


















FMSB Key Initiatives Timeline – Indicative Dates

Sept 2023

Committee	2023				2024		
	Sept	Oct	Nov	Dec	Jan	Feb	March
Market Practices			Case studies: Pre-hedging				Standard: Pre-hedging
			Horizon scanning				Carbon markets: TBD
ESG	Horizon scanning				Sustainability-Linked Products: TBD		
Electronic Trading & Technology		Horizon scanning					
Post-Trade				Standard: Common KYC Document Set			Standard: IM and VM Performance Metrics
						Standard: Standard Settlement Instructions	
Conduct & Ethics	Horizon scanning				Training on Fair and Effective Markets: Certified Training Course		

KEY:









- ★ Standard
- ★ Spotlight Review
- ★ Other

Market Practices							
Chairs: Kieran Higgins (Citi); Robert Mitchelson [TBU] (BlackRock)							
Topic	Description	Key Regulatory Initiatives	Status	Member Interest			
				Banks/Liquidity Providers	Asset Managers/ Owners	Corporates	Infrastructure Providers
Pre-Hedging	<ul style="list-style-type: none"> Greater clarity for all market participants on the distinction between legitimate market making activity and front running in different contexts. Improving market understanding of where pre-hedging may occur and the benefits / impact of such activity. Help address areas of uncertainty in applying existing pre-hedging principles to different trading practices through practical case studies Produce guidelines for liquidity providers and clients. 	ESMA MAR Review and Call for Evidence.					
Price discovery in illiquid securities	<ul style="list-style-type: none"> Process of establishing price or depth of liquidity in a product. Distinction between genuine price discovery and potential illegitimate behaviours 						
Hidden Leverage	<ul style="list-style-type: none"> Minimising disruption to orderly market functioning of significant default events deriving from hidden leverage Risk of systemic liquidity crisis 						
Liability Driven Investment funds	<ul style="list-style-type: none"> Liquidity risks originating outside of the banking sector How to mitigate risk of event comparable to those in the UK LDI sector arising in the future Operational challenges 						

Market Practices

Chairs: Kieran Higgins (Citi); Robert Mitchelson [TBU] (BlackRock)

Member Interest

Topic	Description	Key Regulatory Initiatives	Status	Banks/Liquidity Providers	Asset Managers/ Owners	Corporates	Infrastructure Providers
Dislocations in energy and commodities derivatives markets	<ul style="list-style-type: none"> • Extreme price dynamics in energy markets • Importance of energy derivatives markets for hedging risks in the energy sector • Concentration of positions increasing the risk of disorderly market functioning 						
Unclear Principal Roles	<ul style="list-style-type: none"> • Varying understanding on sell-side obligations in principal markets • Clarity around the capacity in which a liquidity provider is acting 						

KEY:

Status:  - In progress  - Exploratory  - Completed  - On hold/Not pursued

Applicable to: 

Environmental, Social and Governance (ESG)

Chair: Caroline Haas (NatWest Markets)

Topic	Description	Key Regulatory Initiatives	Status	Member Interest			
				Banks/Liquidity Providers	Asset Managers/ Owners	Corporates	Infrastructure Providers
Voluntary Carbon Markets	<ul style="list-style-type: none"> Obstacles to scaling of voluntary carbon markets Present and future challenges to effective pricing of carbon credits given the unique features of the market 		 	✓	✓	✓	
ESG Ratings	<ul style="list-style-type: none"> Spotlight Review published July 2022 which seeks to: <ol style="list-style-type: none"> Facilitate additional disclosure and transparency of ESG ratings methodologies and data collection processes Enhance user understanding of ESG ratings Facilitate comparability across rating providers in wholesale financial markets FMSB Secretariat as member of WG led by ICMA and ISRG developing a voluntary code of conduct for ESG ratings & data providers 		 	✓	✓	✓	✓
Sustainability-linked Products	<ul style="list-style-type: none"> Governance and approval processes for SLPs Robustness / stretching nature of targets Concerns about appropriateness of products and conflicts of interest 			✓	✓	✓	
Greenwashing	<ul style="list-style-type: none"> Defining greenwashing Considering where greenwashing risks may emerge in markets/ businesses/products 			✓	✓	✓	✓

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Applicable to: ✓

Environmental, Social and Governance (ESG)

Chair: Caroline Haas (NatWest Markets)

Topic	Description	Key Regulatory Initiatives	Status	Member Interest			
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Incorporating ESG/Net Zero Transition risks into MRM Frameworks	<ul style="list-style-type: none"> Identifying key thematic transition risks & understanding the drivers of these risks Senior management individual & collective responsibility/accountability for managing these risks Desk-level considerations 		█	✓	✓	✓	
Unintended consequences of transition	<ul style="list-style-type: none"> Considering unintended consequence of transition to the fair & effective functioning of wholesale markets Continued fundability/bankability of certain sectors 		█	✓	✓	✓	✓
Data accuracy, validation, and representation	<ul style="list-style-type: none"> Scope of corporate reporting regimes Absence of single regulatory framework Lack of consensus on terminology & definition Reliability of disclosure reports 		█	✓	✓	✓	✓
Competence / Expertise	<ul style="list-style-type: none"> ESG is a fast-evolving area from both a regulatory & product perspective Where could competence/quality challenges give rise to risks? Quality and purpose of second party opinions 		█	✓	✓	✓	✓
Regulatory fragmentation	<ul style="list-style-type: none"> Need for greater harmonisation and standardisation of regulatory frameworks and taxonomies Proliferation of sustainable finance frameworks presents material comparability challenges 		█	✓	✓	✓	✓

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Electronic Trading & Technology

Chair: Ciara Quinlan (UBS) [New Chair TBC]

Member Interest

Topic	Description	Key Regulatory Initiatives	Status	Banks/Liquidity Providers	Asset Managers/ Owners	Corporates	Infrastructure Providers
AI and ML Applications in Wholesale Markets	<ul style="list-style-type: none"> New frontier for global regulatory fragmentation Firms considering the guardrails that should be applied to AI internally Role of AI and ML in wholesale markets; key risks and mitigants Existing concerns relate e.g. to hidden biases; market abuse; data leakage; uncontrolled use of ever proliferating tools; reliance on third party software; transparency/disclosure and quality of consumer interactions 	Discussion Paper 5/22 by BoE		✓	✓	✓	✓
Review and Monitoring of Algos Post-Implementation	<ul style="list-style-type: none"> Algo control frameworks; model risk; regulatory interest in AI/ML applications Holistic monitoring and review of algos post implementation 			✓	✓		
Market Outages	<ul style="list-style-type: none"> Information venues are expected to communicate to the market during and after an outage Treatment of orderbook for different types of outages FCA guidance for equity platforms; consider application to FI and FX 			✓	✓	✓	✓

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Electronic Trading & Technology

Chair: Ciara Quinlan (UBS) [New Chair TBC]

Member Interest

Topic	Description	Key Regulatory Initiatives	Status	Member Interest			
				Banks/Liquidity Providers	Asset Managers/ Owners	Corporates	Infrastructure Providers
Digital Assets	<ul style="list-style-type: none"> Tokenisation of traditional securities - key issues for market participants Adoption of crypto assets <ul style="list-style-type: none"> (i) Custody - delta between role of traditional custody and custody of crypto-assets; key considerations (ii) Institutional demand for exposure to crypto assets - barriers to adoption 						
Trading Venue Perimeter	<ul style="list-style-type: none"> Clarity as to which systems & facilities qualify as trading venues for regulatory purposes & concerns around unlevel playing fields developing Focus at UK and EU level 	CP 22/18					

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Post-Trade

Chairs: David Hudson (JP Morgan), Tim McLeod (BlackRock),
Philip Glackin (JP Morgan), Siobhan Clarke (Royal London)

Member Interest

Topic	Description	Key Regulatory Initiatives	Status	Banks/Liquidity Providers	Asset Managers/ Owners	Corporates	Infrastructure Providers
Common KYC Document Set	<ul style="list-style-type: none"> Core and additional document set for UK-driven KYC Initially focused on funds 		In progress	✓	✓	✓	✓
Future State of Onboarding	<ul style="list-style-type: none"> Attributes of an optimised COB system, including potential use of digital identity 		In progress	✓	✓	✓	✓
Standard Settlement Instructions	<ul style="list-style-type: none"> Best practices for sharing of SSIs between counterparties Compatible with manual processes and future automation 		In progress	✓	✓	✓	✓
Future State of Settlement	<ul style="list-style-type: none"> Attributes of an optimised settlement process, including potential use of DLT and atomic settlement 		Exploratory	✓	✓	✓	✓
IM and VM Performance Metrics	<ul style="list-style-type: none"> Metrics on key margin clearing parameters, to benchmark firms and encourage adoption of best practice across the market 		In progress	✓	✓	✓	✓
Future State of Margin Clearing	<ul style="list-style-type: none"> Metrics on key margin clearing parameters, to benchmark firms and encourage adoption of best practice across the market 		In progress	✓	✓	✓	✓
LEI Adoption	<ul style="list-style-type: none"> Consider the optimal process for sharing of LEIs and their increased adoption 		Exploratory	✓	✓	✓	✓

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Applicable to: ✓

Conduct & Ethics

Chairs: Tracey McDermott (Standard Chartered), Olivia Richards (Oliver Wyman)
 Alan Leigh (Bank of America Merrill Lynch),

Member Interest

Topic	Description	Key Regulatory Initiatives	Status	Banks/Liquidity Providers	Asset Managers/ Owners	Corporates	Infrastructure Providers	
Conduct MI	<ul style="list-style-type: none"> Data collected and how it is used Role of MI across functions and different management levels and how it informs decision-making How can the industry improve and what are the benefits of having more advanced conduct MI frameworks 				✓	✓	✓	✓
Surveillance of e-comms and unauthorised channels	<ul style="list-style-type: none"> Communications relating to business matters only taking place on authorised channels Concerns about use of personal devices and corresponding record-keeping difficulties Importance of record-keeping for ensuring market integrity 			✓	✓			
Big Data	<ul style="list-style-type: none"> Increasing data-driven price differentiation, leading to value creation for those with greater access to data. Are there limits to what is fair and potential to abuse less sophisticated market participants? Should there be greater focus on data that can / cannot be used in pricing engines 			✓	✓	✓	✓	

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