



**Setting standards in an
ever-changing world**

Annual Report 2021

Our purpose

FMSB seeks to support well-functioning, trusted, global wholesale financial markets that in turn support sustainable economic growth.

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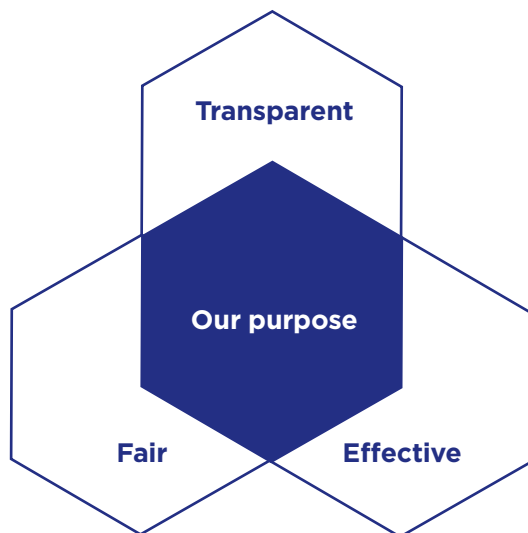
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FMSB at a glance

Why we exist



We were established in 2015 following The Fair and Effective Markets Review (FEMR)¹ by HM Treasury, the Bank of England, and the Financial Conduct Authority (FCA). Their Review highlighted serious concerns about poor market practice in fixed income, currencies and commodities (FICC) markets.

A key conclusion was that there was insufficient clear, practical guidance available to market practitioners as to how they should operate in the best interests of their clients.

The report recommended the creation of a new FICC Markets Standards Board (FMSB) with participation at the most senior levels from a broad cross-section of global and domestic market participants and end-users to fill this need for practical guidance.

Among the concerns raised by the report were that:

- > market discipline was lacking;
- > market participants failed to recognise that the same types of bad behaviour repeat over time;
- > these behaviours occurred across all asset classes and jurisdictions; and
- > the behaviours adapted to new media and market structures.

The review highlighted a 'regulatory void' between high-level regulatory principles and rule books for controlling operational activity. This void needed to be filled with clearer guidance for market participants created by market participants.

That's why we exist.

Who are we?



▶ **Asset managers**



▶ **Commercial & investment banks**



▶ **Corporate issuers**



▶ **Custodians & intermediaries**



▶ **Exchanges**



▶ **Infrastructure providers**

We are a standards setter for global wholesale FICC markets: practitioner led, funded by our Members who are major participants in, and active international users of, those markets.

Our Members include:

- > asset managers,
- > commercial and investment banks,
- > corporate issuers,
- > custodians and intermediaries,
- > interdealer brokers, and
- > the firms that provide the infrastructure for markets to operate, such as data providers, trading venues, exchanges and other platforms.

Some 324 expert market practitioners from all disciplines at our member firms create the guidance that will work for all participants. They become part of our committees, sub-committees and working groups. We also benefit from specialist individuals, consultancies and other organisations working on a pro bono basis.

▶ **Members** pages 34 to 37

▶ **FMSB Secretariat** page 41

▶ **Please note that in April 2022, FICC Markets Standards Board became Financial Markets Standards Board to elect our revised Vision, Mission and Purpose as outlined on page 8.**

FMSB at a glance, continued

Imagine bringing together many minds to identify how more transparent, fair and effective markets can be created. That's what FMSB does. In specialist, focused committees, sub-committees and working groups, industry experts debate issues and develop Standards and Statements of Good Practice, and undertake Spotlight Reviews that are made available to the global community of wholesale financial markets, regulatory authorities and participants.

Our model is consensus-driven. Subject matter experts from Member firms debate issues and standards and are able to benchmark their approaches against industry peers, thus helping to lift standards of conduct.

All FMSB Standards and Statements of Good Practice are made available for inspection and comment by public authorities, and distributed to legislators, regulators and other bodies around the world.

As a private sector practitioner-led body with no formal or statutory powers, FMSB does not have any oversight or enforcement role, and does not undertake any lobbying activities.

Our Standards, Statements of Good Practice and Spotlight Reviews are available on our website.

► **FMSB Publications** in 2021 page 20.

How are we set up?



What stakeholders say about FMSB

**Nikhil Rathi,
CEO, Financial Conduct Authority**

“The FCA supports the work of FMSB in promoting best practices across wholesale markets; FMSB’s practitioner-led approach is powerful in raising standards of practice and behaviour in the wholesale financial markets. We further enhanced our relationship in 2021 through a Memorandum of Understanding and look forward to continuing to collaborate in ensuring that markets are fair and effective.”

**Tracey McDermott CBE,
Group Head, Conduct, Financial
Crime & Compliance at Standard
Chartered Bank, Chair of FMSB’s
Conduct & Ethics Sub-Committee**

“Bringing together the collective, real life experience of practitioners who operate in financial markets every day, is the best way to develop standards on ethics and emphasise the importance of personal judgement. It’s my pleasure to collaborate with FMSB’s Members and Secretariat to help shape the industry and support them to deliver these standards.”

**Andrew Bailey,
Governor of the
Bank of England**

“We are very supportive of the important work FMSB does to build trust and confidence for market participants in the fairness and effectiveness of wholesale markets.”

**Martin Maloney,
Secretary General,
IOSCO, International Organization
of Securities Commissions**

“We know that financial markets are international by their very nature, the advantage of working with industry standards bodies like FMSB is that voluntary standards can have a positive impact across jurisdictions.”

**Ciara Quinlan, Head of Principal
Electronic Trading for Global
Markets, Chair of FMSB’s Algo
Model Risk Working Group**

“The Algo Model Risk Working Group allows for clarity of thought and action to happen at a turning point in our industry’s history. I’m delighted to chair that group and that FMSB is building guidance with practitioners, making it real world and highly applicable.”

What stakeholders say about FMSB

Tony Kim,
Global Head of Metals Derivatives
Trading, Goldman Sachs, Co-Chair
of FMSB's Benchmark & Auction
Process Working Group

"It's been great to co-chair a Working Group that created a Standard for participants which allows them to increase the liquidity available in LBMA Precious Metal Auctions, thereby enhancing the effectiveness of the market."

Edwin Schooling Latter,
Head of Markets Policy, FCA

"FMSB's Members were invaluable in identifying where there may be robust rationales for using Term SONIA and setting out certain expected behaviours of market participants. Thanks to them and FMSB for your leadership in shaping fairer and more efficient financial markets."

**Caroline Haas, Head of Climate
and ESG Capital Markets at
NatWest Markets, Chair of FMSB's
ESG Ratings Working Group**

"The structure of FMSB, with support from the Secretariat, is an amazing setting for keeping us on track and thinking clearly about what we're trying to do."

**Serge Gwynne, Partner
at Oliver Wyman, Chair of FMSB's
Term Rate Working Group**

"FMSB's guidance on Term SONIA is made all the stronger because practitioners created it and it can be understood and applied directly so it works for everybody."

**Rosie Murphy Williams, COO,
EMEA Markets, BNY Mellon, Chair
of FMSB's Remote Working Risks &
Controls Working Group**

"When groups of market participants come together to pool their collective view, the results are powerful."

Chair's statement



The year under review, 2021, saw significant further economic disruption and many reminders of the crucial importance of wholesale financial markets to economic well-being worldwide.

The second year of pandemic, fragile supply chains, disorderly commodity markets and incipient inflationary pressures all created substantial difficulties for many companies, investors and financial market participants, as well as the millions of individuals worldwide who rely on well-functioning wholesale markets. At the same time, COP26 and an accelerating appreciation of the need for faster progress on broader ESG goals, also thrust the financial services sector further into the limelight as a critical actor with both power and responsibilities to deliver faster change on climate, social and governance goals. These changing expectations will bear heavily on wholesale market firms for many years to come.

FMSB has responded to this changing environment by shifting its focus, while ensuring that it remains true to the original founding principles for the organisation laid out in the Fair and Effective Markets Review (FEMR). As our CEO discusses in his review of operations below, after six years of focus on market fairness and largely (though not solely) on traditional conduct of business concerns, FMSB's work is increasingly directed towards market effectiveness and the challenges created by new techniques, among them control of data, use of artificial intelligence, carbon trading, the definition and use of ESG standards and the market structures, both for trading and post-trade, that these will in turn foster. In this context the FMSB Limited Board agreed the change in name for FMSB, from FICC Markets Standards Board to Financial Markets Standards Board in the first half of 2022.

In the final quarter of 2021 we signed a Memorandum of Understanding (MoU) with the Bank of England and the Financial Conduct Authority (FCA). This MoU sets out a high-level framework formalising the continuing cooperation between FMSB, the Bank and the FCA in relation to our delivery of the primary objectives recommended in the FEMR Final Report.

Special thanks go to Andrew Bailey, Governor of the Bank of England, Sir Dave Ramsden CBE, Deputy Governor for Markets and Banking, and Nikhil Rathi, CEO of the FCA, as well as to Andrew Hauser of the Bank of England and Edwin Schooling Latter of the FCA for their support in delivering this.

As in prior years, huge thanks go to the Advisory Council, the Standards Board, Committee, Sub-Committee and Working Group Chairs and all their participants. They are the lifeblood of our organisation and continue to deliver very high-quality output, notwithstanding the background of uncertainty and change amid which we all worked in 2021.

Chair's statement, continued

**49****FMSB members****Membership split****24****banks****25****non-banks****400+****Financial market
experts****26****Final FMSB Standards,
Statements of
Good Practice and
Spotlight Reviews**

We strengthened our own governance structure, establishing two FMSB Limited Board committees, and our non-executive Directors, Niki Beattie, Michael Cole-Fontayn, Philippa Foster Back CBE, Charles Nichols, Edward Ocampo and Stephen O'Connor were all unstinting in their support for FMSB and its mission.

My gratitude and that of the Board goes as ever to FMSB's dedicated Secretariat. Martin Pluves, our former CEO, retired in April 2021 to take up a non-executive life and was succeeded in June 2021 by Myles McGuinness from NatWest Markets. Myles had a distinguished markets career and was latterly Head of Capital Markets NV and he brings exceptional energy, wide experience and deep markets expertise to the organisation. We are delighted that he has taken the leadership role.

We also welcomed four new Members to FMSB during the year: the World Gold Council, Mizuho International plc, Santander and Westpac Banking Corporation. Their interest in our work underscores further the deep relevance of what FMSB is contributing to global wholesale markets.

FMSB Members, supported by the Secretariat, have achieved an extraordinary amount together over the past year. I thank all those who made 2021 a year of real impact and contributed to the vision for what FMSB should be in future. The journey ahead promises to be an exciting and extraordinarily important one.

Mark Yallop
Chair

All as at
31 December 2021

Our Vision, Mission and Purpose

In 2021, FMSB began refining its Vision, Mission and Purpose. This was approved by the FMSB Limited Board in the first quarter of 2022.

In April 2022, we changed our name from FICC Markets Standards Board to Financial Markets Standards Board to reflect the Vision, Mission and Purpose outlined here.

See page 27 for a summary of FMSB's strategic priorities.

Our Vision, Mission and Purpose



Our Vision

Is to be the leading market-led, global standards body for fair and effective wholesale financial markets.



Our Mission

Is to improve the transparency, fairness and effectiveness of global wholesale financial markets by:

- > Acting in a collaborative and agile fashion across all market interests;
- > Harnessing Members' thought leadership, technical knowledge and expertise;
- > Being alert to emerging risks to markets and market structures on the horizon and aware of disruptive impacts of innovation; and
- > Promoting adherence to expert standards and individual understanding of the importance of fair and effective markets.



Our Purpose

By improving their transparency, fairness and effectiveness, FMSB seeks to support well-functioning, trusted, global wholesale financial markets that in turn underpin sustainable economic growth for governments, corporations and investors.

Our work is underpinned by FEMR's meaning of 'fair' and 'effective' markets

Fair FICC markets are those which:

- 1 have clear, proportionate and consistently applied standards of market practice;
- 2 are transparent enough to allow users to verify that those standards are consistently applied;
- 3 provide open access (either directly or through an open, competitive and well-regulated system of intermediation);
- 4 allow market participants to compete on the basis of merit; and
- 5 provide confidence that participants will behave with integrity.

Effective FICC markets are those which also:

- 1 allow end-users to undertake investment, funding, risk transfer and other transactions in a predictable way;
- 2 are underpinned by robust trading and post-trade infrastructures enabling participants to source available liquidity;
- 3 enable market participants to form, discover and trade at competitive prices; and
- 4 ensure proper allocation of capital and risk.

CEO's review of operations



**Myles
McGuinness**
CEO

Last year, saw a change of hands at the helm of FMSB, and I wanted to start the review of 2021 with some personal comments on my decision to join FMSB.

I have spent over 30 years working in wholesale markets, and latterly in roles with remediation and culture at their core. This piqued my interest in FMSB and subsequently led to my appointment. The responsibility to raise standards is a universal one. No jurisdiction has a monopoly on good practice, nor is poor practice concentrated in any single location.

FMSB's mission to raise standards of conduct in global wholesale markets so they are transparent, fair, and effective for all participants is something in which I truly believe. Today, more than ever, society has a dependency on wholesale markets to operate efficiently and instil confidence as funding the global response to COVID is immense. Hence our purpose in pursuing fair, effective and transparent markets has never been more necessary, and the benefits of our work will make a direct contribution to this effort.

I am humbled and feel very privileged to have been offered the role to lead FMSB, as I see FMSB as a change agent for good practice in wholesale markets. Its strength is in its breadth of membership and the unique regulatory relationships it nurtures. There are many topics under consideration and a number of areas where we can raise standards and bring transparency as called for by our Members.

When I arrived in the middle of the year, I joined at a time when the momentum which gathered pace in 2020 had continued into 2021. Member engagement remained high, and the dedicated Secretariat continued to be extremely productive despite its small size. I set about hiring to provide more support to the Secretariat. Momentum continued, and I am delighted to look back on another very successful year for FMSB.

Disruption and challenges caused by the COVID-19 pandemic continued throughout 2021. The wholly remote working arrangements for the Secretariat of the first half of the year developed into a hybrid arrangement as the year went on, settling into a rhythm of 2-3 days per week in the office until the surging Omicron variant in December took us all back home again.

Despite numerous attempts to have in-person meetings, COVID rules or surging variants precluded this from happening. The only exception was November's Advisory Council meeting which was the only in-person meeting we managed to hold throughout the year out of a total of 77 meetings.

The engagement, dedication and commitment built by Members throughout 2020 continued in 2021. Whether at the working level, debating contentious issues and reaching consensus on a number of thorny topics in working group meetings, or the focus and engagement of Advisory Council and Standards Board Members in helping to govern the process of approving

new publications and setting the course for strong output, some of which has been a long time in the making.

In a year dogged again by the pandemic, LIBOR transition, a move to more hybrid working practices, heightened interest in ESG and increasing inflationary pressures among other things, FMSB Members continued to respond to the changing landscape, and we published a number of important Spotlight Reviews on hybrid working and LIBOR back book transition together with final Standards on the use of Term SONIA reference rates and the execution of Large Trades.

Going into 2022, the slate is full with the work that we continue on electronic trading platforms, ESG ratings, the precious metals markets, challenges of algorithmic trading, the 3 Lines of Defence model, among other things. On top of the delivery of this work, the aim is to further develop our membership base, advance our relationships with regulators, collaborate selectively with like-minded bodies to build on our longer-term strategy.

I have been so impressed with and appreciative of the dedication and resilience of our Members and the Secretariat and would like to convey my heartfelt thanks for all their efforts during this year, and for making me feel so welcome.

CEO's review of operations continued



**Publications delivered
during 2021**

Membership

FMSB membership at the end of the reporting period consisted of 37 Full Member firms, five Associate Member firms, together with six Partner Member firms, and Linklaters as our legal advisers.

As our Chair, Mark Yallop, reported in his statement above, we welcomed World Gold Council, Mizuho International plc, Santander and Westpac Banking Corporation as Members in the year.

A list of all FMSB Members as of 31 December 2021 is set out on page 34.

The FMSB structure chart on page 11 shows the overall structure in operation in the reporting period.

FMSB Limited Board of Directors – governance and finance

The FMSB Limited Board met on five occasions during the year.

Martin Pluves resigned as a Director on 5 February 2021 and remained as CEO until 30 April 2021. I was appointed as CEO on 7 June 2021.

In March 2021, the FMSB Limited Board approved the creation of an Audit Committee and renamed the Nominations Committee the Nomination & Remuneration Committee.

The Audit Committee consisted of Charles Nichols (Chair), Philippa Foster Back CBE, Edward Ocampo and Mark Yallop and met three times in the year.

The Nomination & Remuneration Committee consisted of Niki Beattie (Chair), Michael Cole-Fontayn, Stephen O'Connor and Mark Yallop and also met three times in the year.

At the end of the reporting period the Board of Directors consisted of the non-executive Chair (Mark Yallop), six NEDs (Charles Nichols, Niki Beattie, Michael Cole-Fontayn, Philippa Foster Back CBE, Edward Ocampo, and Stephen O'Connor) and the CEO.

The FMSB Limited Board considered and approved the Audit Report and Financial Statements to 31 December 2020 audited by BDO LLP. No adverse issues were raised in the Audit Report.

Advisory Council

The Advisory Council met twice during the reporting period. The first meeting in March 2021 was a virtual meeting, but we succeeded in holding the second meeting of the year in-person in November courtesy of NatWest Group.

Standards Board

The Standards Board met on six occasions during the reporting period. All meetings in the year were held virtually, and attendance and engagement levels were consistently high throughout.

Nikhil Rathi, CEO of the FCA, attended the December 2021 Standards Board meeting. Nikhil provided an update of key FCA work in 2021 and its future focus.

Mobilisation

During the reporting period, some 324 industry leaders and senior practitioners from all disciplines and sectors, met to engage in FMSB committees, sub-committees and working groups to create Standards, Statements of Good Practice and Spotlight Reviews. Together with members of the Advisory Council and the Standards Board, this means that some 400 senior executives are directly supporting FMSB's work.

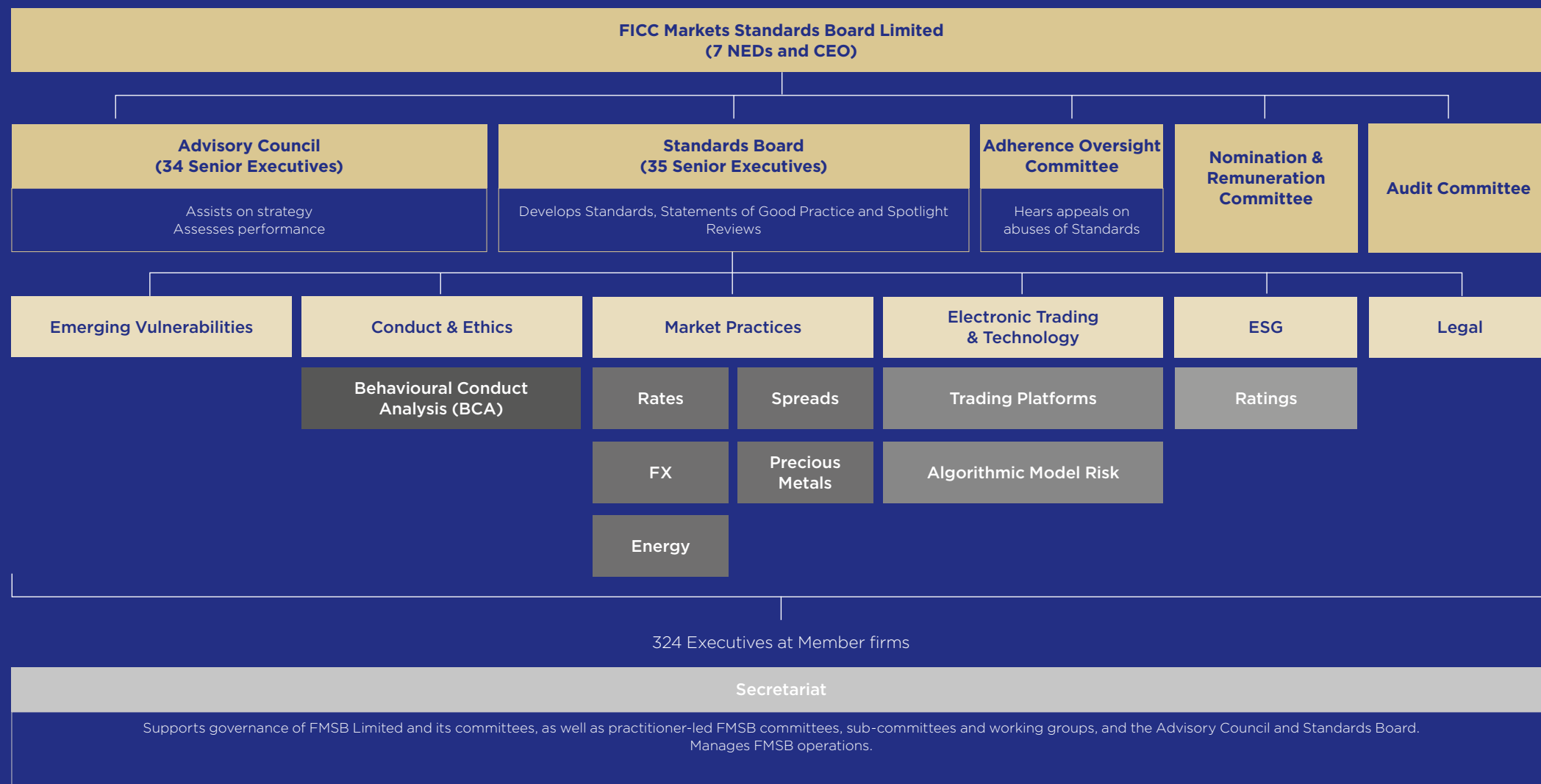
Market Practices Sub-Committees

Of the four market practices sub-committees in 2021: the spreads and commodities practitioners met, while there was no activity for rates and FX markets.

CEO's review of operations continued

FMSB Structure

The structure chart shows the active committees, sub-committees, and working groups during the reporting period, within the overall FMSB structure, together with key roles and responsibilities.



CEO's review of operations continued

Spreads Sub-Committee

The Standard for the sharing of investor allocation information in the fixed income primary markets developed by this Sub-Committee describes the role of syndicate banks in the allocation of fixed income securities in the primary markets and the rationale for, and potential benefits to, different market participants of, sharing investor allocation information.

The Core Principles in the Standard set out certain expected behaviours of syndicate banks relating to the sharing of investor allocation information for new issuances in fixed income primary markets on the day of pricing within their institutions.

Comments in the public consultation period between 15 December 2020 to 16 March 2021 centred largely around the treatment of investor information in stabilised deals. Numerous discussions took place during the year on this treatment until consensus was reached that stabilised deals are not within the scope of the opt out. However, the Standard now makes explicit that if an investor separately specifically instructs a syndicate bank not to share its allocation data, the syndicate bank should act in accordance with this express instruction.

The Standard was published in 2022. Thanks go to Jonathan Brown and the members of this Sub-Committee for persevering with this publication.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
FMSB Limited Board		1	1			1			1			1	5
LE Committees			1 1 1			1 1	1		1		1 1		9
Advisory Council		1									1		2
Standards Board		1	1	1			1			1		1	6
Algo Governance		1											1
BCA											1	1	2
Conduct & Ethics and Remote Working		1	1 1	1	1 1	1 1	1 1 1						11
Electronic Trading and Technology											1		1
Emerging Vulnerabilities				1 1	1	1			1		1		6
Energy													0
ESG Ratings									1		1		2
Legal							1				1		2
LIBOR Transition	1												1
Large Trades	1												1
Precious Metals	1	1 1	1	1					1	1	1 1 1		10
Metals: Benchmark and Auction Process				1									1
Rates													0
Spreads				1		1	1					1	4
Term Rate	1	1 1					1						4
Trading Platforms		1	1 1 1	1 1	1		1					1	9
Total meetings held from 1 January to 31 December 2021													77

CEO's review of operations continued



Precious Metals Working Group

At the end of the reporting period, the Precious Metals Working Group, chaired by David Tait from the World Gold Council, made significant progress in three workstreams in tandem, with ten meetings to develop the publications in (i) and (iii) below during the year:

(i) the publication of a Spotlight Review on Precious Metals Market Structure which examined the existing structure of the precious metals market and made a number of overarching observations as to how the market structure could evolve to promote fairness and effectiveness. In relation to each of these observations, the Spotlight Review considered the benefits that such changes could bring as well as the hurdles to implementation; and

(ii) the publication of a Standard for the Conduct of Participants in LBMA Precious Metal Auctions as a Transparency Draft in October 2021 which is intended to establish principles to facilitate, in a manner which adequately manages and mitigates conflicts of interest, participants in both managing customer benchmark orders and providing discretionary liquidity, when participating in LBMA Precious Metal Auctions.

The Standard was finalised in February 2022 following consideration of the comments received during the public consultation period.

Thanks go to Tony Kim from Goldman Sachs and Vincent Domien from HSBC for their co-chairing of the Working Group which developed this Standard.

Following the publication of the Spotlight Review on Precious Metals Market Structure, the Working Group rapidly turned its attention to a Spotlight Review examining the existing post-trade landscape for precious metals and identifying prevailing structural and technical opportunities for improvement.

Conduct & Ethics Sub-Committee

Following on from the publication of the Spotlight Review on 'Examining remote working risks in FICC markets' in July 2020 which sought to identify and capture the risks that arise from the widespread and prolonged period of remote working, the Sub-Committee, chaired by Tracey McDermott from Standard Chartered, developed a further Spotlight Review, which was published at the end of September 2021. This Spotlight Review examined a number of key benefits and potential conduct risks associated with the adoption of hybrid working models in FICC markets and considered how firms may look to adapt their risk management frameworks in light of such risks. It categorised conduct-related risks associated with hybrid working models into five thematic categories: cultural change, supervision and control impairments, execution risks, sharing of confidential information and threats to market effectiveness.

The Sub-Committee has been considering the priorities for the group and expects to turn its attention to topics such as the current challenges of new joiner integration in the post-pandemic world, the 3 Lines of Defence Model, conduct risks associated with the growth of sustainable finance/greenwashing and data ethics.

The BCA Committee

Following the reconvening of the BCA Committee in April 2020 to produce a second edition of FMSB's 'Behavioural Cluster Analysis', published in July 2018, the Committee, chaired by David Flowerday of Citi, continued to progress its work to streamline and consolidate the 2018 edition to include new misconduct cases, broadening its international coverage, incorporating feedback on the use and engagement with the BCA from practitioners and other users and including historical examples and emerging risks.

The second edition was published in May 2022.

Electronic Trading and Technology Committee ('ETTC')

This Committee, chaired by Ciara Quinlan from UBS, met in November 2021 and discussed a number of possible future topics. It was agreed that a new working group would be set up to look at the application of model risk requirements to trading algorithms, and in particular whether an FMSB publication could help firms advance practical implementations of model risk requirements that effectively mitigate risk through appropriate governance and controls.

It was also agreed that further exploratory work would be undertaken on the topics of operational resilience and surveillance data and whether there was scope for FMSB to undertake work in the crypto market structure and data governance space.

CEO's review of operations continued

324

**FICC market practitioners
engaged in FMSB work**

Trading Platforms Working Group

After nine meetings during the year, the Working Group, chaired by Zar Amrolia from XTX Markets, published a Statement of Good Practice Transparency Draft on Trading Platform Disclosures in December 2021. This Statement of Good Practice is aimed at promoting greater transparency as to how both bilateral and multilateral electronic trading platforms operate and seeks to ensure consistency of disclosures made by all trading platforms to their participants or prospective participants across FICC markets and asset classes. Increased transparency and standardisation of disclosures should in turn help minimise disputes between trading platform operators and their participants.

The Statement of Good Practice was finalised in 2022 following consideration of the comments received during the consultation window.

Joint Conduct and E-Commerce and Algorithmic Trading Working Groups

In March 2021, the groups met and decided that a review of the substantial body of international regulatory developments since the Statement of Good Practice on algorithmic trading in FICC markets begun was indicating that the original purpose of the paper may now be satisfied instead by regulatory guidance. A decision was therefore made to retire the publication and the Transparency Draft would not therefore proceed to final publication as a Statement of Good Practice.

Other workstreams

Large Trades Working Group

Following its publication as a Transparency Draft in December 2020, the Large Trades Working Group, chaired by Michael Dawson from Shell, published the final FMSB Standard for market participants in connection with the execution of outsized orders ('Large Trades') for wholesale FICC markets on 7 May 2021 following consideration of the comments received during the feedback period.

This Standard seeks to establish principles for how market participants should behave in relation to the execution of Large Trades between dealers and clients. The Standard adopts a subjective definition of Large Trades, acknowledging that what constitutes a Large Trade will vary by markets, product, time period, geography and other factors that could impact liquidity. The Standard sets out ten Core Principles focusing on communications between dealers and clients in relation to the execution of a Large Trade, guidelines for the pre-hedging of Large Trades and establishing clear expectations with regard to client confidentiality given the potentially heightened impacts of information leakage in the context of Large Trades.

LIBOR Transition Working Group

The LIBOR Transition Working Group followed up the publication of a Spotlight Review 'LIBOR transition: Case studies for navigating conduct risk' in June 2020 with a further Spotlight Review in 2021 focusing on back book transition. This Spotlight Review examined certain risks to market fairness and effectiveness that might arise when transitioning existing LIBOR-based contracts

with maturities extending beyond end-2021 to alternative risk-free rates. In particular, the Spotlight Review considered certain complexities associated with proactive transition of back book contracts through a series of practical case studies and set out a number of key considerations for banks and end users when looking at different transition options and good practice observations for managing the associated risks. Thanks go to Chris Salmon and the LIBOR Working Group for their focus and dedication in developing these Spotlight Reviews.

Term Rate Working Group

Following its publication as a Transparency Draft in March 2021, the FMSB Standard on use of Term SONIA reference rates was published in final in July 2021. Work on this Standard commenced in mid-November 2020 and the Working Group, chaired by Serge Gwynne from Oliver Wyman, met a further four times in 2021. This Standard has been developed with the aim of identifying where there may be a robust rationale for use of Term SONIA in the loan, bond and derivatives markets and sets out certain expected behaviours of market participants when using or issuing Term SONIA products in light of the reduced systemic and conduct risks associated with overnight risk-free rates.

Several references were made by the Bank of England on the work undertaken by this Working Group, including The Prudential Regulation Authority and FCA's Dear CEO letter² on Transition from LIBOR to Risk Free Rates which stated that firms should take into account FMSB's Standard on use of Term SONIA reference rates in selecting benchmarks

CEO's review of operations continued



for their products, and the Governor of the Bank of England made reference to FMSB's work on Term SONIA in his address on 11 May 2021 at the Alternative Reference Rates Committee's 'SOFR Symposium: The Final Year' in his speech 'Descending safely: Life after LIBOR', further underpinning the receipt of continuing support from the authorities.

Thanks go to Serge Gwynne and the Term Rate Working Group for their speed and efficiency in developing this Standard.

The Emerging Vulnerabilities Sub-Committee (EVSC)

The EVSC, chaired by Joe Cassidy from KPMG, was established in April 2021 to undertake two activities: (i) to maintain and prioritise a register of risks that form the basis of recommendations for future FMSB work on Standards, Statements of Good Practice or Spotlight Reviews; and (ii) to monitor changes in FICC market structures that may create risks to conduct, market fairness or effectiveness in the future, i.e. to recognise and evaluate emerging vulnerabilities.

Following a review and updating of the 2019 risk register and the implementation of a prioritisation and filtering process, a recommendation from the Sub-Committee to the FMSB Standards Board resulted in the establishment of the ESG Ratings Working Group which was tasked to explore the implications of ESG ratings in FICC markets.

It also recommended that the Electronic Trading and Technology Committee reconvene to further evaluate the governance of algorithms and cryptocurrency market structure. See above.

ESG Ratings Working Group

The ESG Ratings Working Group, chaired by Caroline Haas from NatWest Markets, met twice in the reporting period and commenced work on a Spotlight Review focusing on increasing the transparency of ESG ratings methodologies and data collection processes to promote user understanding, aid comparability across providers, improve trust in ratings and thereby support informed allocation of capital.

Post Trade Task Force (PTTF)

Early conversations commenced at the end of the reporting period about the feasibility of FMSB taking stewardship of the work previously published by the Bank of England and undertaken by the industry-led PTTF. This resulted in us establishing a Post-Trade Committee with three working groups under it to consider the potential implementation of the PTTF's recommendations under FMSB's governance structure.

Find out more about our current activity in 'Work in progress' on the 'Standards & Publications' page of our website.

Statements of Commitment

FMSB Standards set out Core Principles and accompanying guidance on the most important aspects of practice where ambiguity undermines fair and effective markets. FMSB Members are expected to adopt the Standards in their businesses (where they agree to do this as part of their membership, and they are engaged in the relevant market or activity) and to evidence this through an annual Statement of Commitment which can be found on our website.

For the 2020 Adherence year which ended 31 December 2020, Members had the option to adhere to two additional Standards issued in 2021, which would normally form part of the 2021 Adherence year. They are the Standard on use of Term SONIA reference rates and the Standard for the execution of Large Trades in FICC markets.

Collaboration

To augment the impact and reach of FMSB's work, we plan to find more ways to collaborate selectively with like-minded bodies and regulatory authorities. The entering into of an agreement in December 2021 with Plato Partnership to cooperate on FICC academic research via its MI3 division is an example of this. The intention is to commission academic reports to deliver unbiased material on topics of importance to our membership and stakeholders.

CEO's review of operations continued

We also commenced work with CISI, the Chartered Institute of Securities & Investment, to develop a training/qualification course based on our Standards and the BCA review of behavioural patterns in misconduct.

Impact Assessment

We undertook a pilot for an impact assessment of FMSB Standards during the year so as to review the practical impact of FMSB's work. Six Member firms agreed to undertake an exercise which involved a survey together with a structured interview, with thematic and specific questions looking at the extent to which FMSB Standards have improved conduct and promoted fairness and effectiveness, how Standards are adopted across geographical boundaries and how FMSB publications impact governance, education and training processes at Member firms.

Following the completion of the pilot, the Standards Board agreed that undertaking individual reviews of each new Standard within 12 months of final publication would be a useful means of identifying whether the objectives set out have been achieved and should commence this with the Standard for the execution of Large Trades.

FMSB Secretariat

A number of appointments were made during the year to bolster the core team at the FMSB Secretariat to maintain the momentum on our workplan, to provide support to the FMSB Limited Board, the Advisory Council and Standards Board as well as committees, sub-committees and working groups, and manage FMSB operations.

Samantha Smith who supports the Chief of Staff in providing logistical support to FMSB operations, in particular in providing support to the membership of our boards, committees, working groups, etc., as well as co-ordinating meeting logistics, went on maternity leave at the beginning of November 2021, and Janie Pearman joined the Secretariat as her maternity leave cover.

Ed Davy was appointed Chief Operating Officer in March 2021 and played a role in getting the Emerging Vulnerabilities Sub Committee and ESG Working Group up and running. Due to a reorganisation within the Secretariat, the role of Chief Operating Officer ceased to exist at the end of the reporting period.

Emily Domingo joined the team at the end of September on a six-month secondment from Linklaters and provided drafting support to the General Counsel, in particular across behavioural-pattern conduct analysis, ESG and education.

Adam Nordstrom also joined the team at the end of September on a six-month secondment from EY to provide support to the work being undertaken in the commodities space, sponsored by the World Gold Council.

Hilltop Walk Consulting Limited whose Director is Allan Guild, provided support to various sub-committees and working groups throughout the year.

Find out more about the FMSB Secretariat on page 41.

UK authorities

Public authorities remain strongly supportive of FMSB. The Fair and Effective Markets Review (FEMR) requires that we maintain a regular dialogue with them. The Secretariat meets regularly with the Bank of England and FCA to review progress and exchange information on emerging vulnerabilities and areas of mutual interest. All Standards and Statements of Good Practice are provided for comment to the Bank of England and FCA in advance of publication.

In recognition of this strong support, a Memorandum of Understanding (MoU) was agreed between FMSB, the Bank of England and the FCA in November setting out a high-level framework formalising the continuing cooperation between the three parties in relation to the delivery of FMSB's primary objectives as recommended in the FEMR Final Report.

External engagement

During the pandemic, meetings overseas with international public authorities, standards setting bodies, and trade associations remained virtual in 2021, but it is hoped that the position will be reversed in 2022 with a clear focus on expanding the international reach of FMSB through private sector participation and building on relationships with global regulators.

With Latham & Watkins, we co-hosted two webinars during the year, the first one in February 2021. With a post-pandemic 'hybrid' working environment looking increasingly likely to become the 'new normal', this webcast explored the associated risks, challenges, and opportunities faced by financial institutions and included a keynote speech from Jonathan Davidson from the FCA followed by a panel discussion comprising participants from Member organisations and a representative from the FCA.

We agreed that the purpose, agility, ingenuity, appreciation of social issues and empowerment that had been witnessed within organisations during the pandemic should all be built upon in the future working environment.

CEO's review of operations continued

The panel also discussed the opportunities and challenges faced by organisations in the post-pandemic world as they move away from business continuity to “business as usual” and how the risk management framework will need to be thought about in the hybrid working environment. Challenges included “cultural decay”, the reliance on relationships of the past, how to manage “on the job” training to ensure that the right behaviours are being picked up as well as technical skills, integration of new staff and differing treatments of those in the office versus those not in the office. However, flexibility for staff and firms, improved communications, increased senior management visibility and the breaking down of barriers, increased productivity, more focus on employee health and well-being, expansion of the talent pool for inclusivity and diversity, and more of a trusting, innovative and inclusive culture, with purpose at the core, were all seen as opportunities.

The second webinar took place in October 2021 and explored the practicalities of the ‘new normal’ of hybrid working the associated risks, challenges, and opportunities faced by financial institutions in the UK, the US and globally. Sarah Pritchard, Executive Director, Markets, FCA, provided a keynote address and this was followed by a panel discussion comprising of participants from Member organisations and a representative from the FCA.

We also moderated and/or participated in a number of panels and webcasts during the year. Details of these can be seen on page 18.

International

Transparency Drafts and final Standards and Statements of Good Practice were sent to 110 international legislators, regulators and other bodies for comment and information.

Pro bono support

Pro bono resources were provided to FMSB by Deloitte, KPMG, Latham & Watkins, Oliver Wyman and all those international law firms that worked on the Behaviour-pattern Conduct Analysis. We have greatly appreciated their support over the year.

FMSB purpose and priorities

We continued to refine our purpose and priorities and consider new opportunities for FMSB over the course of 2021 to reflect new challenges and needs within the global financial industry.

You can learn more about FMSB’s Mission, Vision and Purpose on page 8, and details of our Sustainability profile in 2021 feature on page 46.

I wholeheartedly thank everyone who has worked with and for FMSB in an exciting year and for welcoming me to their community.



Myles McGuinness
CEO

CEO's review of operations continued

FMSB Communications: 1 January to 31 December 2021

Panel Moderation*

Managing LIBOR
Transition Virtual
Summit
(Ed Ocampo)

Event

FMSB & Latham &
Watkins: The Hybrid
Working Environment
– A Risk Management
Framework for the
Future

'In touch...'**
Issued

Panel Moderation & Panelist ***

Libor Live –
UK transition:
reflection and review

Panel Moderation*****

Managing LIBOR
and IBOR Transition
Virtual Summit
(Ed Ocampo)

Appointment
Myles McGuinness
appointed CEO

Presentation

Oliver Wyman
Conduct Forum –
Hybrid Working
(Chris Rich)

Event

FMSB & Latham &
Watkins: The Future
World of Hybrid
Working

Speech

Acuiti Self-Side Derivatives
Managers' Meeting
'Standards and Operational
Resilience in a Post Covid
World' (Myles McGuinness)

Panelist

Culture in the Era
of Hybrid Working:
Challenges and
Opportunities
(Myles McGuinness)



Presentation

Int. Council of
Securities Association
(ICSA)
AGM 2021
(Mark Yallop)

Presentation

Canadian
Fixed-Income Forum
(CFIF)
(Myles McGuinness
& Chris Rich)

Press Release

Plato Partnership
and FICC Markets
Standards Board
(FMSB) announce
collaboration

Presentation

Investment Association
(IA) Fixed Income
Committee
(Chris Rich)

Presentation***

FMSB presentation at
Canadian Foreign
Exchange Committee
(CFEC) (Chris Rich)

Panel Moderation

City Week 2021
Financing A
Sustainable Global
Recovery
(Mark Yallop)

Panelist

Market Abuse and
Market Manipulation
Summit (Myles
McGuinness)

Notes

* City & Financial: Managing LIBOR Transition: Updated and Practical Guidance for UK Financial Institutions and Users.

** 'In Touch...' FMSB's newsletter is emailed to >1,500 recipients




*** Bank of Canada Committee

**** Risk Net: LIBOR Live – Panel moderator: Ed Ocampo, Panelist: Chris Rich

***** Managing L/IBOR Transition Virtual Summit

FMSB publications

With our Members, we identify global market vulnerabilities and deliver transparent, fair and effective markets in three ways:

Output	Purpose	Impact on FMSB Members
 <p>Standards</p>	Set out Core Principles and accompanying guidance on the most important aspects of practice where ambiguity risks undermining the transparency, fairness and effectiveness of markets.	FMSB Members agree to adopt the Standards in their business practices and evidence adherence through an annual Statement of Commitment.
 <p>Statements of Good Practice</p>	Set out clear expectations and guidance on good practice in relation to broader areas of uncertainty in wholesale FICC markets.	FMSB Members endorse the Statements of Good Practice before publication to the wider global community of FICC market participants.
 <p>Spotlight Reviews</p>	Encompass a broad range of publications used by FMSB to illuminate important emerging issues in FICC markets, surface nascent challenges market participants face, and may inform topics for FMSB's future work.	Ability to draw from insights of other Members and industry experts.

FMSB publications in 2021

FMSB publications: January to December 2021

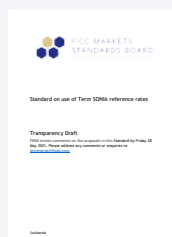
**Standard
(Transparency Draft)**
Use of Term SONIA
reference rates

Standard
Execution of
Large Trades in
FICC markets

Standard
Use of Term SONIA
reference rates

**Standard
(Transparency Draft)**
Conduct of Participants
in LBMA Precious
Metals Auctions

Spotlight Review
Precious Metals
Markets Structure



Spotlight Review
LIBOR transition: Case
studies for navigating
conduct risks in back
book transition



2020 Annual Report



Spotlight Review
Hybrid working in FICC markets:
Future risk management
frameworks



Press Release
FICC Markets Standards
Board, Bank of England and
Financial Conduct Authority
agree Memorandum of
Understanding

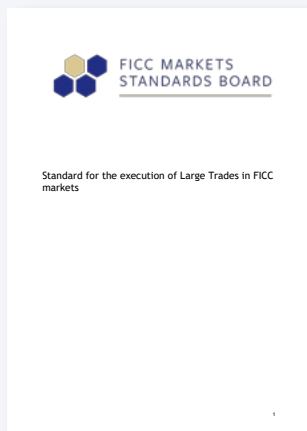


**Statement of
Good Practice
(Transparency Draft)**
Trading Platform
Disclosures

FMSB publications in 2021 continued



Standards



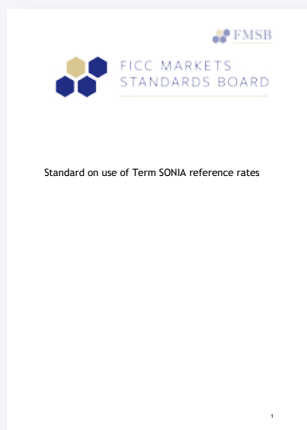
Standard for the execution of Large Trades in FICC Markets – 6 May 2021

This Standard sets out expected behaviours for participants in FICC markets in relation to the execution of Large Trades. The Standard focuses on Large Trades due to the heightened conduct risks associated with their execution and the greater potential market impact of such activity compared with smaller transactions.

The Standard adopts a subjective definition of Large Trades, acknowledging that what constitutes a Large Trade will vary by markets, product, time period, geography and other factors that could impact liquidity. The Standard sets out ten Core Principles that are applicable to the execution of all Large Trades between dealers and clients, and distinguishes between obligations applicable to market.

It was initially released on 15 December 2020 and was open for comments until 16 March 2021.

- [Standard](#)
- [Press release](#)



Standard on use of Term SONIA reference rates – 28 July 2021

The Standard has been developed with the aim of identifying where there may be robust rationales for the use of Term SONIA for transactions in the loan, bond and derivatives markets and to set out certain expected behaviours of markets participants when using or issuing Term SONIA products in light of the reduced systemic risks associated with overnight risk-free rates.

The eight Core Principles of the Standard identify selected use cases where there may be robust rationales for using Term SONIA and set out certain expected behaviours of market participants.

It was initially released on 24 March 2021 and was open for comments until 28 May 2021.

- [Standard](#)
- [Press release](#)

FMSB publications in 2021 continued



Spotlight Reviews

In 2021, we published three Spotlight Reviews that looked at issues of FICC market structure and the impact of regulatory and technological change on the fairness and effectiveness of wholesale markets. The papers focus on the structure of existing markets such as Precious Metals and new areas, for example, hybrid working.

A common theme is the need to manage risk, be it through the transition to changed working patterns in the pandemic and post-pandemic world or as we moved away from LIBOR-based contracts in the wholesale markets.



Precious Metals Market Structure – 18 November 2021

This Spotlight Review examines the existing structure of the precious metals market and makes a number of overarching observations as to how the market structure could evolve to promote fairness and effectiveness. In relation to each of these observations, the Spotlight Review considers the benefits that such changes could bring as well as the hurdles to implementation.

- [Spotlight Review](#)
- [Press release](#)

FMSB publications in 2021 continued



Spotlight Reviews



LIBOR transition: Case Studies for navigating conduct risks in back book transition – 20 April 2021

This Spotlight Review examines certain risks to market fairness and effectiveness that might arise when transitioning existing LIBOR-based contracts with maturities extending beyond end-2021 to alternative risk-free rates. In particular, the Spotlight Review considers certain complexities associated with proactive transition of back book contracts through a series of practical case studies and sets out a number of key considerations for banks and end users when looking at different transition options and good practice observations for managing the associated risks.

- [Spotlight Review](#)
- [Press release](#)



Hybrid working in FICC markets – Future risk management frameworks – 30 September 2021

This Spotlight Review examines a number of key benefits and potential conduct risks associated with the adoption of hybrid working models in FICC markets and considers how firms may look to adapt their risk management frameworks in light of such risks. It categorises conduct-related risks associated with hybrid working models into five thematic categories: cultural change, supervision and control impairments, execution risks, sharing of confidential information and threats to market effectiveness.

- [Spotlight Review](#)
- [Press release](#)

FMSB publications in 2021 continued



Standard (Transparency Draft)



Standard for the Conduct of Participants in LBMA Precious Metal Auctions (Transparency Draft) - 12 October 2021 (initial release)

LBMA Auctions establish prices in certain precious metals that are used as benchmark reference prices. Participants in LBMA Auctions submit bids and offers on behalf of clients wishing to buy or sell the relevant metal (Client Orders) and are also able to submit bids and offers for themselves (House Orders). It is understood that certain participants in an LBMA Auction may not be submitting House Orders due to concerns around the management of regulatory and conduct risks associated with:

(i) sourcing liquidity through an auction process which sets the LBMA Precious Metal Price; or (ii) managing both Client Orders and House Orders in the LBMA Auctions.

This Standard, through its five Core Principles, clarifies the way in which those risks can be managed to increase the volume of bids and offers submitted to LBMA Auctions and improve the quality of price discovery resulting from them, thereby improving the effectiveness of the market.

It was initially released on 12 October 2021 and was open for comments until 3 December 2021.

FMSB publications in 2021 continued



Statement of Good Practice (Transparency Draft)



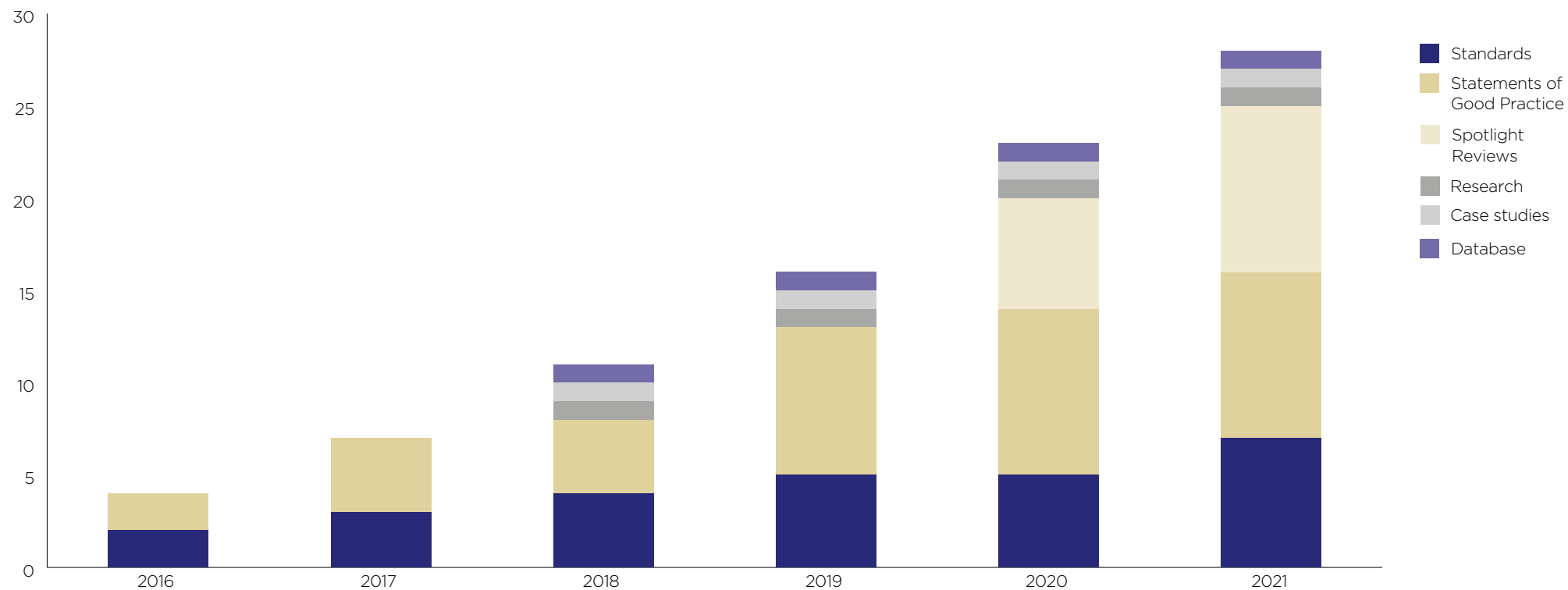
Statement of Good Practice for Trading Platform Disclosures (Transparency Draft) – 17 December 2021 (initial release)

This Statement of Good Practice aims to promote consistency of key information disclosures as to how platforms operate irrespective of their regulatory classification and builds on certain existing regulatory requirements and policy initiatives impacting platform operators and users, including relevant aspects of MiFID II and the FX Global Code. Such requirements and initiatives relate to both the operation and governance of Trading Platforms, and the obligations on Trading Platform participants.

FMSB published the Statement of Good Practice as a Transparency Draft on 17 December 2021, and it was open for comment until 25 February 2022.

FMSB publications in 2021 continued

FMSB final publications – year on year



FMSB's Strategic plans

In last year's annual report we highlighted the outcomes of a review of key priorities which came out of round-table meetings with over 50 key stakeholders including Advisory Council and Standards Board representatives, bilateral member meetings and discussions with the FMSB Limited Board Directors.

Here we show how this exercise informed our strategic priorities for the coming three years, developed alongside our Mission, Vision and Purpose statement.

► See right for the strategic pillars as a result of work begun in 2021

► See page 8 for our Vision, Mission and Purpose

Collaboration and future work programme

Objective:

Collaborate selectively with more bodies to enhance the breadth and impact of our work, by:

- > Collaborating with other like-minded organisations;
- > Undertaking further work to address 'effectiveness' issues in financial markets; and
- > Exploring how effective industry collaboration may negate the need for more restrictive regulation.

Extending our reach

Objective:

Broaden our territorial reach through collaboration and building relationships with global regulators, by:

- > Building relationships with existing and new international regulators to diversify our membership and increase our international influence;
- > Focusing primarily within the EU and US in 2022; and
- > Working beyond those markets in 2023.
- > Extending our current connectivity and impact in common law jurisdictions such as Australia and Canada.

Membership

Objective:

Expand membership breadth as one of our key differentiators, by:

- > Increasing end-user engagement;
- > Increasing geographic diversity of membership;
- > Modifying branding of FMSB to assist with member recruitment and better reflect work undertaken; and
- > Ensuring a work programme that reflects changing market structures and participants.

Partnerships: academic but practitioner-led and with the public authorities

Two strategic partnerships shaped FMSB in 2021. A Memorandum of Understanding formalised a public private partnership between the Bank of England, FMSB and the FCA and a research collaboration will deliver unbiased materials to our members, stakeholders and the global capital markets.

As the vaccine began to slow COVID-19's spread in many countries, and workers stepped warily back into their offices, by November 2021, our work – conducted almost entirely virtually – moved to a new level with the signing of two partnership agreements. The first being a tri-party Memorandum of Understanding between FMSB, the Bank of England and FCA.

This MoU set out a high-level framework formalising our continuing cooperation to deliver the primary objectives as recommended in the Fair and Effective Markets Review Final Report to:

- > promote fair and effective global wholesale fixed income, currency and commodities markets;
- > produce clear guidance on how business should be conducted to eliminate or mitigate vulnerabilities; and
- > to promulgate such guidance as widely as possible globally and obtain commitments for its use.

In a news release Andrew Bailey, Governor of the Bank of England, said:

"I am pleased that we have an agreed MoU that builds on our working relationship with FMSB to date and sets a clear framework for how we will continue to cooperate in the future.

"The FMSB was a key recommendation of the Fair and Effective Markets Review, and we strongly support its primary aim of raising standards of conduct so that global FICC markets are more transparent, fair and effective. The FMSB plays an important role in engendering confidence and trust from users and the public."

Nikhil Rathi, FCA Chief Executive Officer, added:

"We fully support FMSB in meeting its important objective to identify areas of vulnerability and develop clear and practical guidance that complements the evolving regulatory framework. This MoU sets out the basis for how we will continue working together to raise standards and promote fair and effective global wholesale FICC markets."

FMSB Chair Mark Yallop explained that the organisation has made significant progress against its goals, and the FMSB Limited Board is very grateful for the time, dedication and support provided throughout by the Bank and FCA:

"I am delighted that we have agreed an MoU that sets out a high-level framework for our continuing cooperation as FMSB, through its members, one that seeks out and addresses areas where misconduct and poor business practice reside."

► Read about the MoU here.



Bank of England



Partners in research

Our second partnership agreement in 2021 came between FMSB and Plato Partnership's MI3 division in December 2021.

The agreement focuses on academic research and publication with a team comprising asset managers and broker dealers who are collaborating to bring creative solutions and efficiencies to the financial marketplace.

The MI3 division of Plato has commissioned several important academic reports on key strategic equities market structure topics, which has led to many conversations with policy makers.

This strategic agreement with FMSB will allow the MI3 division to become multi-asset class, which in turn will benefit the global capital markets.

Myles McGuinness, CEO, FMSB said:

"We will greatly benefit from leveraging an established independent research network that will deliver unbiased material on topics of importance to our members and stakeholders, and which may underpin future FMSB work.

"Our two organisations share many common goals, and we hope our collaboration and sharing of best practice will ultimately benefit the wider market."

Mike Bellaro, CEO, Plato Partnership added:

"There's no doubt that the combination of our leading, highly regarded academics worldwide and the breadth of FMSB's membership's expertise will create a better marketplace, including looking at financial markets through the lens of post-trade as FMSB takes on this important work."



ESG Ratings: Spotlighting the issues



Caroline Haas
NatWest
Markets

In the summer of 2021, Caroline Haas, Head of Climate and ESG Capital Markets at NatWest Markets, met with FMSB's CEO Myles McGuinness and General Counsel Chris Rich to talk informally about areas where the financial sector could do with an injection of transparency and understanding. FMSB's Emerging Vulnerabilities Sub-Committee had already identified ESG, environmental, societal and governance, ratings as an area for more focus.

Caroline expressed her concerns that while so much work was being done at the national, international and industry level to standardise ratings around ESG issues, some more foundational work was still missing.

"Regulators were rightly looking at policy, but basic tools of engagement between issuers and ratings agencies could improve.

As a market practitioner, I could see that ESG rating agencies, issuers and investors needed to see more eye to eye," says Caroline.

FMSB's ESG Ratings Working Group was established in September 2021 with Caroline as Chair, pulling together a group of experts from FMSB's membership and some non-members firms. Those represented include HSBC, JP Morgan, National Australia Bank, Tradeweb, Insight, Bloomberg, UBS and Unilever.

"It is an incredibly cohesive and efficient Working Group that is utterly outcome focused. The structure of FMSB, with support from the Secretariat, is an amazing setting for keeping us on track and thinking clearly about what we're trying to do.

"We agreed that improved disclosure and transparency are key to advancing the quality and robustness of the data underpinning ESG ratings, and for market participants to understand the significance of particular ratings in a diverse landscape. The highly anticipated introduction of international disclosure standards in 2022 will significantly improve that, and we are building on the existing body of work produced by regulators, standard-setters and industry participants.

"Despite the multiple minds working to unravel the conundrum for ESG data and ratings disclosure, we realised that agents and issuers were sometimes at odds in the wholesale financial markets.

"Time lags between new disclosure being produced and disclosure being reviewed resulted in less effective ratings – for example. Was the disclosed data recent enough? Had controversies been dealt with but not reflected in the ESG ratings where data was being garnered from annual reports and historic media reports? ESG ratings agencies scour their sources for available data, clean it to put into their models, but quality can always be improved. There seemed to be a gulf between agencies and issuers."

ESG Ratings: Spotlighting the issues continued

Insight

Controversies

Ratings forwards and backwards

- > The ESG Controversy Category Score is calculated based on 23 ESG 'controversy' topics and measures a company's exposure to environmental, social and governance controversies and negative events reflected in the global media.
- > The FMSB ESG Ratings Working Group is exploring at what point do you say: 'The governance or management is changed at a company to prevent a controversy happening again'? And at what point is that recognised by ratings agencies?
- > Why it matters: Time passing or an agreement on when a controversy has been tackled can allow capital to flow into areas that are genuinely sustainable and ethical now.

"Divergence in and of itself reflects differences in how risk is measured. That's not the problem as long as the market understands the divergence. The problem is a lack of transparency coupled with difficulties in evaluating ESG performance. The FMSB ESG Ratings Working Group therefore isn't seeking to standardise or harmonise methodologies – as the ESG market is diverse and as such some level of diversity of ESG products is beneficial. Instead, we're aiming to increase the transparency of the collection processes and methodologies as a means of facilitating comparability of ESG ratings.

"Increasing user understanding of ESG ratings' objectives – what they actually can achieve – is important, with both at a European level and with IOSCO, the International Organization of Securities Commissions, recommending that providers give greater transparency around the intended purpose of the rating.

"There's a lot to focus on here and working through an industry body like FMSB is incredibly powerful, bringing practitioners into the same room – and being able to make your conversations industry-wide and have broader impact or influence."

COP26

Reflecting on her visit to Glasgow in 2021 for COP26, Caroline says:

"COP26 brought together an incredibly diverse range of stakeholders, as well as governments, climate experts and campaigners. There were academia, agriculture, biodiversity and indigenous communities represented. The financial sector actively participated and everyone wants the best outcome to the climate crisis.

"The financial sector was well represented and is proactively working on the tools and products to help capital move into the right areas to keep global warming below +1.5 degrees centigrade.

"COP27 in Egypt is just months way, and I'm hoping energy policies and strategies around the world can align to produce the outcomes the planet needs in these geopolitically challenging times."



Sir David Attenborough speaks at COP26.

Photo credit
Karwai Tang, UK
Government

Q&A with FMSB CEO



Tell us a little about yourself, your background and your career prior to joining FMSB in 2021?



I joined FMSB from NatWest Markets where I had spent 20 years in various sales and structuring roles across the front office. Over the period I worked between London, Connecticut and Continental Europe. Latterly I was responsible for establishing the bank's Capital Markets business in Europe, headquartered in Amsterdam with branches in a further six European hubs.

I was a chair of NatWest Markets Reputational Risk Committee and held several Conduct and Risk committee roles which included oversight from a front office perspective of a Federal Reserve Board remediation programme – something which really drew me to this role. I studied Economics and Geography at the National University of Ireland, Galway and received an MSc in Investment and Treasury from Dublin City University.



What attracted you to join FMSB?



In my previous role I worked on the remediation of conduct issues in the front office. It involved interaction with regulators in Europe and the US. I have always been interested in what drives conduct; what changes manifest in colleagues when they come through the revolving doors of a financial institution such that they make decisions which are inconsistent with their values outside of work?

Why would they not call out poor behaviour or turn the other way when actions of others were clearly intolerable? What needed to be done to protect junior staff and encourage them to speak up? What sort of culture was needed to avoid misconduct?

My role at FMSB allows me to address these issues on an industry level, to work with like-minded individuals in Member firms and with our stakeholders to the betterment of the industry and wider society.



Have your six months at FMSB been what you expected?



I have certainly enjoyed it! It is my first CEO role so adjusting to life as a leader and final decision maker has been interesting.

I realised that our focus needed to pivot from purely conduct issues that had bubbled up since the financial crisis towards the issues that could disrupt wholesale markets in the future.

FMSB has built a unique community since 2015 – one where market practitioners are creating best practice. Our standards are akin to soft law outputs that inform the marketplace in terms of fairness and effectiveness.

This model is unique and has the potential to do so much good, especially across boundaries where local regulations need – and often fail – to converge.

Q&A with FMSB's CEO continued



What are the best and most challenging aspects of your job?



I like meeting Members and prospective Members. They make us what we are today. I'm an evangelist for fair and effective wholesale markets.

The most challenging aspect is growing membership in these constrained times. Everyone must manage budgets, which I totally understand. Raising our profile during COVID has also been challenging. Now that travel restrictions have eased, and industry events are happening, it makes connecting with people much easier.



What are your proudest moments in 2021?



Cementing our relationship with the Bank of England and the FCA through the signing of the Memorandum of Understanding (MoU) in November 2021 was an absolute highlight. This sets out a high-level framework formalising our continuing cooperation. It's something I'm looking to build on and replicate in other jurisdictions.

Given my experience in regulatory driven remediation programmes, I know how important education and research are in creating an ethical mindset in the wholesale financial sector. In December we signed an agreement to cooperate on academic research via Plato's Market Structure Academic Research programme ("MI3").

In 2021 we also agreed with the Chartered Institute for Securities and Investment to develop two modules based on FMSB Standards and updated behavioural conduct. This also gave the whole team immense pride.



What does success look like in 2022?



I'm pleased that the new strategy I proposed in 2021 was approved by the Advisory Council and the Board in the first quarter of 2022. It sets us on a path to work more internationally, extend membership depth and breadth to increase our scope and build on education through partnerships and the expertise in FMSB's own Secretariat.

Myles' first half year in three events



Signed the Memorandum of Understanding between FMSB, the Bank of England and FCA.



Partnered with the Plato Partnership and Chartered Institute for Securities and Investment.



Saw the highest number of women chairing working groups in FMSB's history.

Large Trades: A meeting of minds

“By their nature large trades can have a significant impact on the market, as well as heightening conduct risks associated with their execution,” said Michael Dawson Shell’s Head of Liquidity and FX when FMSB launched its Standard for Large Trades in May 2021.

Michael knows this only too well, not just as Chair of the working group of market practitioners who came together to create the Standard, or as the leader of Shell’s team managing a cash portfolio of >\$20bn and annual FX outright flow of tens of billions of dollars, but also from his latest role as Head of Financial Markets at Shell.

Michael’s career straddles the buy-side and corporate treasury, making him an ideal person to chair the Large Trades Working Group. “This can be a contentious topic,” says Michael. “And being part of the group really helped me to also see the banks’ perspective.”

What constitutes a Large Trade will vary by market, asset class, time period, geography and other factors that could impact liquidity.

Managing their own risk exposure

With this complexity in mind, the working group agreed that it’s always for the parties involved in a transaction to consider, before the execution of Large Trade(s), the potential impact of the trade(s) on the relevant market based on a commercially reasonable assessment of the relevant factors.

As FMSB’s Chair Mark Yallop noted when we published the Standard: “Ensuring fair and transparent execution of outsized orders has been a significant challenge for dealers for my entire career in fixed income, currency and commodities markets, and I daresay well before then too. It is an extremely important topic, of current interest to many market participants, in all jurisdictions globally.”

The Standard the team created is very much about principles rather than rules.

The Working Group set out to do four things:

Reduce information asymmetries between dealers and clients

in relation to the execution of Large Trades and enhance the understanding of clients as to the method of execution and potential impact of Large Trades on the market and price the client receives.

Clarify and codify the principles governing the pre-hedging of Large Trades, building on the FX Global Code (FXGC) and extending principles compatible with the FXGC to the fixed income and commodities markets.

Establish clear expectations with regard to client confidentiality given the potentially heightened impacts of information leakage in the context of Large Trades; and

Ensure that clients communicate with dealers in a transparent manner so as to not have a detrimental impact on the effectiveness of the execution of a Large Trade by a dealer.

The Standard contains 10 Core Principles, which include:

- > Dealers should communicate to clients that the trade may be large in the relevant market.
- > Clients should communicate in a transparent manner that is clear, accurate and not misleading.
- > Dealers should not disclose the details of Large Trades to other market participants unless necessary to give effect to the clients’ instructions.
- > Consideration of the circumstances in which pre-hedging may be undertaken and the expected behaviours of market participants when pre-hedging Large Trades.

The application of these Core Principles differs depending on whether a market participant is acting as an agent or a principal. In respect of pre-hedging, the Standard sets out that when a dealer is acting as an agent, pre-hedging is never permitted in the relevant market.

The Standard launched to praise from market players, including James Kemp, Managing Director at the Global Financial Markets Association who said:

“It is extremely constructive to see the close collaboration between market participants in producing this guidance for Large Trades and that key relevant elements of this guidance dovetail closely with the Global FX Committee’s evolving guidance on Pre-Hedging.

“Creating a clear and consistent industry position on these topics is helpful in providing all market participants with well understood guidance that serves to underpin effective market functioning.”

Shell’s Michael Dawson adds that we moved from a ‘buyer beware’ or *caveat emptor* stance to one of informed client decision. “Talking it through and reaching consensus is so important when it comes to creating fair and effective markets. Thanks to everyone on the Large Trades Working Group who came together to achieve that through a meeting of minds.”



Photo credit: AlpaTradeZone, Pexel

Members as at 31 December 2021

Member Firms

1. AstraZeneca	20. Lloyds Bank Corporate Markets Plc
2. Australia and New Zealand Banking Group	21. London Stock Exchange Plc
3. BAE Systems	22. Morgan Stanley & Co. International Plc
4. Bank of America Merrill Lynch	23. National Australia Bank
5. Barclays	24. NatWest Markets
6. BHP	25. Nomura
7. BlackRock	26. Refinitiv
8. Bloomberg	27. Rio Tinto
9. BNP Paribas	28. Royal Bank of Canada
10. BNY Mellon	29. Shell plc
11. BP	30. Royal Mail Group
12. Citigroup Global Markets Limited	31. Santander
13. Crédit Agricole CIB	32. Société Générale
14. Credit Suisse	33. Standard Chartered
15. Deutsche Bank	34. Tradeweb
16. Goldman Sachs	35. UBS
17. HSBC	36. Vodafone
18. Invesco	37. Westpac Banking Corporation
19. J.P. Morgan	

Associate Member Firms

1. MarketAxess
2. Mizuho International Plc
3. Euronext FX Inc.
4. Tradition
5. XTX Markets

Partner Member Firms

1. Association of Corporate Treasurers
2. Financial Services Culture Board (formerly Banking Standards Board)
3. KPMG
4. Oliver Wyman
5. Standards Board for Alternative Investments
6. World Gold Council

Legal Adviser

Linklaters

Members continued

Advisory Council Members

1.	ANZ – Australia and New Zealand Banking Group	Paul Moore
2.	AstraZeneca	Jonathan Slade
3.	BAE Systems	Raj Patara
4.	Barclays	Filippo Zorzoli
5.	BHP	Stewart Cox
6.	BlackRock	Jane Sloan
7.	BNP Paribas	Arne Groes
8.	BP	Zack Starbird
9.	Citigroup Global Markets Limited	James Bardrick
10.	Crédit Agricole CIB	Walid Assaf
11.	Credit Suisse	Nick Lovett
12.	Deutsche Bank	David Wayne
13.	HSBC	Thierry Roland
14.	Independent Member	Kathleen (Kitty) J. Yoh
15.	J.P. Morgan	Guy America
16.	Linklaters (Legal Advisor)	Michael Kent
17.	Lloyds Bank Corporate Markets Plc	Allen Appen
18.	Morgan Stanley & Co. International Plc	Clare Woodman

Advisory Council Members

19.	National Australia Bank	Drew Bradford
20.	NatWest Group	Donal Quaid
21.	Nomura	Andrew Bowley
22.	Refinitiv	Neill Penney
23.	Rio Tinto	Maurita Sutedja
24.	Royal Bank of Canada	David Thomas
25.	Santander CIB	Peter Millington
26.	Société Générale	Antoine Broquereau
27.	Standard Chartered	Bruno Lettich
28.	Tradeweb	Simon Maisey
29.	UBS	Federica Mazzucato
30.	Westpac Banking Corporation	Nell Hutton

Partner Advisory Council Members

Partner Member	Advisory Council Member
1. ACT – Association of Corporate Treasurers	Caroline Stockmann
2. KPMG	Karim Haji
3. Oliver Wyman	Christian Edelmann
4. Standards Board for Alternative Investments	Luke Ellis

Members continued

Standards Board Members

1.	ANZ – Australia and New Zealand Banking Group	Paul Moore
2.	Bank of America Merrill Lynch	Bryant Park
3.	Barclays	Ellis Thomas
4.	BHP	Stewart Cox
5.	BlackRock	Daniel Mayston
6.	Bloomberg	Mark Flatman
7.	BNP Paribas	Alexandre Benech
8.	BNY Mellon	Paul Matherne
9.	Citigroup Global Markets Limited	Mark Meredith
10.	Deutsche Bank	Daniel Morley
11.	GFMA – Global Financial Markets Association	James Kemp
12.	Goldman Sachs	Patrick Street
13.	HSBC	Chris Salmon
14.	Invesco	Karim Awenat
15.	J.P. Morgan	Charles Bristow
16.	Linklaters (Legal Advisor)	Michael Kent
17.	Lloyds Bank Corporate Markets Plc	Rob Hale
18.	Morgan Stanley & Co. International Plc	Mandy DeFilippo
19.	National Australia Bank	David Bateman

Standards Board Members

20.	Nomura	John Goff
21.	Rio Tinto	Maurita Sutedja
22.	Royal Bank of Canada	Christophe Coutte
23.	Santander CIB	Juan Saffon
24.	Société Générale	Adnane Asfalou
25.	Standard Chartered	Bruno Lettich
26.	Tradeweb	Enrico Bruni
27.	UBS	Ciara Quinlan
28.	Westpac Banking Corporation	Emma Norman

Partner Standards Board Members

Partner Member	Standards Board Member
1. Association of Corporate Treasurers	James Winterton
2. Financial Services Culture Board	Alison Cottrell
3. KPMG	Peter Rothwell
4. Oliver Wyman	Catherine Brown
6. Standards Board for Alternative Investments	Thomas Deinet
7. World Gold Council	David Tait

Members continued

Committees, Sub-Committees and Working Groups

Membership Group	Chair	Company Name
BCA Committee	David Flowerday	Citigroup Global Markets Limited
Conduct & Ethics Sub-Committee	Tracey McDermott CBE	Standard Chartered Bank
Electronic Trading and Technology Committee	Co-Chairs: Zar Amrolia Ciara Quinlan	XTX Markets UBS
Algorithmic Model Risk Working Group	Ciara Quinlan	UBS
Trading Platforms Working Group	Zar Amrolia	XTX Markets
Emerging Vulnerabilities Sub-Committee	Joe Cassidy	KPMG
ESG Ratings Working Group	Caroline Haas	NatWest Markets
Legal Working Group	Michael Kent	Linklaters
Market Practices		
Fixed Income – Rates Products	Charles Bristow	J.P. Morgan
Fixed Income – Spread Products	Jonathan Brown	Barclays
Precious Metals Working Group	David Tait	World Gold Council

Advisory Council and Standards Board observers

Bank of England	Andrew Hauser
Financial Conduct Authority	Paul Johnson

How to become an FMSB Member

FMSB Members represent global wholesale FICC market participants. Our membership as of 31 December 2021 includes corporate issuers, asset managers, exchanges, custodians and intermediaries, commercial and investment banks, interdealer brokers and the firms that provide the infrastructure for markets to operate, such as data providers, trading venues, exchanges and other platforms.

We would be pleased to discuss membership with interested financial market participants. Please contact us at secretariat@fmsb.com or at +44 (0)20 3961 6150 for further information. Or write to us at 125 Old Broad Street, London EC2N 1AR.

FICC Markets Standards Board Limited

Constitution

FMSB is formally governed by way of a legal entity, FICC Markets Standards Board Limited, a company registered in England and Wales (registered number 09732893) with the registered office c/o Hackwood Secretaries Limited, One Silk Street, London EC2Y 8HQ. The auditors to FICC Markets Standards Board Limited are BDO LLP. FMSB is a not-for-profit organisation funded by member subscriptions. All directors of FMSB Limited are non-executive in that they are not members of the FMSB executive team, with the exception of the CEO. In April 2022, FICC Markets Standards Board Limited became Financial Markets Standards Board.

Board role

The Board takes ultimate ownership of the Company's strategic direction with support from the membership through the Advisory Council. It reviews FMSB's Mission, Vision and Purpose, and provides the necessary frameworks within which the management of the Company can act in the best interests of the membership.

Board tenure and succession planning

Non-executive directors are appointed for a three-year term. After an initial three-year term, a non-executive director may be eligible for reappointment for a further three-year term subject to satisfactory performance and the regular nomination and approval processes. In order to ensure that the board maintains a diverse mix of skills, views and experience, it is expected that all non-executive directors should serve no more than three terms of three years.

Board composition

The Board undertook a skills review of its directors during 2021. The directors believe that the Board is well-balanced and

possesses sufficient skills, relevant experience and knowledge to ensure that it functions effectively. The Board agreed to maintain the current gender diversity of the Board (of at least 25% female representation) and aims to achieve 33% representation by the end of 2023.

Board Committees

The Board has delegated some of its responsibilities to its two formal committees, the Audit Committee and the Nomination & Remuneration Committee, whose terms of reference were approved by the Board during the year. The Company ensures that the Board committees have sufficient resources to carry out their obligations.

(i) Audit Committee

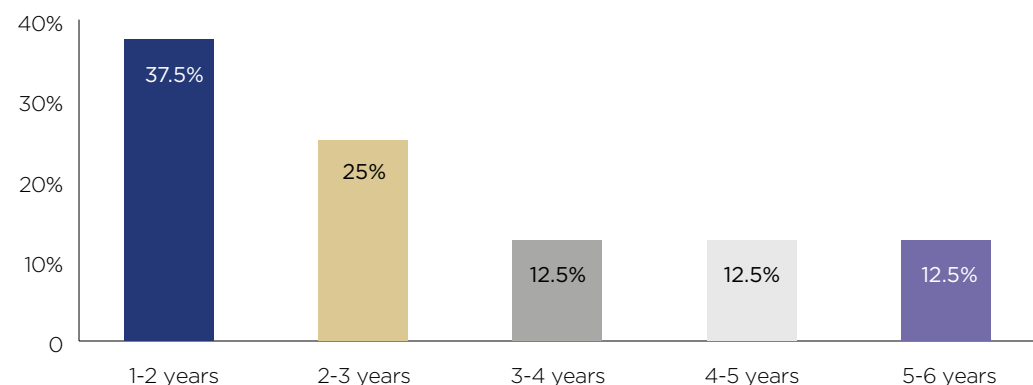
The Audit Committee is chaired by Charles Nichols, and comprises three non-executive directors and its role is to provide oversight of, and report to the Board on, the company's financial reporting and budgeting process, the audit process, its internal control and risk management system and internal policies and procedures.

(ii) Nomination & Remuneration Committee

The Nomination & Remuneration Committee is chaired by Niki Beattie, and comprises three non-executive directors and its role is to provide oversight of, and report to the Board on, ensuring that the Board retains an appropriate structure, size and balance of skills to support the strategic priorities and values of the company; undertaking arrangements for appointments to the Board and to the Company and succession planning; and reviewing and approving remuneration arrangements made in relation to employees of the company.

Board balance

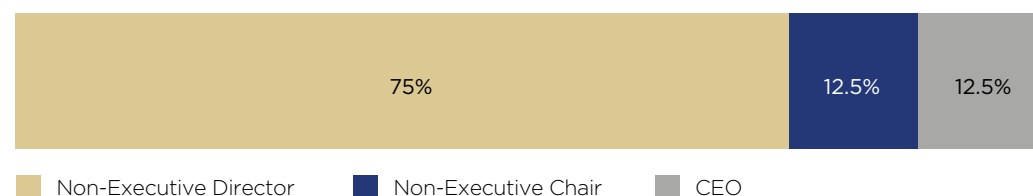
Tenure



Gender diversity



Independence



FICC Markets Standards Board Limited continued



Mark Yallop

Chair & Director

Mark joined FMSB in May 2016 and is the Chair and a Director of FICC Markets Standards Board Limited, and the Chair of both the FMSB Advisory Council and Standards Board. He was an External Member on the Bank of England's Prudential Regulation Committee, and Financial Market Infrastructure Board until November 2020. Mark serves on the Board of OpenFin (a US technology firm) and is a Partner at Illuminate Financial Management (a fintech venture capital business).

From March 2013 to September 2014 Mark was UK Group CEO for UBS, overseeing UBS's Investment Banking, Wealth Management and Asset Management activities in the UK. Between 2005 to 2011 Mark was Group Chief Operating Officer (COO) and main board director at ICAP plc. From 2009 to 2011 he also led a number of initiatives to develop industry and regulatory responses to the 2008 financial crisis.

From 1984 to 2004, Mark was at Morgan Grenfell and then Deutsche Bank where he built and ran a number of trading and sales businesses as Global Head, and served as Global Markets and Corporate and Investment Banking Chief Operating Officer. In 2002 he became Deutsche Bank AG Group COO.



Charles Nichols

*Senior Independent Director
& Chair of the Audit Committee*

Charles is the Senior Independent Director of FICC Markets Standards Board Limited and became a Director in January 2017.

Charles spent 31 years at Unilever where he held various financial and general management roles, including the senior management positions of Group Treasurer, Group Controller and Executive Vice President respectively. He is currently a member of the Board of Trustees of the Unilever UK Pension Fund and chairs the Investment and Funding Committee.



Niki Beattie

*Director & Chair of the Nomination
& Remuneration Committee*

Niki became a Director of FICC Markets Standards Board Limited in June 2020. Niki has extensive corporate governance experience on the boards of both listed and private companies in financial markets, as well as serving on two European regulatory committees.

Niki is Chair of XTX Markets Limited, a quantitative-driven electronic market-maker, as well as a non-executive director of IRESS, a listed Australian financial technology company, and Kepler Cheuvreux International, the French brokerage company. She was the Chair of Aquis Exchange PLC, a pan-European MTF (multilateral trading facility), until 31 December 2021.

Niki is also the CEO and Founder of Market Structure Partners, an independent consulting firm providing strategic advice on financial market structure issues to global exchanges, clearing houses, technology firms, market participants and government bodies. She is a member of the Secondary Markets Advisory Committee of ESMA, the European Securities and Markets Authority, and was also a member of the FCA's Regulatory Decisions Committee for six years. Prior to setting up Market Structure Partners, Niki spent 14 years at Merrill Lynch across a number of roles, including EMEA Head of Market Structure.



Michael Cole-Fontayn

Director

Michael became a Director of FICC Markets Standards Board Limited in March 2019.

Michael is a Director of J.P. Morgan Securities PLC and the Chair of the Chartered Institute for Securities and Investment (CISI), the largest professional body for the securities and investment profession in the UK. He was the Chair of the Association for Financial Markets in Europe (AFME) from September 2015 until June 2021.

Michael was previously EMEA Chair of BNY Mellon, responsible for governance, culture and strategy development across the region. Before taking up the EMEA Chair of BNY Mellon, he spent 25 years in various roles at both BNY Mellon and Bank of New York in London, Hong Kong and New York.

FICC Markets Standards Board Limited continued



Philippa Foster Back, CBE

Director

Philippa became a Director of FICC Markets Standards Board Limited in June 2020. Until April 2020 she was a Director of the Institute of Business Ethics (IBE), a role she held since 2001. The IBE's work is focused on promoting high standards of business behaviour based on ethical values.

Philippa was previously Group Treasurer at EMI Group, Group Finance Director at DC Gardner Group and Group Treasurer at Bowater. Philippa has also held a number of trustee, major review committee and non-executive roles throughout her career. She is a past President of the Association of Corporate Treasurers (ACT) and is currently a BEIS/FRC Wates Coalition Group member, a member of the ACT and Finance Leasing Association (FLA) Advisory Panels, and was a non-executive director of the CISI Board as well as a member of its Integrity Forum until July 2020.



Edward Ocampo

Director

Edward became a Director of FICC Markets Standards Board Limited in March 2019.

Edward is an Advisory Director at Quantile Technologies Limited, which provides portfolio risk management services for derivatives markets. Prior to joining Quantile Technologies, he spent four years as a Senior Adviser at the Bank of England where he led work to develop and promote alternatives to LIBOR.

Edward also contributed to FEMR, which called for the creation of FMSB. He joined the Bank of England from Morgan Stanley in London, where he was a Managing Director and held several senior roles over a 24-year career.



Stephen O'Connor

Director

Stephen became a Director of FICC Markets Standards Board Limited in December 2018.

Stephen is the Chair and founder of Quantile Technologies Limited, which provides portfolio risk management services for derivative markets.

He is the Chair of HSBC Bank plc and was a Non-Executive Director of London Stock Exchange Group plc until August 2021.

He was a Non-Executive Director of GE Capital International Holdings Ltd between 2015 and 2017 and of the International Swaps and Derivatives Association (ISDA) between 2009 and 2014 including three years as Chair.

He was also the Chair of OTC Deriv Ltd between 2001 and 2011. Stephen was at Morgan Stanley for 25 years where he was a Managing Director and Member of the Fixed Income Division Management Committee. Stephen is a qualified Chartered Accountant.



Myles McGuinness

Chief Executive Officer & Director

A long-term advocate for raising standards of conduct and ethics in financial markets, Myles McGuinness joined FMSB as CEO in June 2021.

His career in investment banking spans 30 years across sales and structuring, deal origination, strategy development and the management of regulatory relationships. He has worked in the UK, the US and prior to joining FMSB, in the Netherlands, responsible for a pan European Capital Markets business.

Myles has chaired Reputational Risk Committees and held several Conduct and Risk committee roles, which included overseeing a Federal Reserve Board remediation programme.

He studied Economics and Geography at the National University of Ireland, Galway and received a MSc in Investment and Treasury from Dublin City University.

FMSB Secretariat as at 31 December 2021



Alison Parker
Chief of Staff

Alison joined FMSB in November 2018. As Chief of Staff, she oversees the day-to-day operations of the Secretariat and the business of FMSB Limited, including supporting the FMSB Limited Board, the Advisory Council and Standards Board, as well as managing various projects.

Alison read Law at Edinburgh University and then qualified as a Chartered Accountant while at Coopers and Lybrand, before moving to Credit Suisse First Boston (CSFB) where she became the Global Head of Compensation and Executive Compensation. After leaving CSFB, she undertook various freelance compensation consultancy roles, ran various private property businesses and was a partner in her family farming business.



Carol Boag
Business Assistant

Carol joined FMSB in March 2020 and supports the Chair and Chief Executive Officer. She also assists the Chief of Staff and Secretariat with event planning and management, and special projects.

Carol has an extensive background in board and senior-level support and event management, most recently at Morgan Stanley.

She read Italian at the University of Reading.



Christopher Rich
General Counsel and Head of Standards

Chris has overall responsibility for all FMSB Working Groups and their publications. Since joining FMSB in April 2020 following a secondment from Linklaters, Chris has played a key role in delivering Standards, Statements of Good Practice and Spotlight Reviews on a broad range of topics including the execution of large trades, data sharing in a new issuance context, use of Term SONIA reference rates, LIBOR conduct risks and the development of risk management frameworks for hybrid working. He is also overseeing FMSB's nascent and ongoing work on ESG, electronic trading and post-trade processes.

Prior to joining FMSB, Chris spent nine years at Linklaters in the Financial Regulation Group advising a wide range of investment banks, market infrastructure providers and buy-side institutions on numerous areas of UK and European financial regulation. In the fixed income, currencies and commodities space, he has worked on investigations into misconduct in FX businesses and subsequent remediation exercises. During his time at Linklaters, Chris undertook secondments at RBS, Deutsche Bank and BNP Paribas and has recently completed an Executive LLM in international financial law and regulation at the London School of Economics.



Sam Smith
Secretariat Support

Sam joined FMSB in January 2020. Reporting to the Chief of Staff, Sam provides operational support to the FMSB Secretariat, including membership and meeting logistics.

Sam has experience supporting at board level, as Business Assistant & Company Secretarial Assistant. Prior to joining FMSB, Sam worked in the latent defects insurance sector for CRL Management Limited.

Sam went on maternity leave on 1 November 2021.

FMSB Secretariat as at 31 December 2021



Adam Nordstrom

EY Seconded

Adam joined FMSB in September 2021 on secondment from Ernst & Young.

Adam initially joined EY as a business consultant in September 2019 working across numerous sectors on large scale transformation programmes.

Adam has an Honours Degree in International Business from Glasgow Caledonian University.



Emily Domingo

Linklaters Seconded

Emily joined FMSB on secondment as a trainee solicitor in September 2021 after completing a seat in the Financial Regulation Group at Linklaters.

Emily assisted Chris Rich on a variety of FMSB publications and workstreams, including the ESG Working Group and the updated Behavioural Conduct Analysis.

Emily completed a Bachelor of Laws (LLB) and a Bachelor of Music (BMus) at Monash University in Melbourne (her hometown), and moved to London to start her training contract at Linklaters in March 2020. Emily finished her secondment to FMSB in March 2022 and has now started as an associate at Linklaters in the Financial Regulation Group.



Ed Davey

Chief Operating Officer

Ed joined FMSB on 1 March 2021 as Chief Operating Officer. Ed is an experienced FICC market practitioner with over 25 years in the financial services industry. Prior to joining FMSB, Ed ran his own business development and change management consultancy firm where, amongst other things, he was the BREXIT programme lead for a large Australian bank.

Ed spent five years at CLS Group Ltd where he held the roles of Head of Strategic Initiatives and Strategic Planning and Head of Product Strategy. Prior to this he spent seven years at JP Morgan, latterly as Global FX Chief Operating Officer and has previously been Global FX Business Manager at Standard Chartered Bank.



Janie Pearman

Secretariat Support

Janie joined FMSB in October 2021 as maternity leave cover. Reporting to the Chief of Staff, Janie provides operational support to the FMSB Secretariat, including membership and meeting logistics.

Janie spent 10 years at Deutsche Bank working in the Equity Capital Markets team, followed by a further 10 years in Corporate Broking / Investor Relations at Citi, Deutsche Bank and Peel Hunt.

Summary of all FMSB publications

Standard

Publication Name	Initial Release	Comment Period	Final Release
Reference Price Transactions Standard of the Fixed Income markets	30-Jun-16	30-Jun-16 to 8-Sep-16	21-Nov-16
Binary Options Standard for the Commodities markets	22-Jul-16	22-Jul-16 to 14-Oct-16	21-Nov-16
New Issue Process standard for the Fixed Income markets	18-Nov-16	18-Nov-16 to 17-Jan-17	02-May-17
Risk Management Transactions for New Issuance Standard	25-Oct-17	25-Oct-17 to 20-Dec-17	03-Jul-18
Secondary Market Trading Error Compensation Standard	20-Mar-18	20-Mar-18 to 20-Jun-18	28-Jan-19
Standard for the execution of Large Trades in FICC markets	15-Dec-20	15-Dec-20 to 16-Mar-21	06-May-21
Standard on use of Term SONIA reference rates	24-Mar-21	24-Mar-21 to 28-May-21	28-Jul-21

Standard (Transparency Draft)

Publication Name	Initial Release	Comment Period	Final Release
Standard for the sharing of investor allocation information in the fixed income primary markets	15-Dec-20	15 Dec 20 to 16 Mar-21	15-Feb-22
Standard for the Conduct of Participants in LBMA Precious Metal Auctions	12-Oct-21	12-Oct-21 to 3-Dec-21	01-Mar-22

Statement of Good Practice

Publication Name	Initial Release	Comment Period	Final Release
Surveillance Core Principles for FICC Market Participants: Statement of Good Practice for Surveillance in Foreign Exchange Markets	n/a	n/a	08-Dec-16
Statement of Good Practice for FICC Market Participants: Conduct Training	n/a	n/a	08-Dec-16
Monitoring of written electronic communications Statement of Good Practice for FICC Market Participants	n/a	n/a	15-Sep-17
Front Office Supervision Statement of Good Practice for FICC Market Participants	n/a	n/a	15-Sep-17
Suspicious Transaction and Order Reporting Statement of Good Practice for FICC Market Participants	04-May-18	04-May-18 to 03-Aug-18	15-Jan-19
Information & Confidentiality for the Fixed Income and Commodities markets Statement of Good Practice	01-Jun-18	01-Jun-18 to 31-Aug-18	03-Oct-19
Conduct Risk in Market Transactions Statement of Good Practice	27-Jul-18	27-Jul-18 to 26-Oct-18	28-Mar-19
Conflicts of Interest Statement of Good Practice	20-Jun-19	20-Jun-19 to 06-Sep-19	14-Oct-19
Statement of Good Practice for Participation in Sovereign and Supranational Auctions in Fixed Income Markets	02-Dec-19	02-Dec-19 to 27-Jan-20	14-Jul-20

Summary of FMSB publications continued

Statement of Good Practice (Transparency Draft)

Publication Name	Initial Release	Comment Period	Final Release
Algorithmic trading in FICC markets: Statement of Good Practice for FICC market participants	24-Jun-20	24-Jun-20 to 21-Aug-20	Retired in Mar-21
Statement of Good Practice for Trading Platform Disclosures	17-Dec-21	17-Dec-21 to 25-Feb-22	TBC

Spotlight Reviews

Publication Name	Final Release
Behavioural Cluster Analysis – Misconduct Patterns in Financial Markets	27-Jul-18
Misconduct Patterns in Financial Markets – Selected Case Studies	27-Jul-18
Database – Market Abuse and Manipulation: Historic Cases	27-Jul-18
Emerging themes and challenges in algorithmic trading and machine learning	23-Apr-20
The critical role of data management in the financial system	11-May-20
LIBOR transition: Case studies for navigating conduct risks	11-Jun-20
Examining remote working risks in FICC markets	27-Jul-20
Examining remote working risks in FICC markets – Risk register	27-Jul-20
Monitoring FICC markets and the impact of machine learning	03-Aug-20
Measuring execution quality in FICC markets	07-Sept-20
LIBOR transition: Case studies for navigating conduct risks in back book transition	20-Apr-21
Hybrid working in FICC markets – Future risk management frameworks	30-Sept-21
Precious Metals Market Structure	18-Nov-21

Summary of FMSB publications continued

Abbreviations

ESMA	European Securities and Markets Authority
ESG	Environmental, Social and Governance
FEMR	Fair and Effective Markets Review
FICC	Fixed income, currencies and commodities
FMSB	FICC Markets Standards Board
IOSCO	International Organization of Securities Commissions
LIBOR	London Interbank Offered Rate
NED	Non-executive director

Quick links to FMSB website

Homepage	fmsb.com/
Who we are	fmsb.com/who-we-are/
Standards & Publications, including work in progress	fmsb.com/our-publications/
In the news, including speeches	fmsb.com/in-the-news/
Adherence	fmsb.com/adherence/

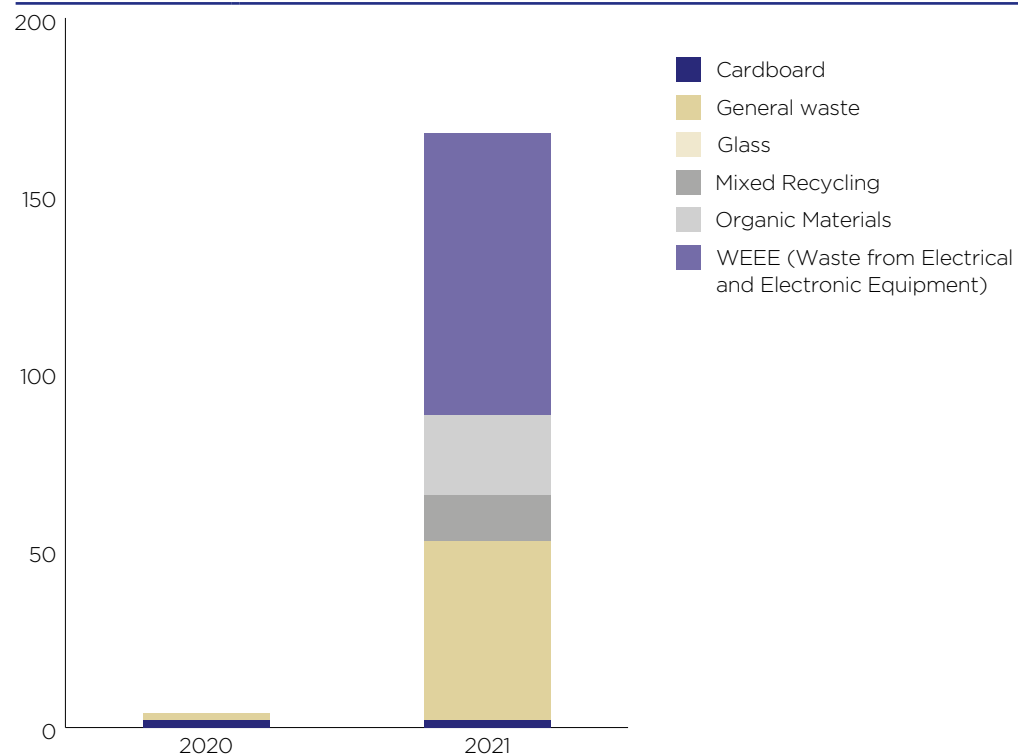
Sustainability summary

Sustainability matters

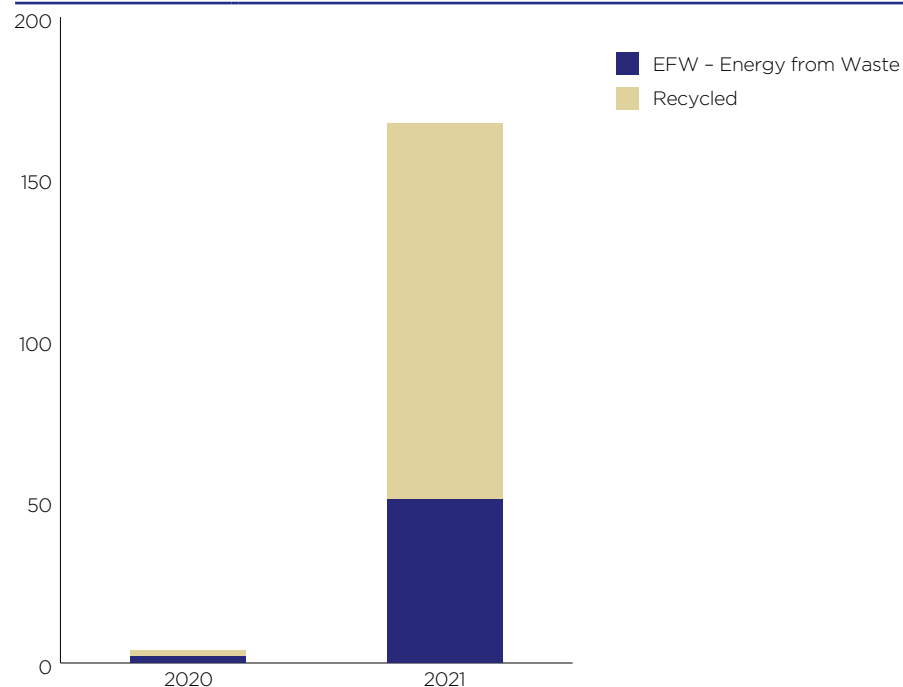
FMSB's Secretariat might be a small team, but we work with our property licensor Landmark Space to ensure our offices are as sustainable as possible. Below are the figures from Landmark's sustainability certification which shows how materials were recycled on our behalf at 125 Old Broad Street, London EC2N 1AR in 2021. Our building's Carbon Trust Certification is reviewed annually to ensure ongoing compliance. Full data for 2021 will be available in July 2022. FMSB can confirm that Landmark Space purchased 100% renewable electricity from 'SmartestEnergy' for us. Below is the energy mix as recorded in March 2020 and we expect the data to be comparable in 2021.

We also reduced our own carbon footprint in 2021 by: no longer printing Advisory Council and Standards Board packs, offering the Secretariat team the opportunity to work two days per week from home and continuing to arrange for any shredded paperwork to be recycled. We also reduced how much we print – including producing this Annual Report online only. In 2022, we will look to offset or reduce our carbon footprint created by increased travel by the Secretariat.

Annual Waste Type (Tonnes)



Annual Disposal Method (Tonnes)



Natural Renewable fuel mix



Source: Carbonxgen certified by The Carbon Trust

End notes

- 1 All materials relating to the HM Treasury, Bank of England, and FCA Fair and Effective Markets Review are available on the Bank of England's website at:
www.bankofengland.co.uk/markets/fair-and-effective-markets
2. The Dear CEO Letter is available [here](#).
3. Full, Associate and Corporate Members commit to adhere to the FMSB Standards that are relevant to their businesses. Information about FMSB adherence is available on the 'Adherence' page of our website at: <https://fmsb.com/adherence/>



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