting.

The next meeting of the FXJSC Operations Sub-committee is scheduled to be held on 3 September 2020.