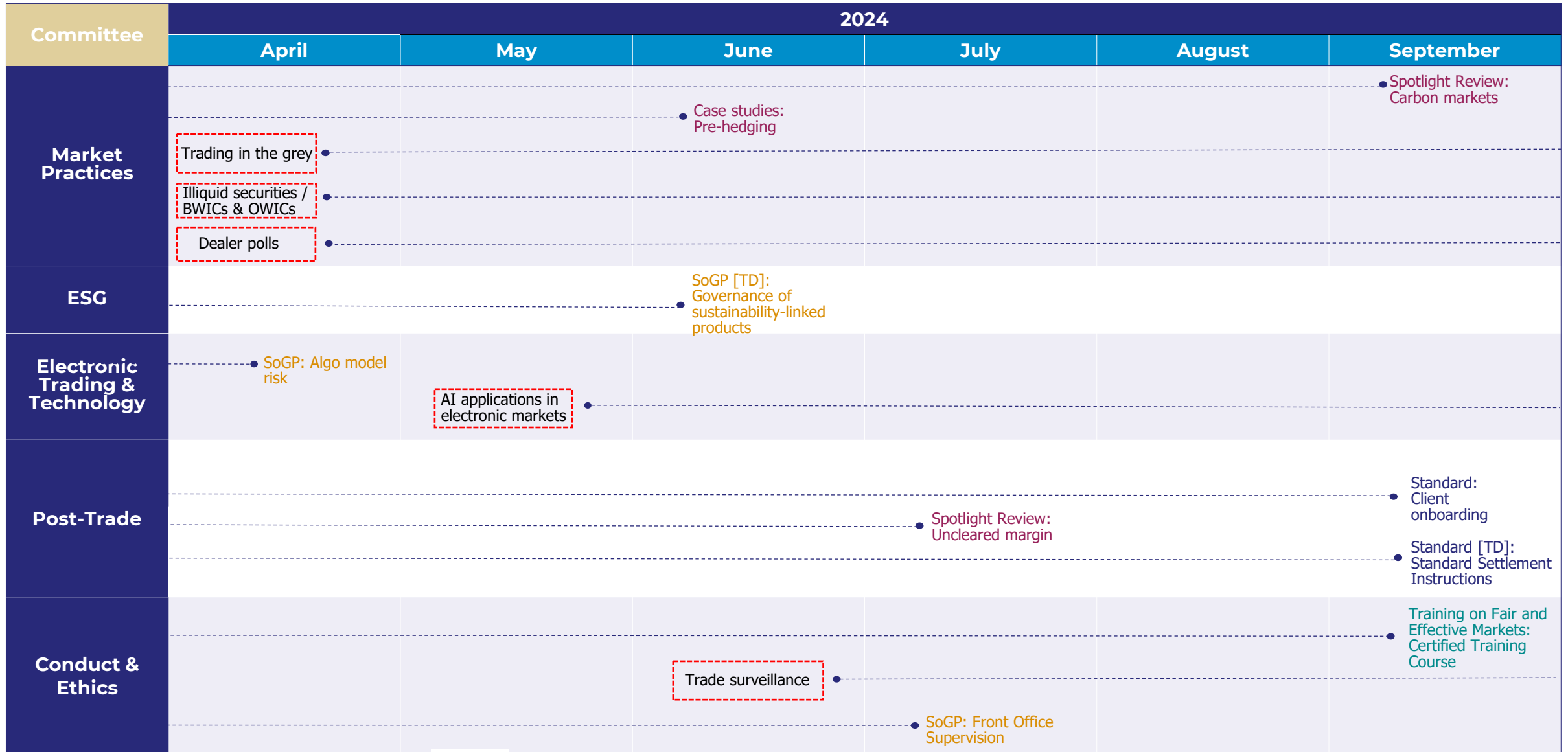


FMSB KEY INITIATIVES TIMELINE



KEY:

- ★ Standard
- ★ Spotlight Review
- ★ SoGP
- ★ Other
- Exploratory
- TD = Transparency Draft

Live workstreams – H1 2024

Committee	Working Group	Description
Market Practices	Pre-hedging	<ul style="list-style-type: none"> • Case study guidance intended to consider: (i) what constitutes pre-hedging; (ii) the circumstances in which it is appropriate to undertake pre-hedging; and (iii) disclosure expectations around pre-hedging. • Consider application of pre-hedging principles set out in FMSB’s Large Trades Standard and the FXGC to non-outsized trades across asset classes
	Carbon markets	<ul style="list-style-type: none"> • Spotlight Review to illuminate current issues in the wider carbon markets. • Whilst the carbon markets have been expanding at pace, there remain frictions and challenges that are hindering these markets from achieving the scale necessary to achieve their aims of fighting climate change. These range from difficulties in the theoretical valuation of carbon credits, to knowledge and trust gaps in individual projects and regulatory uncertainty.
Conduct & Ethics	Front office supervision	<ul style="list-style-type: none"> • Update of ‘Front Office Supervision Statement of Good Practice for FICC Market Participants’ to reflect market structural and regulatory developments since initial publication in 2017 • Developments include expansion of individual accountability regimes, electronification of markets and increasing levels of automation in execution, increasing importance of supervisors having access to accurate, complete, relevant and timely data • Reconciling regulatory expectations of supervision across jurisdictions and tensions around the span of supervision
Electronic Trading and Technology	AI applications in wholesale markets	<ul style="list-style-type: none"> • Model and conduct risks associated with the deployment of AI and ML applications in pricing, hedging and execution in electronic markets. • Development / augmentation of robust control frameworks to govern such applications.

Live workstreams – H1 2024

Committee	Working Group	Description
ESG	Governance of sustainability-linked products	<ul style="list-style-type: none"> Concerns about the robustness of sustainability-linked products (SLPs) are giving rise to greenwashing risks, undermining investor appetite for such products and creating reputational risks across different market segments. Issues identified associated with SLPs include conflicts of interest and product appropriateness, product characteristics and the materiality of targets, governance and approval processes and corporate incentives/investor considerations. Develop asset class agnostic guidance to complement existing product-specific principles, setting out guiding principles for good governance to help identify and mitigate risks inherent in SLPs.
Post-Trade	Client onboarding	<ul style="list-style-type: none"> Significant inefficiencies exist in the client onboarding processes, with firms having different interpretations of regulations and guidelines and different asks when gathering information from a client. FMSB has published a Standard as a Transparency Draft to codify best practice when onboarding or refreshing clients' KYC and harmonise the documentary asks from clients, and is currently reviewing feedback.
	Non-economic trade data	<ul style="list-style-type: none"> FMSB is creating a Standard for Sharing of Standard Settlement Instructions (SSIs) which aims to codify best practice in use of pre-authenticated industry platforms for sharing of own SSIs and recommend the use of pre-authenticated industry platforms for clients' SSIs, where managing those SSIs is part of the commercial relationship. The publication will include a model template for manual sharing of SSIs (based on ISITC 2023 taxonomy). FMSB is undertaking exploratory work on technology and/or processes which could reduce the frequency and/or time taken for call-backs.
	Uncleared margin	<ul style="list-style-type: none"> FMSB is working to define metrics for automation of margin call issuance and response (by incoming/outgoing and IM/VM). FMSB is also creating a Spotlight Review on industry frictions to critically evaluate whether issuance can and should be solved by the industry. The paper intends to identify issues at each point of the trade lifecycle, existing and potential solutions, and the barriers to adoptions. It may also cover the scale of the issue and solvability.

2024 Horizon Scanning

Market Practices

- Trading in the grey
- Price discovery in illiquid securities
 - Dealer polls
- Bids / Offers wanted in competition

Electronic Trading & Technology

- AI and ML applications in electronic trading
- Pre-hedging in electronic markets / auto pre-hedging
 - Use and ownership of trading data
- Risk management versus innovation

ESG

- Quality of ESG data
- Greenwashing risks
- Slowdown in appetite for ESG products

Post-Trade

- Expansion of client onboarding applications by jurisdiction; client type
- Adaptation of market practices to enable shift to T+1 / misalignment of timings across jurisdictions

Conduct & Ethics

- Trader controls and mandates
- Unauthorised communication channels

Cross-cutting topics

- Inefficiencies in trade and transaction reporting
 - Standard-setting in crypto markets
 - Tokenisation of existing securities
 - Surveillance