



BANK OF ENGLAND

UK Money Markets Code Sub-Committee

Minutes

25 February 2020

Location: Bank of England, Moorgate Offices

Attendees: **Aberdeen Standard Investments:** Gordon Lawson (Chair)

ACT: James Winterton

Aviva Investors: Mick Chadwick

Blackrock: Tim McLeod

BNY Mellon: Ina Budh-Raja

DMO (Observer): Jessica Pulay

FCA (Observer): Wladimir Kraus

Guildford Borough Council: Vicky Worsfold

Hoare & Co: Andy Green

HSBC: Glenn Handley and Ned Taylor

ICAP: Philip Chilvers

IMMFA: Veronica Iommi

ISLA: Andy Dyson

LCH: Elissa Holme

MTS Markets: Oliver Clark

Nationwide: Terry Barton

Natwest: Claire Negus

Tradeweb (Observer): Jennifer Keser

Bank of England: Rhys Phillips, Jon Pyzer (Senior Adviser), Rebecca Maher, Tom Jennings, Helena Patterson (Secretary)

Apologies: **BofA:** Alessandro Cozzani

DMO: Jo Whelan

FCA: Paul Johnson

IMMFA: Martin Curran

Lloyds: Jamie Smith

Natwest Bank: Mark Thomasson

Newcastle Building Society: Nic Erevik

Item 1. Introductory remarks

1. The Chair welcomed everyone to the Bank again so soon after the last meeting and confirmed that the minutes from the previous meeting had been circulated. There were no comments on the minutes from the Committee and the Chair noted that these would shortly be published on the Bank's external website.

Item 2. Follow-up from January's special topic meeting on Diversity and Inclusion

2. The Chair reflected positively on January's special topic meeting and noted that the challenge now is to convert the discussion into action points. The Committee praised the initiative as set-out by the Bank and it was agreed that meetings of this style – where the invite is extended to other colleagues – would continue going forwards. The Bank also encouraged members of the Committee to get in touch with the secretariat regarding the Bank's 'Meeting Varied People'



BANK OF ENGLAND

initiative. Committee members were encouraged to help the Bank increase the diversity of its external committees and market intelligence contacts.

3. The Committee reiterated that the initiative as part of the Code sends a particularly powerful message to the market. It was however noted that the biggest challenge regarding these initiatives would be in relation to compliance issues. The Committee also questioned the case around relaxing compliance regulations when it comes to location. This would allow more people to trade from home and help lessen the 'face time' mentality.

Item 3. Final update from MMC discussion groups

4. The Bank provided a summary of the discussions held at last month's Money Markets Committee meeting. The three discussion groups were:
 - a. Participation and Functioning
 - b. Impacts of Regulatory Reform
 - c. Technology and Innovation
5. Starting with participation and functioning, one of the key themes that came out of the discussion groups was around the constituents of the market. The group noted that a number of market participants such as local authorities, brokers and corporates are not well represented as signatories to the Code. In addition, although there is regulatory oversight, there is no specific reference to CCPs in the Code. Another key theme that emerged was around the promotion of D&I. The group noted in particular that the Code is currently silent on D&I but felt that this should be more actively promoted. The group also questioned how feedback around the Code is given, along with discussing how the Code could promote transparency. The group which focussed on the impacts of regulatory reform also presented on D&I initiatives and transparency, in addition to ESG investing, benchmark reform and collateral accessibility.
6. On technology and innovation the group discussed, as the first theme, electronic trading and changing market practices. They also considered whether new platforms could help enable different access routes to the markets whilst touching on whether technological enhancements in the dealing room can enable more flexible working and thus help improve diversity in front office roles.
7. The Chair turned to the Committee to ask for feedback on the points discussed in January's MMC. The Committee debated whether it was too prescriptive to have rules on ESG in the Code. ESG should form a large part of any investment strategy, but the Committee was undecided on whether the Code is the best place to promote this. The results of the MMC discussion groups highlighted just how much the market has changed in the past three years. It was decided that it is important to fit the new language and themes discussed at MMC into the existing principles within the Code, as opposed to re-writing the Code itself.

Item 4. 3 year review of the Code

8. As part of the upcoming 3 year review of the Code, the Chair and the Bank confirmed that the plan is to form four working groups to meet over the spring/summer this year. Each group would have a focus on one particular chapter of the Code. The groups will carry out the review of each chapter and draft any proposed changes.



BANK OF ENGLAND

9. The Bank and the Chair have reached out to members they believe would fit well to the role as Co-Chairs of each chapter of the Code. The Chair asked for volunteers to contact the secretariat if they would like to be involved in a specific section of the Code. The chapters are:
 - a. Background, key principles, explanatory notes
 - b. Unsecured markets
 - c. Repo markets
 - d. Securities lending markets

Item 5. CIPFA/BoE note to promote local authority sign-up

10. It was noted that Bank had been working with CIPFA and Guildford Borough Council to create and publish a one-page summary document aimed at promoting local authority sign-up. This would be similar to the existing document that was created with ACT and subsequently published on the Bank's and ACT's websites. The BoE/CIPFA document will focus on how the underlying principles of the Code applies to local authorities and how to adhere to these in practice.

Item 6. AOB

11. The Chair noted that he had agreed with the CFA that they can cross-reference the work of the Code in their work.

Addendum – Delay to the start of the review of the UK Money Markets Code

12. Given the ongoing concerns around the Covid-19 situation, on 25 March 2020 the Bank reached out via email to the UK Money Markets Sub-Committee noting that a decision had been made to delay the start of the review of the UK Money Markets Code. The Bank and the Chair felt this decision was appropriate in light of the current working arrangements and agreed that the situation will be reviewed in June 2020. Should the process begin then, it may still be possible to complete the work around the end of 2020 or by the first quarter of 2021 at the latest. The Global FX Committee have also recently agreed to delay the start of their review of the FX Code and will also be reviewing the situation in June. The Bank encouraged members of the Committee to reach out if they have any concerns with the proposed suggestions.