

FICC Markets Standards Board (FMSB) issues new Statement of Good Practice on Information and Confidentiality

London, 1 June 2018 - The FICC Markets Standards Board (“FMSB”) today publishes a Transparency Draft of a new Statement of Good Practice on Information and Confidentiality for fixed income and commodities markets.

The question of what information may be shared between participants in these markets is complex and recent conduct events have drawn attention to the risks associated with sharing information in an inappropriate manner.

This Statement of Good Practice therefore seeks to bring clarity to the issue of sharing information in those markets and dealing with confidential information within a firm.

There are nine Good Practice Statements which firms should look to when considering their own practice in this area and cover issues including:

- Market participants should clearly identify and appropriately limit access to confidential information.
- Market participants should not disclose confidential information within their firms except to those persons who have a valid reason for receiving such information.
- Issues pertaining to the sharing of confidential information with parties outside of the firm, and,
- What can and cannot be discussed when discussing “Market Colour”.

The issue of “Market Colour” has recently become a source of particular concern to market participants – views shared between market participants on the general state of the market, the exchange of which can contribute to an efficient, open, and transparent market. The document states Market Colour relating to high-level, non-specific market activity can be freely shared when provided in general terms, sufficiently aggregated and anonymised, such that client confidential information cannot be “reverse engineered” from it.

Examples of what constitutes acceptable information sharing in some of the commonly encountered situations is included in the Statement of Good Practice, as are examples to distinguish between providing Market Colour and advice to a client.

Mark Yallop, Chair of FMSB said: *“The use of and sharing of information within markets is a complex area around which there is significant uncertainty. This means market participants often avoid sharing any information which can reduce market liquidity; however, sharing of some information is necessary for markets to operate and sharing Market Colour can in fact make markets operate more efficiently. This Statement of Good Practice, the sixth now published by FMSB, seeks to provide clarity for market participants as to what is appropriate in terms of information sharing and how to deal with confidential information.”*

FMSB members and other interested parties are invited to comment on the proposed Statement of Good Practice before it is finalised by FMSB. This consultation will run until 31 August 2018 with the final document expected to be published shortly thereafter.

This is the sixth Statement of Good Practice to have been published by FMSB since it was set up in 2015 in response to the Fair and Effective Markets Review in the UK with a mandate to improve conduct and raise standards in the wholesale Fixed Income, Commodity and Currency markets.

All materials published by FMSB are available at www.fmsb.com.

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Notes to Editors

1) The Fixed Income, Currency and Commodities (“FICC”) Markets Standards Board (“FMSB”) is an independent body set up by market practitioners to improve standards of conduct in wholesale FICC markets. It aims to bring transparency to grey areas in the wholesale FICC markets by identifying emerging vulnerabilities, clarifying and documenting practice and agreeing standards to improve conduct and market behaviour. Ensuring that wholesale FICC markets are transparent, fair and effective is at the heart of the FMSB’s mission.

2) Setting up the FMSB was one of the main recommendations to emerge from the Fair and Effective Markets Review (“FEMR”), which was conducted by HM Treasury, the Bank of England and the Financial Conduct Authority.

3) The FMSB has a Board drawn from senior executives from across wholesale markets, from corporate clients, asset managers, sell side participants and intermediaries and infrastructure providers such as exchanges and custodians. Reporting to the Standards Board are standing sub-committees addressing Market Practices, Codes & Standards Convergence and Conduct & Ethics. The Market Practices sub-committees are split into 4 asset-class specific committees. There is also an Advisory Council representing the interests of member firms.

4) The FMSB’s members bring together sell-side investment banks, buy-side asset managers, market infrastructure providers and exchanges, custodians and users of the market such as corporates. This constitution is unique. The members firms are:

- Allianz Global Investors
- ANZ
- BAE Systems
- Bank of America Merrill Lynch
- Bank of New York Mellon

- Barclays
- BHP
- BlackRock
- Bloomberg
- BNP Paribas
- BP
- Citadel Securities
- Citigroup Global Markets Limited
- Crédit Agricole CIB
- Credit Suisse
- Deutsche Bank
- FastMatch
- Goldman Sachs
- HSBC
- Invesco
- J.P. Morgan
- Legal & General Investment Management
- Linklaters (Legal Advisor)
- Lloyds Banking Group
- London Stock Exchange Group
- M&G Investments
- MarketAxess
- Morgan Stanley
- National Australia Bank
- NEX Group PLC
- Nomura
- RBS
- Rio Tinto
- Royal Bank of Canada
- Royal Dutch Shell
- Royal Mail Group
- Société Générale
- Standard Chartered
- Standard Life Aberdeen
- State Street
- Thomson Reuters
- TP ICAP
- Tradeweb
- UBS
- Vodafone
- XTX Markets