

FMSB Issues Standard on Risk Management Transactions for New Issuance for Fixed Income Markets

3 July 2018 - The FICC Markets Standard Board (FMSB) has today issued its Standard on Risk Management Transactions for New Issuance.

The Standard sets out several core principles relevant to risk management transactions connected with new issues in the fixed income markets. It identifies potential conduct risks created during these transactions, and describes appropriate behaviour to manage them.

This was previously issued as a transparency draft for comments from the market in October 2017.

Responding to feedback, a few minor changes and additions have been made. In particular:

- there is a more detailed explanation of the nature of the conduct risks in section III.4
- Core Principle 9 (dissemination of information) has been edited to avoid ambiguity and to refer only to Risk Management Transactions

The full final Standard is attached here.

This is the fourth Standard issued by FMSB and FMSB member firms provide and publicise Statements of Commitment in relation to all published Standards.

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:

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