

# Post-trade Technology Market Practitioner Panel

## Terms of Reference

---

### Background

1. On 20 June 2019, the Governor of the Bank of England (“Bank”), announced a number of actions to implement the recommendations of the Future of Finance Review<sup>1</sup> (“Review”). One of the actions was to convene a Post-Trade Technology Market Practitioner Panel (“Panel”) to explore how market participants can leverage technological improvements to deliver a more efficient and resilient post-trade ecosystem<sup>2</sup>.
2. This is based on the finding of the Review that, whilst there has been substantial activity seeking to apply technology to improve post-trade processes in derivatives and securities markets, achievement of some of the biggest potential gains is being held back by coordination challenges.
3. These terms of reference (the ‘TOR’) govern the work of the Panel.

### Purpose

4. The Panel aims to bring together knowledgeable and experienced financial markets participants, currently active in carrying out post-trade processing, to address the coordination challenges of better leveraging existing and emerging technology solutions to improve the efficiency and resilience of post-trade processes and operations.
5. The Panel will provide its input, views, and feedback on:
  - (a) key post-trade ‘pinch points’ across the most active derivatives and securities markets, excluding settlement processes and payment systems; and
  - (b) technology and possibly other non-regulatory solutions to alleviate these pinch points.

‘Pinch points’ refers to those post-trade operations that are the most time consuming, costly, or critical from a system resilience perspective and where there is significant potential for improvements. Settlement processes and payment systems are not in scope of the Panel because there are a number of other parallel initiatives underway, including some involving the Bank of England in other capacities, looking at this area.
6. Using the input of the Panel, the Bank will determine how best to publicise the outcome of its work.

### Membership and Structure

7. Participation in the Panel is at the invitation of the Bank, and is drawn from a broad range of firms active in the capital markets and post-trade processing, including investment banks, asset managers and market infrastructure providers.
8. The Panel will comprise a diverse set of knowledgeable and experienced financial markets participants with a background in technology and post-trade operations. Membership is on an individual basis and is dependent on individuals having relevant expertise to be able to contribute to the discussions and commit their own time to Panel matters. A member who steps down cannot therefore automatically pass on their seat to a replacement within their organisation.

---

<sup>1</sup> See [Future of Finance Report](#)

<sup>2</sup> See Priority 5 on page 3 of the [Bank’s Response to the Future of Finance Report](#)

9. The Panel will be chaired by the Executive Director for Markets at the Bank of England. The Panel Secretariat will be comprised of Bank staff. The FCA will attend the Panel as an observer.
10. The Panel members should nominate technical working-level staff from their organisations to act as the regular, day-to-day points of contact for the Secretariat and to provide inputs for meeting agendas and papers.

#### **Responsibilities of Panel Members, Chair and Secretariat**

11. Panel members are expected to
  - attend the Panel's physical meetings except in circumstances agreed with the Chair;
  - provide technical, analytical, and business perspectives and inputs to the meeting discussions; and
  - to act in a personal capacity and to contribute to the Panel with a view to furthering the interests of the market as a whole, rather than representing the views or interests of their individual organisations.
12. The Chair is additionally responsible for
  - guiding and moderating the discussion in Panel meetings;
13. The Secretariat will be responsible for
  - the day-to-day organisation and coordination of the Panel's meetings and activities, including timely circulation of minutes after the Panel meetings and publication of summary minutes on the Bank's website;
  - preparation of agenda and materials for the meetings; and
  - co-ordinating the Panel's outreach to other market participants and stakeholders, if required.

#### **Operations**

14. The Panel is being set up for a limited period of time. Panel Members will meet three times over Q3 and Q4 2019. The Chair may, in consultation with Panel members, schedule additional meetings, if required.
15. Quorum requires, in addition to the Chair, a minimum attendance of 60% of members including (in the judgement of the Chair in consultation with the Secretariat) sufficient sectoral diversity.
16. The Bank may gather the views of other market participants and stakeholders, in order to inform the discussions of the Panel.

#### **Information sharing and confidentiality**

17. There will be a duty of confidentiality imposed on all Panel members. Panel members may be exposed to sensitive information as part of the Panel discussions. It is understood that some staff at the Panel members' firms (other than the Panel members themselves) may need to see Panel documents. In all cases where third parties see Panel documentation, individual Panel members are expected to accept responsibility for ensuring that those third parties are aware of and respect the confidentiality and sensitivity which attaches to the Panel and to the documents in question.

#### **Conflict of interest**

18. Any actual or potential conflicts of interest by members (or their representatives) shall be noted by the relevant member and passed back to the Chair of the Panel. The Chair will assess any raised conflict of interest in conjunction with the impacted members' assignments and responsibilities and consider possible actions, including replacement of the conflicted members.

## **Competition law**

19. It is the responsibility of the Panel members and other participants in meetings of the Panel to ensure they understand their responsibilities under, and fully comply with, all applicable competition laws, including UK and EU competition laws.
20. To the extent that any participant is unclear of these responsibilities, they should consult the legal and/or compliance teams at their respective institution for further guidance.
21. Particular care will need to be exercised in order to make sure that members of the Panel familiarise themselves with the concept of competitively sensitive information and do not unilaterally disclose or exchange it under any circumstance. However, if the Panel decided that the disclosure or exchange of potentially competitively sensitive information is absolutely necessary for the smooth functioning of the Panel, then procedures will need to be put in place before any competitively sensitive information is shared to make sure that the information is suitably anonymised and aggregated and can be shared in compliance with UK and EU competition laws.
22. In addition, if, for instance, during a meeting of the Panel, a participant has concerns about the discussion from a competition law compliance perspective – for example, due to sharing competitively sensitive information – the participant should make their concerns known to the meeting as a whole, the participants' objection should be included in the Minutes, and the discussion giving rise to such concerns should cease. If such discussion does not cease, the participant(s) concerned should leave the relevant meeting and request that their departure and the reasons for it are included in the Minutes.
23. In line with the above, members of the Panel and working level nominees may not use their position for commercial advantage by citing participation in client promotional materials.