

FMSB Annual Report sets out progress made in delivering fair and effective markets

London, 18 March 2019 – The FICC Markets Standards Board (FMSB) has today issued its 2018 Annual Report setting out the progress made to enhance standards of behaviour in the wholesale Fixed Income, Currencies and Commodities (“FICC”) markets.

FMSB is a private sector, market-led organisation which was created in 2015 to raise standards of conduct in wholesale FICC markets and its members include international users of FICC markets, such as corporate issuers, asset managers, exchanges and investment banks.

The report gives an overview of the significant amount of work undertaken by FMSB, including its unique Behavioural Cluster Analysis study, which reviewed the behavioural patterns in 390 cases of misconduct in financial markets stretching back to 1792.

The report also provides information on FMSB’s 13 published Standards and Statements of Good Practice which cover a wide range of topics, including risk management transactions, suspicious transaction & order reporting and monitoring of written electronic communications.

Alongside the published materials, FMSB has a significant amount of work in progress, such as reviews of structural and conduct risks in electronic trading, government bond auctions, the sharing of allocation information in primary bond markets, the management of large trades and the conduct of precious metals fixes.

Mark Yallop, Chair of FMSB said: *“Common globally accepted standards of business practice can play a vital role in ensuring that markets operate fairly and effectively for users and support economic growth goals. At a time when we are probably closer to the next crisis than we are to the last, such standards are doubly important, which underlines the vital work that FMSB is undertaking.*

In the last year FMSB has made significant progress, notably the publication of our ground-breaking study into market misconduct and we also have a large volume of work to undertake this year, including looking at how algorithmic trading in markets should be governed. Alongside our existing work on market conduct issues we will be expanding our focus to address broader market structure questions, which we see as critical in delivering on our remit of raising standards of conduct in global wholesale FICC markets.

I would like to thank our members for the commitment and support we receive, which has made possible the progress that we have achieved.”

FMSB also continues to receive strong support from UK and international central banks and regulatory bodies. Alongside others, both Mark Carney and Christopher Giancarlo both expressed their support for the work of FMSB:

- **Mark Carney, Governor of the Bank of England, stated:** *“UK authorities have used their convening powers to encourage market participants to establish standards of market practice that are well understood, widely followed and, crucially, that keep pace with market developments... But the authorities cannot future-proof alone. We rely on industry to help us scan the landscape for emerging risks and to help determine ways to mitigate them. We are encouraged by your efforts. In particular,*

the FMSB is undertaking horizon scanning for future misconduct risks through its innovative Behaviour Cluster Analysis.”

- **Christopher Giancarlo, Chairman, US Commodity Futures Trading Commission stated:** *“Good conduct in global financial markets cannot be achieved by regulation alone. FMSB’s novel work on the historical causes of misconduct in wholesale markets makes this very clear. Private sector participants have to play their role as well and actors in markets need to cooperate across jurisdictions if arbitrage is to be avoided and standards raised. I’m delighted that FMSB has made so much progress in its first two years. The CTFC looks forward to continuing to work with FMSB and its Members, to rebuild trust and deliver the fair and effective markets which are the core of FMSB’s mission.”*

The full Annual Report is available to view at www.fmsb.com.

Media contacts

Maitland

Andy Donald

+44 207 379 5151

adonald@maitland.co.uk

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, Conduct & Ethics and Electronic Trading and Technology. 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 member firms are:

- Australia and New Zealand Banking Group
- BAE Systems
- Bank of America Merrill Lynch
- Barclays
- BHP
- BlackRock
- Bloomberg
- BNP Paribas
- BNY Mellon
- 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 & Co. International plc

- National Australia Bank
- NEX Group PLC
- Nomura
- RBS
- Refinitiv
- Rio Tinto
- Royal Bank of Canada
- Royal Dutch Shell
- Royal Mail Group
- Société Générale
- Standard Chartered
- Standard Life Aberdeen
- TP ICAP
- Tradeweb
- Tradition
- UBS
- Vodafone
- XTX Markets