JMY Retirement from FMSB Speech - Excerpts

Bloomberg, London

11th September 2023

Thank you Ashley, James and Michael for your kind words.

My first duty tonight is to put on record my huge thanks to all those who have helped me in the past 7 years at FMSB and put the Standards Board firmly on the global financial markets map; they are without any doubt the real heroes of this evening.

In truth, there are simply too many to name individually without exhausting your patience and that of our generous hosts this evening. So, at the risk of annoying a few people let me pick out a few to whom I feel I owe a particular debt:

- **Mark Carney** and **Minouche Shafik**, who were unstinting in their support while at the Bank and without whose backing I wouldn't have considered taking this on. And their successors: Andrew Bailey and Dave Ramsden, who along with Jon Cunliffe and Sam Woods, have all continued to egg me on at moments when the journey seemed hard;
- In a special category at this point I must single out **Andrew Hauser**, well known to many of you, who bears almost as much responsibility for what you see as FMSB today as I do.
- **Samir Assaf**, **Catherine Bradley**, **Charles Nichols** and the other members of the Nominations Committee, who made the role sound just impossible enough to make a success of that my competitive instincts were fully engaged, and it was impossible to turn the role down;
- All those who were serving on the **Standards Board** and the **Advisory Council** when I was appointed - and especially those who stayed engaged even after I had arrived, some of them even for my entire term. There are so many that it would really be invidious to single out particular names: but you know who you are!
- The many hundreds - even by this stage thousands - of members of **Working Groups** who have contributed tens of thousands of hours of the practical expertise that makes FMSB Standards uniquely authoritative and influential globally;
- Numerous friends internationally who welcomed FMSB into their jurisdictions with (relatively) open arms: without diminishing the huge role of others I would call out particularly **Bill Dudley** at the NY Fed, **Randy Quarles** of the Federal Reserve, **Andreas Dombret** at the Bundesbank, **Benoit de Juvigny** at the AMF, **Verena Ross** and **Steven Maijoor** at ESMA and **Cathie Armour** at ASIC;
- My **non-executive colleagues** on the Board of FMSB Ltd - **Charles** and **Philippa, Michael** and **Ed, Stephen** and **Niki** who have laboured hard to make FMSB the pillar of financial market infrastructure that it is today.
- The **Secretariat** team without whom we all realise literally nothing would be achieved. We have been extraordinarily fortunate in the talent we have been able to enlist here and their dedication to the FMSB vision, but I would like to pay special and very public

thanks this evening to both **Alison** and **Chris** who have each in different ways contributed an incalculable amount to the success that we have had in the past 5 years;

- And finally, of course, to **Myles** for his exceptional leadership of FMSB as CEO these last couple of years, and for his vision for the future; and to **Jonathan** for enabling me to step down secure in the knowledge that FMSB is in hugely capable hands.

I have never thought this was a smart way to present FMSB's mission to our sceptical financial markets audience, but I have always viewed FMSB's task as fundamentally as **cultural** one, to facilitate the rebuilding of trust between the financial world and the wider population that grants us our licence to operate.

We have done better, and will continue to do so in my view, by focusing on granular, hard, fact-based, empirical advice on how clients can be given the best outcomes that they deserve.

If our clients experience these outcomes often and consistently enough the cultural message will get through.

And this is not some unrealistic Pollyanna-ish vision of an unattainable world: cleaner, fairer markets encourage more business, support higher turnover and enable greater market share and profits for the best participants.

Onora O'Neill, one of our foremost political and ethical philosophers, gave us the entire framework we need for setting Standards over 20 years ago in her Reith Lectures. She told us that:

- Trust is **not a passive "thing"**, but something that must be **actively tested** by those wanting to trust, through questioning and exercising their independent judgement;

- **Duties** to behave in certain ways are a **pre-requisite** for the **rights** of others to enjoy predictable behaviours. Sadly, the concept of **duty** is frequently overlooked by those looking to create trust;

- **Targets**, intended to create or bolster trust by increasing the accountability of those who are in positions of trust, very often fail to do so because they create what O'Neill called "managerial accountability", where arbitrary and sometimes inconsistent goals are set because they are easily measurable and not because they really address the lack of trust in the performance of those being measured;

- **Real accountability**, is not delivered by ticking boxes or meeting arbitrary KPIs, but by ensuring good self-governance and informative reporting that enables others with independent judgement to prove to themselves that it has been delivered;

- Trust is certainly **not just a function of transparency**, as is often claimed, since more transparency and information can also foster deception and mis- information;

- **The goal needs to be** a system of "informed consent", in which those who are placing trust in others can verify the facts to through active enquiry; and those seeking trust from others can facilitate this verification of their behaviour;

- Those who want to place confidence in others need to look for **verifiable "trust-worthy" behaviour**, not abstract and illusory expressions of "trust".

In our recent experience:

- Financial services providers have too often ignored duties they owed to consumers and market participants.
- Conduct regulation has too often been set up to test managerial accountability, rather than real performance.
- Consumers and other users of financial services have had inadequate tools to measure the trustworthiness of their providers and the products and services they were buying.
- Increasing transparency has too often delivered more information, but not greater intelligence about markets, services and products.
- Even those market users who were looking for signs of trustworthiness lacked the tools and the information to establish informed consent.

It will eternally be to the great credit of those at the Bank of England, the FCA and HM Treasury who wrestled, in writing the Fair and Effective Markets Review, with how to respond to the successive waves of wholesale market problems from 2008-2013, that they did not double down on a complex, prescriptive, targets and rules-based regulatory system that would have done nothing to change the accountability for market outcomes and the trustworthiness of financial markets.

Rather the Bank, the FCA and HMT deliberately sought to create a system that reinforced a genuine sense of accountability for trust-able outcomes on the part of both market makers and market users.

Making this a reality is the journey that FMSB has been on these last 7 years. It has been a lengthy journey, with more than a few bumps in the road. But we have come a long way from the two people who met in the summer of 2016, without even an office.
I think that the next 7 years will be even more exciting than the past.

Onora O'Neill's messages have an eternal relevance for finance (as they do for many other professions); and we must not forget them.

But for now, this evening, let me reiterate my huge personal thanks to all who have helped me so much, and made the journey so far not just possible but a good deal of fun too. I look forward to continuing my retirement and will be watching the next steps with interest!

Thank you all.