

Minutes

Foreign Exchange Joint Standing Committee Operations Sub-committee Extraordinary Meeting

27 March 2020

Location: Teleconference

Committee **Adam Jukes** – *Deutsche Bank*

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

Andrew Rogan – *UK Finance*

Babatunde Carew – *Financial Conduct Authority*

Daniel Horgan – *Citigroup*

David Broadway – *The Investment Association*

Gavin Platman – *Insight Investment*

Isabelle Dennigan (Chair) – *RBC*

James Kaye – *HSBC*

Jason Flynn – *J P Morgan*

Joe Halberstadt – *SWIFT*

John Blythe – *Goldman Sachs*

John Hagon – *CLS*

Jon Goddard – *Bank of New York Mellon*

Kerry Peacock – *MUFG Bank*

Mike Irwin – *XTX Markets*

Sharon Chapman – *Barclays*

Steve Forrest – *UBS*

Terri van Praagh – *Northern Trust*

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

Secretariat: **Devin Bennie** – *Bank of England*

Emma Fitzgibbons (Legal Representative) – *Bank of England*

Thomas Lynch – *Bank of England*

Apologies: **Matt Dukelow** – *Bank of England*

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

On 27 March 2020, the London Foreign Exchange Joint Standing Operations Sub-committee held an extraordinary meeting (via conference call) to discuss operational readiness and FX market conditions 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 Operations Sub-committee's Terms of Reference and Competition Guidelines. This was the first extraordinary meeting of the FXJSC Operations Sub-committee since the outbreak of Covid-19.

1. Global Foreign Exchange Committee (GFXC) Update

- The Chair noted that the GFXC had agreed to cancel the Zurich meeting in June and would instead hold a conference call. All GFXC work related to the 3-year review of the FX Global Code had also been suspended. In the meantime, Akira Hoshino will remain as GFXC vice-Chair until the end of the year. GFXC Secretariat plan to send an email summarising the status of all GFXC work streams before being paused.
- The Chair drew attention to the GFXC statement¹ that had been published on March 26 encouraging market participants to take appropriate steps to reduce the potential impact of volatility on market functioning.

2. Covid-19 Operational Readiness

i. Working arrangements

Members noted the majority of their operations were working remotely or split across main and contingency sites. The transition had been easier for firms where flexible working was standard practice. In some cases staff did not have appropriate equipment at home which was resolved through redeployment of devices from the office to home or assisting staff to source equipment to support their working from home needs. Members discussed how communication had been essential in the work-to-home transition.

ii. Operational impact

Members discussed the potential impact of remote working on staff productivity levels in the long run. It was suggested that the impact of working from home for long periods of time could be significant.

iii. Public infrastructure

Some members had experienced issues with internet bandwidth during peak times. It was suggested that this may have resulted from increased usage and the concentration of internet provision in the market.

3. FX Market Observations

- Members noted that FX market conditions had deteriorated since the Covid-19 outbreak, with increased volatility and a widening of spreads observed in all markets. Volumes traded on platforms were elevated but appeared to be orderly with no notable issues.
- Some of the challenges noted by members included the capacity of some brokers, the ability to get nets agreed prior to value dates, and some issues with reconciliation and settlement breaks potentially leading to erroneous margin calls.

¹ <https://www.globalfxc.org/press/p200326.htm>