



BANK OF ENGLAND

News release

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Foreign Exchange market review

It is a matter of public record that the Bank of England has been conducting an internal review into allegations that Bank of England officials condoned or were informed of manipulation in the foreign exchange market or the sharing of confidential client information. This extensive review of documents, emails and other records has to date found no evidence that Bank of England staff colluded in any way in manipulating the foreign exchange market or in sharing confidential client information. However, the Bank requires its staff to follow rigorous internal control processes and has today suspended a member of staff, pending investigation by the Bank into compliance with those processes.

The Bank of England does not condone any form of market manipulation in any context whatsoever. The Bank has today re-iterated its guidance to staff regarding management of records and escalation of important information. Those policies have been updated in recent months. In addition, the Oversight Committee of the Bank's Court of Directors will lead an investigation to assess whether Bank officials were:

- (a) either (i) involved in attempted or actual manipulation of the foreign exchange market (including the WMR FX benchmark), or (ii) aware of attempted or actual manipulation of the foreign exchange market, or (iii) aware of the potential for such manipulation or (iv) colluded with market participants in relation to any such manipulation or aware of any such collusion between participants;
- (b) either (i) involved in the sharing of confidential client information or (ii) aware of the sharing of such information between participants for the purposes of transacting business in the foreign exchange market; or
- (c) involved in, or aware of, any other unlawful or improper behaviour or practices in the foreign exchange market.

The Oversight Committee has appointed external legal counsel, Travers Smith LLP, to prepare a report. That report will be published in due course. Travers Smith has hitherto been supporting the Bank in its internal review.

No decision has been taken on disciplinary action against any member of Bank staff. The Bank continues to support the Financial Conduct Authority's investigation into the foreign exchange market. In these circumstances, it would not be appropriate for the Bank to make any further comment on this matter.

Notes to editors:

The internal review was documented in the minutes of the December 2013 meeting of the Bank of England Court of Directors and by Deputy Governor Andrew Bailey at the Treasury Select Committee on 11 February 2014.

The minutes of the December 2013 meeting of the Bank's Court of Directors are available at:
<http://www.bankofengland.co.uk/publications/minutes/Documents/court/court1312.pdf>

A recording of Andrew Bailey's testimony to the Treasury Select Committee on 11 Feb 2014 can be seen here: <http://www.parliamentlive.tv/Main/Player.aspx?meetingId=14878>

The Bank's internal review has to date examined approximately 15,000 emails, 21,000 Bloomberg and Reuters chat room records and more than 40 hours of telephone call recordings.

The Oversight Committee of Court was established by the 2012 Financial Services Act. Its function is to keep under review the Bank's performance, as part of that it may commission reviews, and keep track of the delivery of any recommendations.

The FCA's statement on its investigation into the foreign exchange market of 16 October 2013 can be found here: <http://www.fca.org.uk/news/forex-investigation-statement>

The Bank of England is also today publishing all the meeting records of the Chief Dealers' Subgroup of the Foreign Exchange Joint Standing Committee. These cover all CDSG meetings between the 4 July 2005 and the 18 February 2013 meeting, with the exception of the 23 April 2012 meeting, which has already been published in response to a Freedom of Information Act 2000 request. The FOI Disclosure Log can be found here: <http://www.bankofengland.co.uk/publications/Pages/foi/disclosurelog.aspx>

The Foreign Exchange Joint Standing Committee (FXJSC) was established in 1973 under the auspices of the Bank of England as a forum for banks, brokers, trade bodies and the FCA to discuss broad market issues. The Bank provides the FXJSC's Chairman and Secretary. It also provides secretarial support to the FXJSC and typically hosts one meeting per year.

The Chief Dealers' Subgroup (CDSG) of the FXJSC was established in 2005. The subgroup comprises foreign exchange professionals active in the London foreign exchange market and typically meets 3-4 times per year. Members discuss conjunctural and structural developments in the foreign exchange market. A member of Bank staff has chaired the subgroup since its inception. The Bank also provides administrative support.

The purpose of the CDSG is to brief the FXJSC and other subgroups on topical market issues, to respond to requests from the FXJSC for views on issues relating to activity in the foreign exchange market or its operation, and to liaise with the FXJSC on developments in business continuity.