



**Towards
Fairer
Markets**



Find out more about the
FICC Markets Standards
Board on our website
fmsb.com



Our mission

We have one aim: to raise standards of conduct in global wholesale FICC markets so that they are more transparent, fair and effective for all participants in those markets.

1 January to 31 December 2019

The Fixed Income, Currencies and Commodities (FICC) Markets Standards Board (FMSB) Annual Report 2019 presents the significant progress during the reporting period, and outlines our work for 2020.



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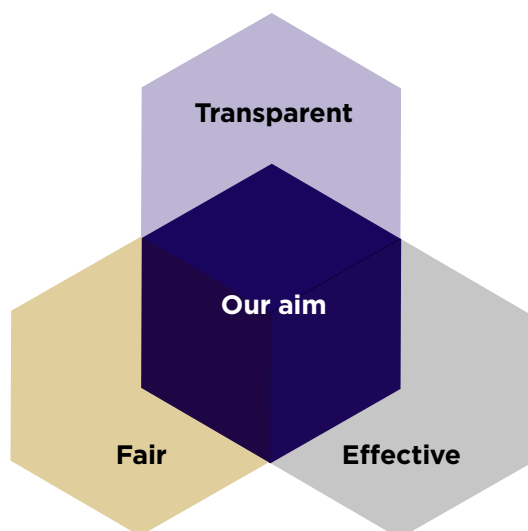
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FMSB at a glance

Why do we exist?



The Fair and Effective Markets Review (FEMR)¹ was undertaken by HM Treasury, the Bank of England, and the Financial Conduct Authority (FCA) in 2014/15 as a result of serious concerns about poor market practice in fixed income, currencies and commodities (FICC) markets. One of its key conclusions 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 FEMR Final 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.

FMSB has one aim: to raise standards of conduct in global wholesale FICC markets so that they are more transparent, fair and effective for all participants in those markets.

- ▶ **Chair's statement** pages 4 and 5
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Who are we?



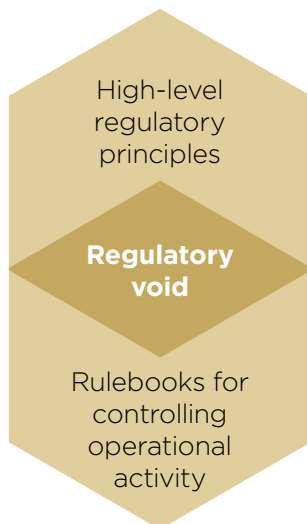
FMSB is a standards setting body for global wholesale FICC markets. We are practitioner led, funded by our members who are major participants in, and active international users of, wholesale FICC markets.

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

As a network organisation with a small central team, we rely on around 280 expert market practitioners from all disciplines at our member firms. They commit their time, dedication, and insight to the work 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** pages 40 and 41

Why is our work important?



Among the concerns raised by FEMR 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 they adapted to new media and market structures. The review highlighted a 'regulatory void' (see above) which needed to be filled with clearer guidance for market participants. There is also the opportunity to address business practice risks arising in unregulated markets.

FMSB brings together a unique breadth of market participants to identify how more transparent, fair and effective FICC markets can be created. In specialist, focused committees, sub-committees and working groups, industry experts debate issues and develop FMSB Standards and Statements of Good Practice, and undertake Spotlight Reviews that are made available to the global community of FICC regulatory authorities and market participants. In this Annual Report, we set out our progress and key activities in 2019, and outline our work for 2020.

- ▶ **Strategic goals** pages 10 and 11
- ▶ **Review of operations** pages 12 to 15
- ▶ **Progress** pages 18 to 33

What are FMSB Standards and Statements of Good Practice?

Standards 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 members² agree to adopt the Standards in their business practices (where relevant) and to evidence adherence through an annual Statement of Commitment.

Statements of Good Practice 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.

Spotlight Reviews encompass a broad range of publications used by FMSB to illuminate important emerging issues, surface nascent challenges, and address potential topics for future work, either in setting Standards or establishing good practice.

All FMSB Standards and Statements of Good Practice are made available for inspection and comment by public authorities, including the Bank of England and FCA, and distributed to around 85 legislators, regulators, and other bodies around the world for comment and feedback.

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

FMSB Standards, Statements of Good Practice, and Spotlight Reviews are made available to all on our website.

- ▶ **FMSB publications** page 39

- ▶ **Find out more about us online**
[fmsb.com](https://www.fmsb.com)

Chair's statement



FMSB's role and place in the markets landscape is even more important than it was when we started; and I am highly confident that with the support of our members and public authorities in the UK and worldwide, we will fulfil, and exceed, our ambitions for the coming year and beyond.

I am delighted to present the FMSB Annual Report for 2019. This summarises the considerable progress we have made this year, building on the foundations already laid down in earlier years, and our ambitious workplan for the coming years. One thing remains constant however: our mission to raise standards of conduct in global wholesale FICC markets so that they are more transparent, fair and effective for all market participants.

The FICC industry is navigating a geopolitical, regulatory and technological landscape in flux. Turbulent politics and uncertain economics are creating heightened ambiguity and new challenges for FICC markets and the borrowers, savers and other users who depend on those markets across the globe. After many turns, the UK's course to

Brexit seems clearer, although how this will affect the UK regulatory landscape is far from certain; and FICC market regulation and supervisory practices continue to evolve in almost every significant trading centre across the globe as well.

Perhaps even more significant for the medium-term outlook has been the growing realisation in the past year of the opportunities, and the potential hazards, for markets afforded by new technology, and in particular machine learning and data science. It is too early to foresee the full impact of these advances on wholesale FICC markets, but they seem likely to be immense. They will present significant challenges for both private sector firms and public sector authorities in terms of policy, governance, risk management and operations.

Against this unusually uncertain backdrop, FMSB, as a unique, global standards setting body led by practitioners in global wholesale FICC markets, has an unrivalled opportunity to contribute to better, safer, fairer and more effective markets; and the goals envisaged for FMSB in FEMR, which form the core of our medium-term strategy, remain as important as ever.

In the UK, we have continued to benefit from constructive engagement from the Bank of England, FCA and HM Treasury and the senior leadership of those sponsors, in particular Mark Carney and Andrew Bailey, Sir Dave Ramsden, Andrew Hauser and Edwin Schooling Latter.

Internationally we have continued to develop our close relationships with the central banks and market regulators in key FICC trading jurisdictions and with the international standards bodies that are most relevant for our markets: in particular the International Organization of Securities Commissions (IOSCO) and the Organisation for Economic Co-operation and Development (OECD). We have ongoing dialogue with around 40 authorities worldwide, as part of relationships that have been built over the past three years.

FMSB membership remains strong with 50 organisations, 42% of whom are banks and 58% are non-banks, which collectively account for a very substantial share of the business conducted in wholesale markets worldwide. These member firms bring diversity to our work, and a richness of experience and views through the roughly 280 representatives that they send to FMSB committees, sub-committees and working groups.



50

FMSB members

Membership split

21

Banks

29

Non-banks



70

senior FICC market leaders on the Advisory Council and Standards Board

280

member experts engaged in FMSB working groups



15

FMSB Standards and Statements of Good Practice in total

This year, these groups have made significant progress to finalise one Standard and three Statements of Good Practice that were issued as Transparency Drafts in 2018, and to publish a final Statement of Good Practice that was issued as a Transparency Draft in 2019. They have also provided input to a new systematic horizon scan that identifies emerging vulnerabilities – potential future risks – arising from business practices in FICC markets. New workstreams have been launched to explore the increasing importance of data, the potential business practice risks in wholesale energy and wholesale metals markets, and in the interbank offered rate (IBOR) transition to near risk-free rates. All this work is discussed in more detail elsewhere in this Annual Report.

With a total of five Standards and ten Statements of Good Practice published since 2016, and as we embark on the next stage of our strategy and workplan informed by the emerging vulnerabilities scan, it is also important for us to seek an answer to the question: how do we know that FMSB Standards and Statements of Good Practice are having a practical impact on day-to-day business in wholesale FICC markets?

To help us understand this question, we want to explore how member firms are adhering to FMSB Standards. We are not a supervisory or enforcement body. Instead, we are considering how we can help member firms to understand their comparative approaches to implementing FMSB Standards in their day-to-day business practices. Separately, we are also considering how we can gather the views of member firms' customers on whether and how FMSB member business practices have changed for them, and expect to scope out how to do this during 2020. With the insights from these two exercises I believe we will be in a good position to understand how FMSB publications are having a practical impact on markets.

I take this opportunity to extend my warmest thanks to the Chairs and participants in committees, sub-committees and working groups, as well as the members of our decision-making forums, the Advisory Council and Standards Board. Over the year, 330 individuals have participated in these various bodies.

Our Partner Members, in particular KPMG and Oliver Wyman, and our legal advisers Linklaters have continued to support us to enable us to deliver the highest standard of work and we greatly appreciate their support.

It has been a pleasure to welcome three new additions to the Board of FICC Markets Standards Board Limited, the legal entity for all of FMSB's work. Stephen O'Connor, Edward Ocampo and Michael Cole-Fontayn, all highly respected individuals and each with many years of experience in financial markets, have joined Charles Nichols and I as directors and greatly enhance our board with their wisdom and knowledge.

Almost a quarter of our committee, sub-committee and working group participants are female, but we recognise that we can and need to make more progress in ensuring diversity in these groups as well as on the FMSB Board, the Advisory Council and the Standards Board. We will continue to take steps to progress this further in 2020.

Finally, and most importantly, it has been a huge pleasure to welcome our new Chief Executive Officer, Martin Pluves, in November 2019. Martin, who was until the end of July 2019 Chief Executive Officer of the London Clearing House Limited, was selected by our Nominations Committee from a very strong field of candidates and has already made a big impact in his early weeks in the role. He will be a strong and principled leader for FMSB, I hope for a long time.

As I look back on 2019, I am convinced that FMSB's role and place in the markets landscape is even more important than when we started; and I am highly confident that with the support of our members and public authorities in the UK and worldwide, we will fulfil, and exceed, our ambitions for the coming year and beyond.

Mark Yallop
Chair

Q&A with the CEO



In today's fast-moving world, FMSB has a central role to play in bringing expert practitioners together to identify and address emerging vulnerabilities with clear, practical guidance that delivers transparent, fair and effective practices, rebuilding sustained trust in wholesale FICC markets.

they conduct business and agree upon how they will make markets fairer and more effective for the long term.



You talk about the fairness of markets. Do you believe markets have a wider social and economic purpose?

A Wholesale financial markets have a critical social and economic purpose and we should never lose sight of that. Financial markets are complex and move fast – with a diversity of actors with differing, often conflicting objectives – but fundamentally they exist to support society. Markets are here to ensure that the overall systems of capital and credit work and that a broad range of participants can take part in investing, lending, borrowing and hedging in an environment founded in confidence and trust. To do this we must look at standards in the broadest sense, not limited to a single domestic jurisdiction or asset class, but across borders. We will continue to work with international regulators and industry bodies in order to build a globally consistent framework of standards for our members.

I think HM Treasury, the Bank of England and FCA set out clearly our opportunity in the FEMR Progress Report 2018³ as the wholesale FICC markets “...have a real impact on individuals, households and businesses. They underpin borrowing costs, exchange rates, and the cost of food and raw materials, and they help firms and households manage financial risks and investments. This is why it is important these markets function effectively, underpinned by robust infrastructures, with market practitioners held to the highest standards.”



What attracted you to take the role as CEO of FMSB?

A For most of my career I've worked with exchanges and central counterparty clearing houses (CCPs), all membership organisations which bring together different participants from across the financial markets to achieve common goals through collaboration, with shared purpose, and for the greater good. In that respect FMSB is no different, and in this role, I will continue to promote the transparency, liquidity, efficiency and fairness of FICC markets: strengthening surveillance and the adherence to good market practice.

I believe FMSB presents a unique opportunity, with the clear purpose of raising standards of conduct across FICC markets. By bringing together the leaders in global wholesale FICC markets we help them to examine how



Do you believe the ongoing role of FMSB is as valid as it was when it was founded?

A Yes, without doubt. The origin of FMSB rests in FEMR and the observation that the regulatory authorities, through principles-based rule making and legislative processes, can only go so far. This leaves a gap – a ‘regulatory void’ – between those principles-based rules and the detailed implementation of activity in the market. In that gap resides a risk that behavioural practices mean that markets are not fair or are less effective, that customers don't understand how they are going to be treated, and that participants are surprised at outcomes when the market and actors don't behave in a way they expected. So, things become unpredictable, confidence is undermined, and trust breaks down.

FMSB has done a great deal since it was created but markets are evolving constantly, and we see new challenges today that just didn't exist at the start of this journey. A cornerstone of our role is to remain adaptive, to scan the horizon for new vulnerabilities, and target the delivery of new standards that will reduce risks in future. For example, benchmark reform and the plans to replace IBOR with near risk-free rates is a topic we are looking at very carefully to see what benefit FMSB can deliver. While this is a huge focus across the industry, we can see areas in the transition process where business practice risks arise and which FMSB can help members to mitigate.



What impact do you think FMSB's work is having on conduct in wholesale FICC markets? Is it making a difference? Are markets fairer and more effective?

A Our core purpose is to improve the fairness and effectiveness of the FICC markets. Often that means writing down the behavioural standards that are already being observed by some participants – but not yet followed by all. And naturally for any one given standard, the degree to which substantial change is required varies from member to member. But the process of establishing that clarity, and setting out common adherence to certain standards, is improving the overall transparency and predictability of the markets, and demonstrably so. We've issued five Standards and ten Statements of Good Practice to date and FMSB members make a Statement of Commitment to adhere to the Core Principles established in those Standards across their organisations. We're not finished, as there is much more to do, but the process of establishing standards and good practice, bringing the private sector together to look at the areas of vulnerability and addressing them is demonstrably working.



Isn't there an issue that with so many members in FMSB you end up with compromises that don't actually change anything?

A We have to be careful that FMSB doesn't create competitive imbalances. We're not here to skew future market development in one direction or another, in favour of or against any one model or group of organisations. It's vital that we have a cross-section of different types of participants: that we have the buy-side, sell-side, producers, consumers, issuers, investors, service infrastructure and platform operators in the

conversation, so we get that breadth of views. Life would be easier if FMSB took a one-sided approach and wrote standards from a singular perspective but this would risk damaging sections of the market that are not 'in the room'. Our aim is absolutely to avoid that. What we are doing is focusing on the common ground, which is about lifting market standards overall. In 2020 one of our priorities is to look at how we measure and quantify that impact by looking within the organisations that commit to adhere to our standards so that we can understand in better detail what that means in real terms.



Is FMSB a London body, or does it have a wider global role?

A We have our headquarters in London, but one glance at our membership will show you how international we are in outlook. In all, some 50 member firms are contributing to FMSB's work. FMSB members are active participants in global FICC markets. The products they are trading are international and so when they apply FMSB Standards, they do so globally since they believe they are the right way for the market to function.

I believe there is a growing acceptance, and intense interest, in the global role that FMSB can, and is beginning to, play. We now want to examine how international jurisdictions are looking at these topics. We actively seek opportunities to continue to share our work with other bodies, authorities, trade associations, or anybody writing codes around business practice, behaviour, and the fairness and effectiveness of markets. All the evidence so far points to us having very common goals. We might be approaching things in a variety of different ways, but there is great value in taking every opportunity for us to develop a framework of international standards with consistency and alignment.



What are your priorities for FMSB in 2020 and beyond?

A First, we have more ground to cover and new Standards and Statements of Good Practice are in development with our members.

Second, our brief from FEMR is to scan the horizon for new and emerging vulnerabilities and to make sure that we've not missed any areas that we should address. That's a big focus for us in the 'here and now'. IBOR benchmark reform is an emerging workstream and we are

also just beginning look at commodities markets in metals, and energy. So, we're expecting to have a busy 2020.

Third, we are starting to look at other ways in which FMSB can reach and impact individual market participants. While setting standards at a corporate level is an effective tool, an important challenge is to influence people on the 'front line' where business practice risks occur and to increase awareness and sensitivity to these risks. All our members have comprehensive training and development capabilities, and we are looking hard at if and how FMSB might complement this with our own capabilities from an independent central perspective.



Sitting here today, what do you think are the greatest challenges to FICC markets?

A The context for markets is constantly changing, not least as a result of recent political events here in the UK, across Europe and further afield. With potential significant knock-on effects on market regulations, FICC markets are set for a period of ongoing turbulent change. Add to this the continuous development of new technologies which are not just faster and higher performing but are pushing out the boundaries of capability and we see an explosion of information distribution. We're seeing the advance of cryptocurrency and new technologies including distributed ledgers. We're seeing growth in artificial intelligence, more sophisticated use of algorithms and machine learning. These will all bring new challenges in terms of the risk profiles of markets and behaviours within them. FICC markets are among the oldest and most established markets, but are not immune to the risks that arise from the dramatic changes in how transactions are executed. Recent high-profile market abuse cases show how uncontrolled use of relatively simple new collaboration and communication tools such as chat rooms have created significant new risks. For all these reasons, it is essential that we continue to scan the horizon, appraise new developments in the markets and identify where we should focus to avert future risk.

Martin Pluves
CEO

Delivering our mission

Our mission drives everything we do.

We have one aim to raise standards of conduct in global wholesale FICC markets so that they are more transparent, fair and effective for all participants in those markets.

The FCA always and only regulates in the public interest. We place the strongest emphasis on outcomes and principles, and understand that rules alone cannot deliver these particularly in wholesale markets that are global in nature. The FCA sees the FMSB's role as a practitioner-led standards setter as an important supplement to the regulatory framework to improve business practices and rebuild trust in the financial system. The FCA supports the FMSB's ambitious workplan to deliver more transparent, fair and effective global wholesale markets.

Andrew Bailey
Chief Executive Officer of the Financial Conduct Authority

FMSB's strategic goals
were set in 2015 by the Bank of England, FCA and HM Treasury in the FEMR Final Report.

In **our strategy** we set out our high-level plan to delivery our strategic goals and achieve our mission. Our current strategy is for three years from 2019 to 2021.

Providing trusted expertise and building lasting partnerships with our clients and customers are key strategic objectives for Standard Life Aberdeen. Misconduct, manipulation and bad practice anywhere in financial markets threatens significant long-term harm to those relationships that matter most. It is imperative that actors in wholesale markets come together to identify potential risks to trust and confidence, and work together to create solutions that have traction in their organisations, whatever their nature, scale or complexity.

Rod Paris
Chief Investment Officer at Standard Life Aberdeen
and FMSB Advisory Council Member

A new economy is emerging, driven by immense changes in technology, the reordering of global economic power, and the growing pressures of climate change. This transition needs markets that are effective and fair and that balance innovation and resilience. I support the FMSB's work to achieve that goal. The private sector is responsible for supporting competition in FICC markets and managing conduct risks. By developing standards on transparency and fairness, the FMSB promotes the new finance needed for the new economy.

Mark Carney
Governor of the Bank of England

Our workplan is developed at a more granular level so that we are clear on the key projects and tasks.

We use our **strategic framework** to assess the areas where FMSB can add value, for example when identifying priorities from the emerging vulnerabilities horizon scan or issues proposed for work by FMSB committees, sub-committees or working groups.

Our membership of the FMSB Advisory Council and participation in FMSB groups gives us a unique opportunity to contribute to the development of standards and guidance that help enable fair and effective markets for all. The continued enhancements and transparency around this process reinforces the trust and confidence in the fairness of our markets and makes them even more effective than they already are.

Guy America
Global Head of Credit Markets at J.P. Morgan Securities plc
and FMSB Advisory Council Member

Strategic goals

Since 2016 we have done more than we had expected, but there is much more to do to make FMSB the institution that FEMR expected and not just an initiative. Here we set out our strategic goals, and strategy for 2019 to 2021.

We continue to pursue the strategic goals set out in FEMR for the creation of FMSB



Identify global market vulnerabilities

- > Scan the horizon for emerging risks
- > Create a forum for open discussion of problems



Develop best market practice

- > Collect, assess, and prioritise practice issues
- > Produce appropriate Standards and other materials that create a common understanding of best market practice



Drive global adherence

- > Ensure standards are comprehensible and practical
- > Share good practice on governance and controls



Develop consistent approaches to market practices

- > Identify gaps and inconsistencies in existing regulatory standards
- > Work with other recognised standards setting bodies to develop consistent approaches

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

Fair FICC markets are those which:

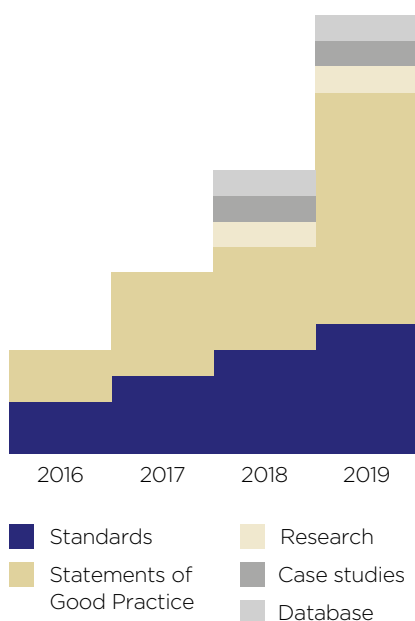
- 1 have clear, proportionate and consistently applied standards of market practice;
- 2 are transparent enough to allow users to verify that those standards are consistently applied;
- 3 provide open access (either directly or through an open, competitive and well-regulated system of intermediation);
- 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.

Fair and Effective Markets Review 2015

FMSB final publications - year on year



At the beginning of 2019, we were in the final year of our initial three-year strategy with steps to conclude our work including:

- > furthering the work on the market vulnerabilities that we itemised in 2016;
- > developing a systematic approach to identifying and prioritising emerging market vulnerabilities;
- > diversifying the membership base outside the UK and among non-banks; and
- > extending our scope beyond European capital markets that have been a natural first base for FMSB.

In our first two years we pursued a 'conduct heavy' agenda that focused primarily, though not exclusively, on compliance topics. This enabled us to have a fast start and to publish a large number of Standards, Statements of Good Practice, and other materials; and it grabbed the attention of market participants and regulators globally. Our analysis of historical patterns of behavioural misconduct in FICC markets⁴ achieved particular prominence. We have continued to make progress with our publications in the reporting period, finalising one Standard and three Statements of Good Practice following Transparency Drafts issued in 2018, an additional Statement of Good Practice finalised after it was published as a Transparency Draft in 2019, and issuing a Statement of Good Practice Transparency Draft.

- For more information on progress against our strategic goals during the reporting period, see **'Progress'** pages 18 to 33

At the start of the reporting period we had identified four strategic priorities:

1. Continuing production of best market practice: including considering the creation of a consolidated, integrated text of FMSB Standards and Statements of Good Practice, and preparing the ground for periodic reviews of published materials to ensure their continuing relevance.
2. Responding to the challenges created by the FICC market structure reforms seen since 2009: in particular screen-based electronic trading, high-frequency trading, and centralised market infrastructures (e.g. CCPs).
3. Measuring the impact of FMSB Standards: we want to understand how business practices are changing in response to our Standards. In what ways are market participants changing their governance, surveillance, control and training programmes, and how do market users experience different outcomes when they are accessing markets to borrow, invest, and hedge?
4. Exploring with our members the viability of FMSB training programmes. Our ambition is to assess the benefits of a series of individual, personal FICC market practice training programmes that could be recognised across institutions and locations (as distinct from members' own training programmes that are only recognised within their firm).



...if we are successful over the next few years, I hope that FMSB will come to be regarded as a critical, core component of global wholesale FICC market infrastructure...but a great deal remains to be completed before that vision can be realised.

Mark Yallop
'FMSB 2016-21' - speech at IOSCO Board Meeting in Sydney, May 2019⁵



Review of operations



FMSB continues to gain momentum. In early 2019, we developed and agreed our strategy and workplan for three years to the end of 2021.

Strategic goals and workplan

The strategy is designed to advance FMSB's four strategic goals (see pages 10 and 11). Horizon scanning for potential future risks is central to our mission, and our strategy incorporates the workplan derived from the new systematic emerging vulnerabilities scan started during this year as well as from other sources of market intelligence on areas where we can add value by providing clear FMSB standards (see 'Develop best market practice' on pages 24 to 29).

The Standards Board and its committees, sub-committees and working groups continue to be engaged in the production of Standards, Statements of Good Practice and Spotlight Reviews. At the end of the reporting period, work in progress for 2020 includes:

- > finalising Statements of Good Practice that are 'in flight', namely 'Algorithmic trading in FICC Markets'⁶ and 'Participation in Sovereign and Supranational Auctions in Fixed Income Markets';⁷
- > further work on the emerging vulnerabilities scan which will form the basis of our workplan for the medium term;
- > finalising Spotlight Reviews on the role of data in ensuring fair and effective FICC markets;
- > identifying other areas of potential risk in market structures and technology;

- > identifying possible new FMSB Standards, Statements of Good Practice, or Spotlight Reviews in the wholesale metals and energy trading markets, and in relation to the business practice risks arising during the planned transition from IBOR to new risk-free rates;
- > assessing the viability of creating a series of individual, personal FICC market practice training programmes; and
- > assessing the feasibility of an impact study on how business practices are adopting FMSB Standards and, where relevant, the areas covered in Statements of Good Practice.

The 'Progress' section of this report (pages 18 to 33) sets out the work done during the reporting period against each of our strategic goals. We also include information about work in progress, and work planned at the end of the reporting period.

Membership

FMSB membership at the end of the reporting period consisted of 41 Full Member firms, 3 Associate Member firms, together with 5 Partner Member firms, and Linklaters as our legal advisers. One firm, AstraZeneca, joined during the reporting period. One firm, NEX Group PLC, ceased its membership during the reporting period. A list of all FMSB members as at 31 December 2019 is set out on pages 34 to 37.

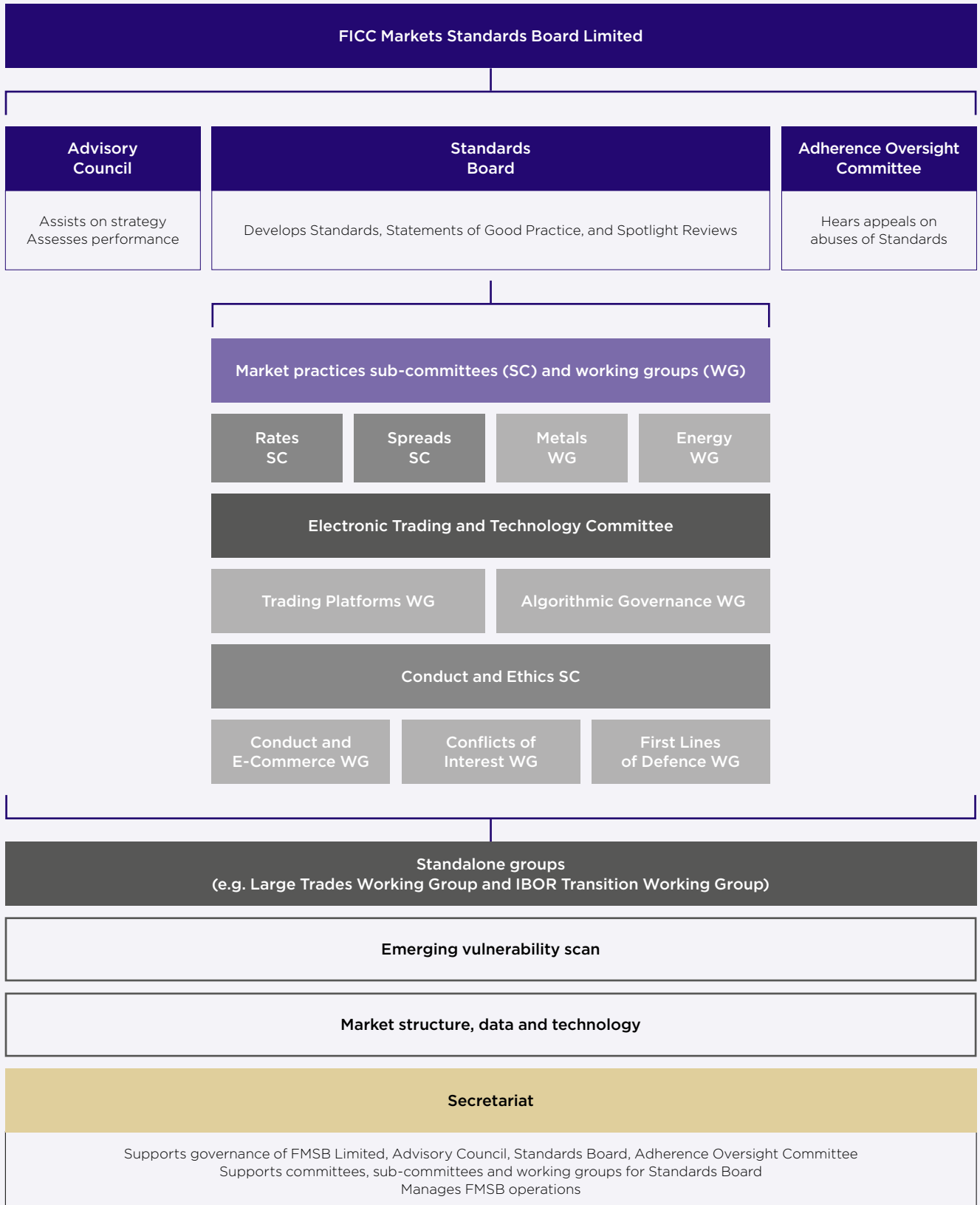


The industry's evolution continues apace, and the FMSB provides a thoughtful and effective forum in which practitioners can usefully discuss and implement the range of changes required to ensure wholesale FICC markets become more transparent, fair and effective. We look forward to continuing our support for the FMSB.

Clare Woodman
Head of EMEA and CEO of Morgan Stanley & Co. International Plc
and FMSB Advisory Council Member



FMSB structure



Review of operations continued

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.

Legal entity – governance and finance FMSB Limited

The FMSB Limited Board met on six occasions during the year. On 18 March 2019, we announced the appointments of Edward Ocampo and Michael Cole-Fontayn as non-executive directors (NEDs) to further strengthen the depth and experience on the board; their appointments took effect from 6 March 2019.⁸

At the end of the reporting period the board of directors consisted of Mark Yallop (Chair) and four NEDs – Charles Nichols, Stephen O'Connor, Michael Cole-Fontayn, and Edward Ocampo.

Finance

The FMSB Limited Board considered and approved the Audit Report and financial statements to 31 December 2018 prepared by BDO LLP. No adverse issues were raised in the Audit Report.

Advisory Council, Standards Board, committees, sub-committees and working groups Meetings

The Advisory Council met twice during the reporting period. The Standards Board met on six occasions during the reporting period.

Sir Dave Ramsden, Deputy Governor for Markets & Banking at the Bank of England, was guest speaker at the Standards Board in March 2019 where he shared the strategic priorities for the Bank. He said that everything the Bank did ultimately depended on collaboration between public and private sectors, and that FMSB was a prime example of such a partnership, as well as an example of UK thought leadership in markets. Sir Dave also set out where FMSB sits with the Bank's priorities and discussed how Standards could help to underpin the right practice and prevent 'slippage' back to old habits. He spoke about the Bank's 'Future of Finance' research project⁹ and the further opportunities for FMSB to engage with the Bank on areas such as big data, ageing population, a low carbon economy, and new financial technologies. Work on the opportunities and hazards created by technology in the FICC markets, the risk-free rate transition, and diversity were also discussed, as were the risks of international regulatory divergence,

and the challenges for regulators in keeping abreast of the rapid pace of change in technology.

Howard Covington, Chair of the Alan Turing Institute (the UK national institute for data science and artificial intelligence), presented 'Glimpsing our AI future' at the Standards Board in June, and at the Advisory Council in October. Mr Covington spoke about the future of artificial intelligence (AI) in economy and finance. He described the accelerating pace of change in technology, including digital immersion, deep surveillance, adaptive AI, the potential for quantum computing and direct brain to machine interactions. He said that while the precise implications for financial and markets are unpredictable, they will be significant.

Also during the reporting period, some 280 industry leaders and senior practitioners from all disciplines and sectors met over 20 times 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 over 330 member executives are directly supporting FMSB's work.

Statements of Commitment

As set out on page 3, FMSB Standards set out Core Principles and accompanying guidance on the most important aspects of practice where ambiguity risks undermine 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.

Information about FMSB membership and adherence is available on our website.¹⁰

FMSB Secretariat

The FMSB Secretariat is made up of dedicated personnel with many years of experience in financial markets. A number of appointments were made during the year to bolster the core team at the FMSB Secretariat so that we could continue to maintain the momentum on our strategy, provide support to our boards, committees, sub-committees and working groups, and manage FMSB operations. Key to this was our appointment of Martin Pluves as CEO in July; Martin joined FMSB on 1 November 2019 from London Clearing House Ltd where he was the CEO.¹¹

Earlier in the year we welcomed Christopher Rich and Ossia Fikret, both on secondment from Linklaters, to support the committees, sub-committees and working groups.

Rupak Ghose is leading the Spotlight Reviews on FICC market structure and the impact of regulatory and technological change on the fairness and effectiveness of wholesale FICC markets.

Vijay Reed is a communications consultant leading the delivery of our Annual Report and supporting the Secretariat with other communications-related activity.

► Find out more about the **FMSB Secretariat** on pages 40 and 41



As the financial services sector prepares for LIBOR transition, a post-Brexit world and the further electronification of European fixed income trading, it's important that the FMSB reinforces its mission to create standards and identify best practices that result in more transparent, fair and effective markets; but also increasingly to educate market participants on these standards and practices. By bringing together different stakeholders to share their experiences and foresight, the FMSB members will be able to create codes and standards that help prevent misconduct and bad behaviour in financial markets.

Enrico Bruni
Managing Director, Head of Europe and Asia Business at Tradeweb
and FMSB Standards Board Member





External engagement Engagement

Our Chair and CEO have attended 17 meetings with international public authorities, standards setting bodies, and trade associations covering eight countries and regions, and participated in 14 conferences and events during the reporting period.

Public authorities UK authorities

The public authorities (the Bank of England and FCA) remain strongly supportive of FMSB. FEMR requires that FMSB maintains a regular dialogue with the public authorities. 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.

International

Transparency Drafts and final Standards and Statements of Good Practice are sent to 85 international legislators, regulators, and other bodies for comment and information.

Pro bono support

Pro bono resources have been provided to FMSB by KPMG and Oliver Wyman.



Over the years, US corporations, particularly those with international operations, have become heavily dependent on the financial markets for foreign exchange and interest rate hedging products to protect their operations and balance sheets. They have also increasingly made use of the global funding markets. Trust that these market sectors function efficiently and confidence that the institutions executing their mandates are behaving in an ethical manner is crucial. Hence, US corporations are very supportive of the work which FMSB and wholesale market participants are doing in establishing Codes and Standards of behaviour.

Kathleen Yoh
FMSB Advisory Council Independent Member



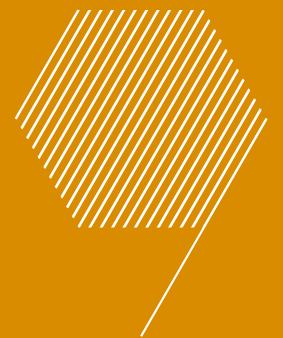
Advisory Council and Standards Board in action





Identify global market vulnerabilities

Scan the horizon for business practice risks



Breadth of participant representation has played a critical part in the impact and success of the FMSB's standards and guidelines. It is important to ensure that the buy-side perspective continues to be brought into the relevant discussions at the FMSB Standards Board and in the various FMSB Working Groups. Constructive challenge and debate is vital to understanding the current and emerging issues and to ensure that appropriate and practical approaches are developed that will make a real and lasting difference.

Jane Sloan
Head of EMEA Trading, Lending and Liquidity at BlackRock
and FMSB Standards Board Member

Market structures are adapting to changes in the environment at an increasing pace. We will need to identify global emerging vulnerabilities posing threats to fairness and effectiveness and focus on areas where FMSB can make a difference.

Horizon scanning and emerging vulnerabilities

Emerging vulnerabilities are defined as threats to fairness and effectiveness of the FICC markets that may emerge over the medium term.

Scanning the horizon for emerging vulnerabilities is core to our mission.

In 2015 FEMR recommended that FMSB “scan the horizon and report on emerging risks where market standards could be strengthened, ensuring a timely response to new trends and threats”.

FMSB undertook an initial horizon scan in 2016 to identify potentially opaque market practices, emerging risks, and areas in which standards could be developed or strengthened in FICC markets. In February 2019 the Advisory Council approved a second systematic horizon scan of emerging vulnerabilities in our markets. The new scan aims to capture and prioritise a top-down view of the major emerging vulnerabilities for FICC markets and will form the basis of our medium-term workplan.

The identification of emerging vulnerabilities will come from FMSB member firms and a spectrum of other market participants. This work is being led by Oliver Wyman.

During the reporting period, as part of Phase 2, Oliver Wyman hosted a series of ‘sprint’ sessions to crowdsource input from senior individuals across the industry, drawn from sell-side (e.g. investment banks), buy-side (e.g. asset managers), large corporates, and market infrastructure providers, as well as venture capitalists and others engaged in the capital markets fintech scene. The purpose of the sessions was to answer the question:

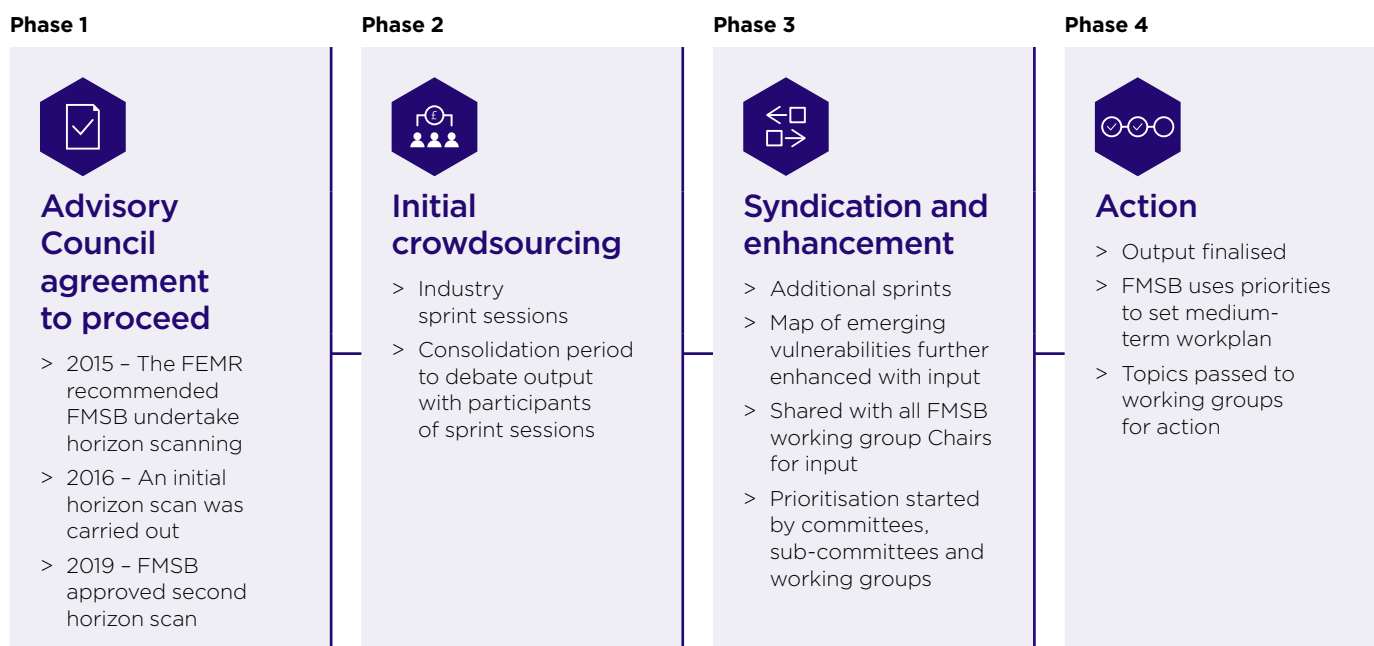
What emerging vulnerabilities might emerge (or be exacerbated by) FICC market evolution over the medium term?

The work to date has considered vulnerabilities in light of key trends impacting the market, including the macroeconomic environment, changes in products and the marketplace, a changing supply-side structure, and changes in demand. These are being assessed using our strategic framework, and categorised against potential impact dimensions of severity and probability, with a time horizon for action.

At the end of the reporting period we had started sharing the analysis with working groups for refinement. Following a process of syndication this feedback will inform the prioritisation of areas for our medium-term workplan.

We are not aiming to produce a standard for every topic. There are natural synergies between different practice areas which allow for more effective and coordinated approaches to producing FMSB Standards, Statements of Good Practice and/or Spotlight Reviews approved by the Standards Board.

Phased approach to identifying and prioritising emerging vulnerabilities





Identify global market vulnerabilities

continued

Strategic framework

In conducting the scan we have looked through a number of lenses at future market evolution and potential risks to fairness and effectiveness, including:

- > Evolution in the structure of FICC markets. We examine how FICC markets might evolve over the medium term and the business practice risks that may emerge, for example from the increasing use of electronic and automated trading, machine learning, and data-driven pricing models.
- > Structural drivers of business practice risk. We consider whether there are structural factors of conditions that might present a potential increase in risk. Examples might include market concentration, significant increases in volume or profitability, liquidity, or degree of regulatory coverage.
- > Process and functional vulnerability. We consider potential vulnerabilities through all stages of the trade lifecycle or market value chain.

The scan is also considering three dimensions of FMSB's strategic framework

- 1 Asset class dimension**
Where the instruments themselves and their inherent characteristics may give rise to business practice risk
- 2 Activity dimension**
A systematic examination of functional activities throughout the value chain in FICC markets
- 3 Behavioural dimension**
Scanning for types of previously identified or new misconduct

We expect that the scan will identify new emerging, as well as ongoing, vulnerabilities in FICC markets. One example is the role and use of technology in wholesale markets: specifically algorithms, AI, and machine learning. We have already done preliminary work in this area on governance for algorithmic trading, and the operation of electronic trading platforms (see page 28). Our upcoming publications on the role of data in wholesale markets are also relevant. But new technology is being developed and delivered at an ever-increasing pace. While recognising the clear benefits this should deliver, we also need to pay attention to the inherent risks that could result. This is particularly important given that the formal regulatory approach to new market technologies is still at an early stage. Our focus is on identifying the vulnerabilities where there is a regulatory void, or an unregulated area, and to bring FMSB members together to address the issues with clear, practical standards and guidance.

In his speeches 'Behaving Fairly: Artificial Intelligence and Conduct in Wholesale Markets' Mark Yallop, FMSB Chair, explored the use of machine learning by wholesale financial market participants today and in the future, and presented his assessment of the key risks and the role FMSB can play to address them - see the summary on page 21.

We have continued to take account of other developments in FICC markets and regulation. The increasing importance of data emerged as a topic for which FMSB should set out the issues, before deciding whether, and if so what, Standards or other guidance would be helpful for market participants. We are aiming to issue a series of publications in the first half of 2020. We also started work on identifying potential risks in wholesale energy markets, wholesale metals markets, and the IBOR transition (see 'Develop best market practice' on pages 24 to 29 for more information).



The insight from senior industry experts and practitioners in the wholesale FICC markets is vital to ensure FMSB brings focus to the right issues. It is encouraging that FMSB members are proposing new areas where it can add real value. The creation of the IBOR Transition Working Group is a prime example of this in action, and I look forward to seeing the results from that work in the coming weeks.

Edward Ocampo
Non-Executive Director of FMSB Limited



Key trends affecting FICC markets

Changing supply-side structure

- > Reduced bank sell-side risk capacity and increased concentration of dealers
- > Growth of non-bank liquidity providers
- > Value chain fragmentation and outsourcing

Changing demand

- > Shift from active to passive investment vehicles and growth of exchange-traded funds
- > Pressure on fees
- > Impact of technology on corporate client financing

Changes in products and marketplaces

- > Reduction in product complexity
- > Greater transparency and use of technology in trading
- > Growth of private markets and private assets

Macroeconomic trends

- > Long period of benign credit conditions and low rates
- > Growth of emerging markets with different market standards
- > Political risk and international trade tensions
- > Climate change and shifts in energy production and usage

Behaving Fairly: Artificial Intelligence and Conduct in Wholesale Markets^a

Mark Yallop, FMSB Chair presented four questions for his discussion on the use of machine learning^b by wholesale market participants today and in the future.

How much is AI being used in wholesale markets – the part of the financial system that FMSB is interested in?

Referring to the joint Bank of England and FCA Research Paper published in October 2019^c Mr Yallop concluded that while machine learning is presently mainly deployed in second line risk and control functions rather than first line trading activity, nevertheless "...standing on the verge of a breakthrough in machine learning in markets, and the many benefits this may deliver, we have an opportunity and the responsibility to anticipate and mitigate potential future risks with the technology".

What might be the implications of the use of AI in wholesale markets if this is, or might become, widespread?

For FMSB, the important aspect of this question is whether machine learning will help, or hinder, the quest for fairer and more effective markets. Mr Yallop reflected that we already know about several risks from the use of automated, or algorithmic, trading in electronic equity markets for over two decades, and the rapid growth in use in fixed income products. But he stressed that machine learning is different to simple static, deterministic rules-based algorithms that codify and automate 'fixed' trading approaches that have been long used by humans. Machine learning engines use neural networks and other 'deep learning' techniques, access massive data sets and enormous computational power to recognise patterns, train themselves, optimise in unique ways, and make decisions about when and how to trade without being explicitly programmed by a human; and it will create new risks. Mr Yallop selected four risks.



1. Model drift

The opacity inherent in a system that 'learns' and 'makes' decisions itself; the difficulty of tracing how decisions are made; and of either preventing undesirable model outcomes in advance, or correcting them afterwards. The challenge for management and boards will be how they can satisfy themselves that they understand to a sufficient degree what is going on inside the 'black box'.



2. Bias

The optimisation engine could interpret data in a way that creates bias, e.g. unexpected or unfair changes in pricing or liquidity to certain types of market users, or individual users. Bias may also arise through a machine 'learning' unethical or manipulative trading practices. How do users integrate the need to have checks and balances – including for ethical considerations which cannot easily be 'coded' – into highly complex, very powerful optimisation engines?



3. Market concentration and correlation

Network effects might arise from the increased reliance on data sources, which could raise high barriers to entry for new firms, resulting in both market concentration and correlation. Barriers to entry might entrench the power of today's large financial services firms or create concentration in another sector (e.g. technology-based firms). There is also a risk that algorithms all using the same sources of data make markets more fragile to unforeseen shocks and market events more interconnected. Finally, there may be an increased risk that bad actors manipulate the underlying data streams to create false signals that profit their own trading strategies.



4. Resources

There is a big skills gap for expert programmers, data scientists, and risk managers who can safely develop, test and implement machine learning in financial markets. There is also a significant knowledge gap about the hazards of AI at senior management and board level.

How can these challenges be addressed?

Mr Yallop noted that there is a clear role for public policy, the legal system, and regulation (not just financial services regulation) to address the challenges and risks posed by the use of machine learning in financial services.

He argued that FMSB has a critical role to play – particularly in the challenges relating to transparency, explainability, model risk management, governance, bias and correlation, and that machine learning will be a central theme of our work over the next two to three years.



- a Speeches given by Mark Yallop on 28 November 2019 and 2 December 2019: available in the speeches section of the FMSB website at: fmsb.com/in-the-news/.
- b 'Machine learning' is defined as "the development of models for prediction and pattern recognition from data, with limited human intervention" in the joint Bank of England and FCA Research Note (see note below for reference).
- c 'Machine learning in financial services', October 2019: bankofengland.co.uk/report/2019/machine-learning-in-uk-financial-services and fca.org.uk/publications/research/research-note-machine-learning-uk-financial-services.

Advisory Council and Standards Board in action





Develop best market practice

Produce appropriate standards and other materials that create a common understanding



The UK DMO values the FMSB's contribution to enhancing market understanding of the roles played by different participants in wholesale markets. In particular, we welcome the recent publication of a Statement of Good Practice on government bond auctions, which includes helpful principles to guide market participants in identifying and managing issues which may arise during the auction process.

Sir Robert Stheeman
Chief Executive of the UK Debt Management Office

Citigroup gives its full support to FMSB in its role to establish global standards for FICC wholesale markets, and to make them as transparent and effective as possible for all participants. As a trusted and truly global partner to institutional clients doing business in over 160 countries around the world, Citi is committed to championing global standards.

James Bardrick
CEO of Citigroup Global Markets Limited and
FMSB Advisory Council Member

FMSB aims to deliver more transparent, fair and effective markets for all participants through clear, practical guidance developed by industry experts active in global wholesale FICC markets.

Our approach

In recent years, bad behaviour has undermined the effectiveness of markets, failed to meet the expectations of customers, businesses and governments, and damaged trust. Halting the repeating cycle of misconduct is essential to rebuild trust in wholesale FICC markets. The blight of high-profile misconduct cases, despite significant legislative and regulatory reform, points to a regulatory void and highlights the need to bridge the gap between regulatory principles and detailed market practice.

"...high level principles, on their own, may provide insufficient practical detail; detailed rulebooks risk not being comprehensible to individual traders."
FEMR 2015

Legislators and regulators cannot – and should not – aim to provide a comprehensive set of laws and rulebooks that foresee and control every possible risk in FICC markets. Standards and clearly defined guidance on good practice are an important supplement to laws and regulations, as is the importance of engaging and educating professionals working in markets on these principles.

This provided the foundation for the four design principles (see diagram below) for why FMSB is set up as a practitioner-led standards setter.

Developing and delivering FMSB Standards and Statements of Good Practice

Our membership is designed to be representative of active international users of FICC markets. Industry representatives taking part in, and owning, the development and delivery of voluntary Standards, Statements of Good Practice, and Spotlight Reviews is at the heart of the way we operate.

FMSB materials on best practice are intended to reduce the continuing uncertainty about acceptable practice in opaque and unregulated areas, which is a hazard for FMSB members (and other market participants). Standards can be developed quickly and pre-emptively, adopted rapidly and align naturally with the new regulatory approach to behaviour, conduct, compliance, culture, and governance.

For each initiative, we bring together a group of industry experts active in global wholesale FICC markets. Each group is chaired by a representative from a member firm.

Our work has shown that:

- > tension between members, when they have opposed commercial interests, can be managed creatively and constructively to develop the best solutions to knotty market problems; and
- > private sector market participants who are normally locked in deep competition can cooperate in a 'safe space' and share concerns and views openly on market practice while fully observing anti-trust restrictions and principles.

Our work has also shown that lack of clarity over roles in markets, poor management of information, and defective management of conflicts of interest create an environment in which significant failings can occur in wholesale markets and are problems just as important as deliberate bad behaviour.

Much has been written – and argued – for and against private sector standards. Our observation is that prescribing every acceptable action in legal terms can risk perverse cultural and business outcomes as much as it can create a sense of control for regulators.

There is a role for voluntary standards identified and developed by industry participants; standards that can be delivered, updated, and adapted in an agile way to reflect the dynamic nature of wholesale financial markets.

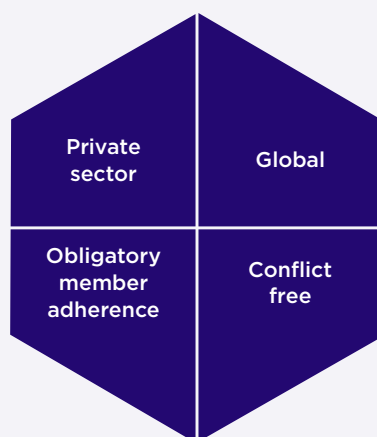
FMSB design principles

Private sector

- > Privately owned, funded by FMSB members
- > Operated by the market, for the market
- > Collaborative relationship with regulators

Obligatory member adherence

- > FMSB members¹² obliged to adhere to Standards and make annual Statement of Commitment



Global

- > Standards that reflect global, cross-border nature of FICC markets
- > Using London-based expertise but location agnostic

Conflict free

- > One ambition: making markets fair and effective for all participants
- > No lobbying
- > No conflicts of interest



Develop best market practice continued

There is a growing body of evidence of the successful creation of international and global standards, and of the adoption of these internationally. In several jurisdictions there are emerging regulatory mechanisms to use FMSB Standards, and we hope that more appear in due course.

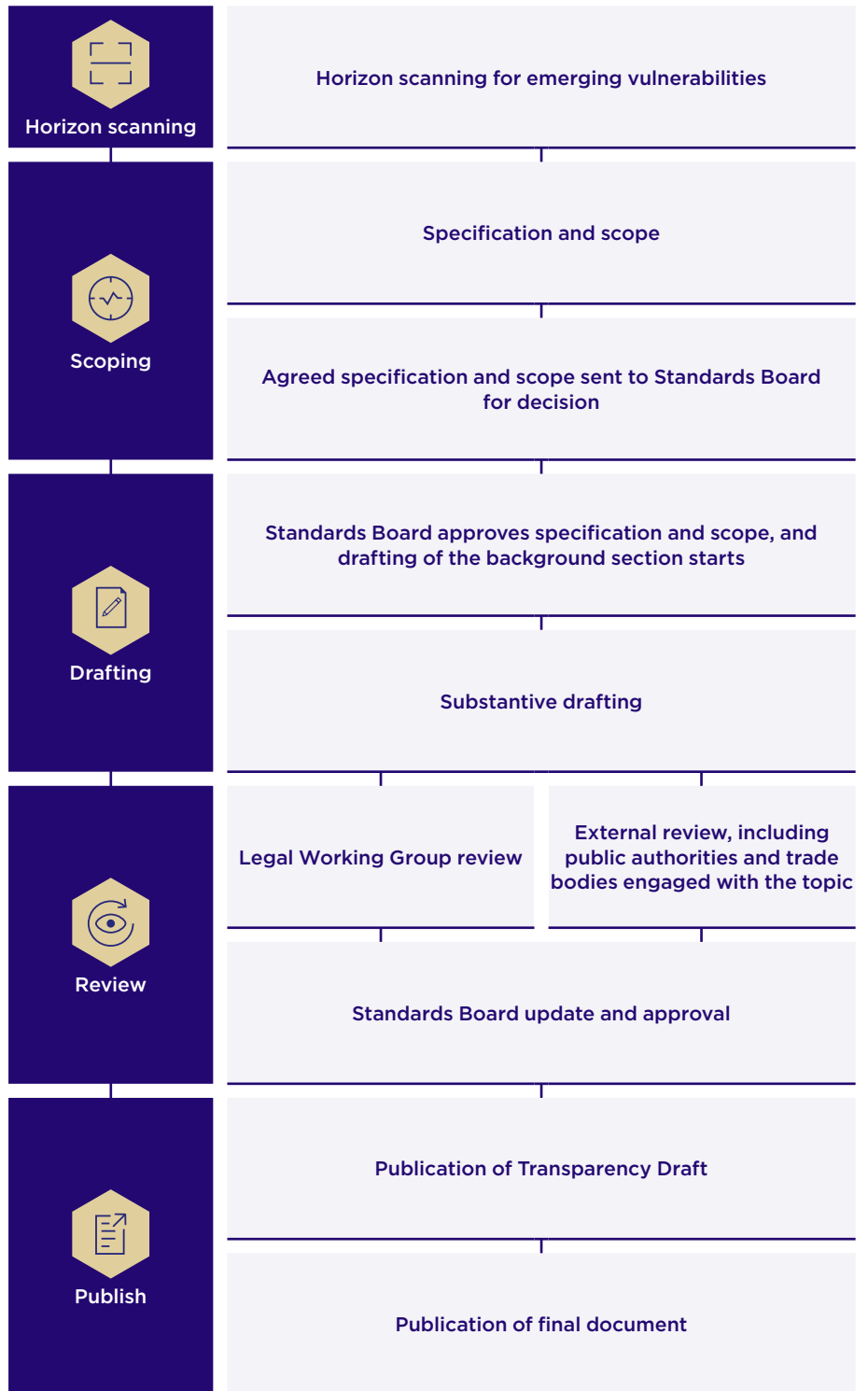
We have 50 major firms, representing all interests in FICC markets, creating high-quality standards.

With activity covering a range of topics and with different membership on groups, we have a process that ensures consistency of approach and rigour in the production of FMSB Standards, Statements of Good Practice, and Spotlight Reviews approved by the Standards Board.

This sets out clearly the importance of being open and consultative: we liaise with national and international bodies interested in our work, we work to avoid duplication and overlap, and share our thinking and output with any other organisation worldwide wishing to use, adopt, or copy our materials.

It also shows the relationship between the committees, sub-committees, working groups and reviewers, including the Standards Board which ultimately approves the relevant publications.

How does a typical Standard or Statement of Good Practice progress to publication?



► For the latest FMSB publications and links, please see the 'Standards & Publications' section of our website fmsb.com/our-publications/

In this section we highlight our key activities under this strategic goal, with work delivered, in progress, and planned as we enter 2020.

Market practices sub-committees

We operate four market practices sub-committees: one for each of the rates, spreads, commodities, and FX markets.

Rates Sub-Committee

Work delivered

The Rates Sub-Committee published a Statement of Good Practice for Participation in Sovereign and Supranational Auctions in Fixed Income Markets Transparency Draft. It describes the way in which sovereign and supranational auctions are typically conducted in Europe, the roles participants in those auctions play, the types of auction structure, orders and transaction types that are often utilised, and the different conflicts of interest that can arise for such participants. It also covers the management of those conflicts and certain other matters relevant to the conduct of participants in and around such auctions. This is the third and final publication in a series consisting of Risk Management Transactions for New Issuance Standard (2018) and Reference Price Transactions standard for the Fixed Income markets (2016).

Thematic work

Work delivered

Two pieces of cross-committee thematic work were completed: the Secondary Market Trading Error Compensation Standard in January 2019, and Information & Confidentiality for the Fixed Income and Commodities markets Statement of Good Practice in October 2019.

Spreads Sub-Committee

Work in progress

The Spreads Sub-Committee has been working on a Standard for Sharing of New Issue Information. It will set out the practice of sharing primary issuance allocation information, the rationale for doing so, and improvements to enhance the fairness and effectiveness of the market while maintaining confidentiality. The draft Standard has been discussed at the Standards Board and is being progressed with a view to publication in 2020.

Commodities Sub-Committee

Work in progress

Early in 2019 the Standards Board decided to focus more clearly its work on commodities by setting up a separate Metals Working Group, and Energy Working Group. These were established during 2019 to review the fairness and effectiveness of business practices in the wholesale metals and wholesale energy trading markets respectively.

Metals Working Group

The Metals Working Group was asked initially to focus on precious metals.

At the end of the reporting period, the working group had representatives from a range of organisations across the metals value chain including FMSB members: all five London Precious Metals Clearing members (HSBC, ICBC Standard Bank, J.P. Morgan, Scotiabank, and UBS), Morgan Stanley, Royal Bank of Canada, TD Securities, ANZ, Standard Chartered, BNP Paribas, Citigroup Global Markets Limited, Goldman Sachs, and XTX Markets. The group also had representatives from non-member organisations including the World Gold Council, the London Bullion Market Association (LBMA), and the Global Financial Markets Association to gather a broader perspective and expertise. The membership is not static and we anticipate others joining where membership is requested, or a more diverse pool of opinions are required.

In the second half of 2019, Oliver Wyman worked with the Metals Working Group to carry out a market assessment comparing the precious metals market to other fixed income markets, considering the extent to which the current market meets the fairness and effectiveness principles set out in FEMR, and taking stock of existing market studies, codes and reforms (including the Global Precious Metals Code and the Global FX Code to identify any potential gaps), followed by a market assessment and issue prioritisation. Members provided input through both group and bilateral discussions, and a survey supported prioritisation of potential work topics, together with further input from a small number of select end-users. Using the definition of fair and effective markets in FEMR (see page 10), this input was organised around nine market features, which were arranged into three themes.

At the end of the reporting period, the Metals Working Group was identifying the issues it will examine across the three themes (see diagram below) in 2020 for agreement by the Standards Board, together with a proposed approach, and workplan.

It is anticipated that the Metals Working Group will turn its attention to the base metals market in due course.

Metals - market themes





Representing a global corporate organisation on the FMSB Advisory Council since 2016 has given me an insight into potential conduct issues in FICC markets and how we can address them. This year, I welcome the launch of a working group that will consider the energy trading landscape and lifecycle, with a view to identifying areas of development and enhancement. FMSB is doing real and important work to promote fairer market structures, and I look forward to the working group's forward-looking approach to the identification and mitigation of potential conduct risks in wholesale energy markets.

Alan Haywood
Chief Executive of BP Integrated Supply and Trading and
FMSB Advisory Council Member

Energy Working Group

The Energy Working Group will consider the energy trading landscape and lifecycle, with a view to identifying areas for development and enhancement to ensure fair and effective business practices in the wholesale energy markets. This will include undertaking a forward-looking approach to identifying and mitigating potential business practice risks.

At the end of the reporting period, the Energy Working Group had representatives from FMSB member firms including BNP Paribas, BP, Citigroup Global Markets Limited, JP Morgan, Morgan Stanley, Royal Bank of Canada, Royal Dutch Shell, Standard Chartered, and XTX Markets as well as a very pleasing number of non-member organisations including Centrica, Chevron, EDF Trading, Eni, Equinor, EVIA, Gazprom Marketing & Trading, Phillips 66, RWE Supply & Trading, Total, and Vitol.¹³

Work started in the last quarter of 2019 with a market assessment and prioritisation exercise supported by KPMG. This considered the context of political risks and market influences, and the accompanying regulatory challenges. This analysis will be taken into discussions with working group members and others to identify key issues, and understand where there is scope to add value.

The Energy Working Group will use this input to present the key themes and next steps to the Standards Board in 2020. It is envisaged that the working group may form smaller, focused groups to consider separately the oil, gas, and

power markets. Further, the Energy Working Group may consider alternatives to Standards and Statements of Good Practice, such as Spotlight Reviews, to highlight potential issues to wholesale energy market participants.

Conduct and Ethics Sub-Committee

Work delivered
The Sub-Committee finalised and published three Statements of Good Practice in the reporting period.

The Conflicts of Interest Statement of Good Practice issued as a Transparency Draft in June 2019 and finalised in October 2019 aims to provide practical, working-level guidance and examples for market participants to draw on, as they consider ways to prevent, manage, and mitigate conflicts of interest that arise within their firms.

The means of preventing, managing, or mitigating conflicts of interest that are suggested in the Statement of Good Practice include periodic reviews within each business area to identify scenarios or situations that could potentially create a conflict, as well as ensuring the appropriate identification and escalation procedures for actual conflicts.

2019 also saw the finalisation of two Statements of Good Practice published as Transparency Drafts in 2018:

- > Suspicious Transaction and Order Reporting Statement of Good Practice for FICC Market Participants; and
- > Conduct Risk in Market Transactions Statement of Good Practice.

Electronic Trading and Technology Committee

Trading platforms Working Group

Work in progress

The Trading Platforms Working Group has been preparing a Statement of Good Practice aimed at describing the best practice standards and disclosures that trading platforms should make available to their current and prospective participants, so that all parties are clear as to how the platform operates, and the obligations they are subject to in order to minimise disputes.

The FMSB Statement of Good Practice is planned for publication in 2020.



Joint Conduct & E-Commerce and Algorithmic Trading Working Groups

Work in progress

The use of computer algorithms to facilitate trading in FICC markets has significantly increased in recent years, as has the potential for this activity to adversely impact market and firm stability and harm market participants.

In 2018, the Algorithmic Governance Working Group published the Algorithmic Trading In FICC Markets Statement of Good Practice as a Transparency Draft. During the reporting period, the Conduct & E-Commerce Working Group worked on a Statement of Good Practice to provide guidance on how algorithms should be documented, managed, implemented and tested, as well as identifying and managing business practice risks relating to the use of algorithms. The Standards Board recognised the synergy that could be exploited, and the two working groups joined to bring together their work on algorithmic trading.

A combined Statement of Good Practice is planned for publication in 2020.

Other initiatives

Large Trades Working Group

Work in progress

Following consideration of topics, the Large Trades Working Group has been focused on developing an FMSB Standard for market participants in connection with the execution of outsize orders ('large trades') for wholesale FICC markets with a view to issuing materials in 2020.

The Standard, when final, will be a valuable source of information for market participants, including clients, when entities are executing large trades. Topics that will be addressed include pre-hedging, agency and principal dealing, and buy-side disclosure.

15
active working
groups

22
working group
meetings held

IBOR Transition Working Group

Work in progress

In the final quarter of 2019, the Standards Board decided that there was merit in FMSB setting up an IBOR Transition Working Group to consider the specific business practice risks which may arise from the transition from IBOR to near risk-free rates for FICC market participants, and how participants may seek to manage these risks.

The FMSB is aiming to publish a series of scenarios in the first half of 2020 to illustrate where such risks may arise and provide observations as to how these risks could be managed to promote fair and effective markets during the transition.

- Find out more about our current activity in 'Work in progress' on the 'Standards & Publications' section of our website
fmsb.com/our-publications/

Delivering standards

Work planned

In 2020 the FMSB Secretariat will be starting work on three initiatives to improve the delivery of FMSB Standards and Statements of Good Practice by:

- > considering the creation of a consolidated, integrated text of our materials;
- > developing new methods of distribution; and
- > preparing the ground for the periodic reviews of Standards to ensure their continuing relevance.

FMSB publications

In summary, we have the following work in progress as we enter 2020:

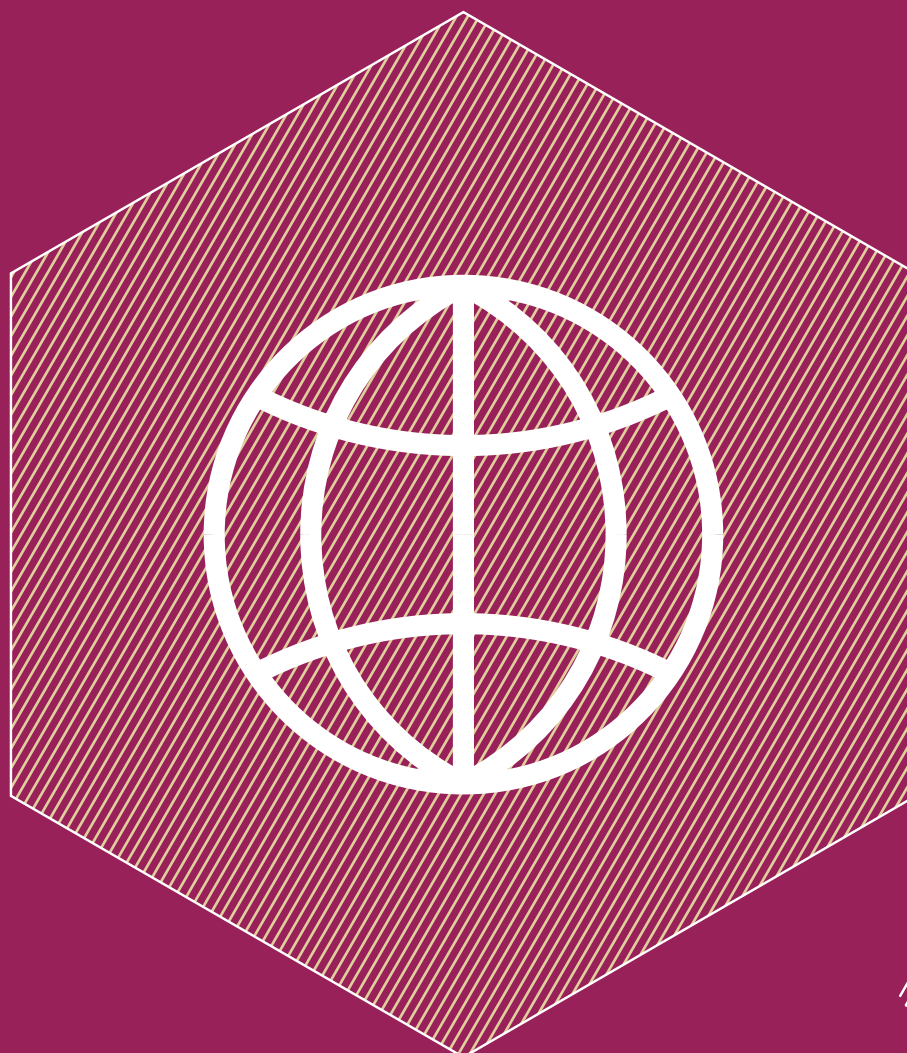
- > two Standards as Transparency Drafts on large trades, and sharing of new issue information;
 - > two Statements of Good Practice as Transparency Drafts on algorithmic trading, and trading platforms; and
 - > one Statement of Good Practice on auctions pending finalisation after being issued as a Transparency Draft in December 2019.
- See all FMSB publications, including speeches, on our website
fmsb.com

Having witnessed the effects on the real economy of misconduct across FICC markets while at the Bank of England, I recognise the value that market practitioners can bring to finding the solutions which seek to prevent malpractice. I am delighted to represent HSBC in a new FMSB Working Group aimed at considering conduct risks arising from the transition from IBOR to risk-free rates, and exploring how we can provide firms with practical behavioural scenario analysis to assist in managing these risks.

Chris Salmon
Chief Control Officer of Markets at HSBC and
FMSB Standards Board Member

Drive global adherence

Ensure standards are
comprehensible and practical



Eight years have now passed since multiple conduct failures in wholesale finance first came to light, resulting in unprecedented fines and other sanctions. In response, FMSB has been unrelenting in harnessing the deep expertise of its participants to develop a series of detailed, actionable industry standards aimed at restoring confidence and trust in FICC markets. IOSCO commends and supports this important work.

Ashley Alder
Chair of IOSCO Board

Ensuring consistently applied codes and standards of behaviour and conduct across jurisdictions is essential to delivering fair and effective wholesale markets. As a practitioner-led standard setter, FMSB has identified vulnerabilities where conduct risk may reside and provided clear and practical guidance that supplements existing legal and regulatory frameworks. I firmly believe that FMSB is making a valuable contribution to raising standards and building trust and confidence in FICC markets.

Verena Ross
Executive Director of the European Securities and Markets
Authority (ESMA)



A significant proportion of our effort in the reporting period has continued to be on identifying potential business practice risks to FICC markets and seeking to add value through FMSB Standards, Statements of Good Practice and Spotlight Reviews.

Impact study

With a total of five Standards, and ten Statements of Good Practice (two of which are Transparency Drafts) published since 2016 to the end of the reporting period, and as we embark on the next stage of our strategy and workplan informed by the emerging vulnerabilities scan, it will be important for us to seek an answer to the question:

How do we know that FMSB Standards and Statements of Good Practice are having a practical impact on day-to-day business in wholesale FICC markets?

In addition to impact, we also want to explore how member firms are adhering to FMSB Standards. We are not a supervisory or enforcement body. Instead, the FMSB Secretariat is considering how we can help member firms to understand their comparative approaches to implementing FMSB Standards in their day-to-day business practices (e.g. through training and via governance).

We are also considering how we can gather the views of member firms' customers on whether and how FMSB member business practices have changed for them. Further discussions will take place on the scope of the exercise during 2020.

FMSB training

Under our strategic goals to drive global adherence and to develop consistent approaches to market standards, the FMSB Secretariat is assessing the viability of creating a series of individual, personal FICC market practice training programmes that could be recognised across institutions and locations.

The aim of the programmes would be to extend the reach of FMSB Standards, Statements of Good Practice and other materials directly to individuals working in global wholesale FICC markets. This would increase awareness of our output among those individuals as well as creating a clearer common understanding of the business practices that support fair and effective markets. For businesses, the programme would complement internal firm-specific training, and other regulatory and/or technical qualifications.

This work is at an early stage and will be progressed in 2020.



Trust is the foundation of commercial relationships in any sector, but none more so than finance. And yet, with the steady stream of conduct scandals and with the financial crisis still fresh in the public's memory, much remains to be done for the financial industry to reach a level of confidence in line with its economic and social importance. FMSB's role in bringing practitioners together, identifying areas of conduct risk, and developing codes and standards that are adopted in global organisations is an important piece of the puzzle in raising trust and integrity worldwide.

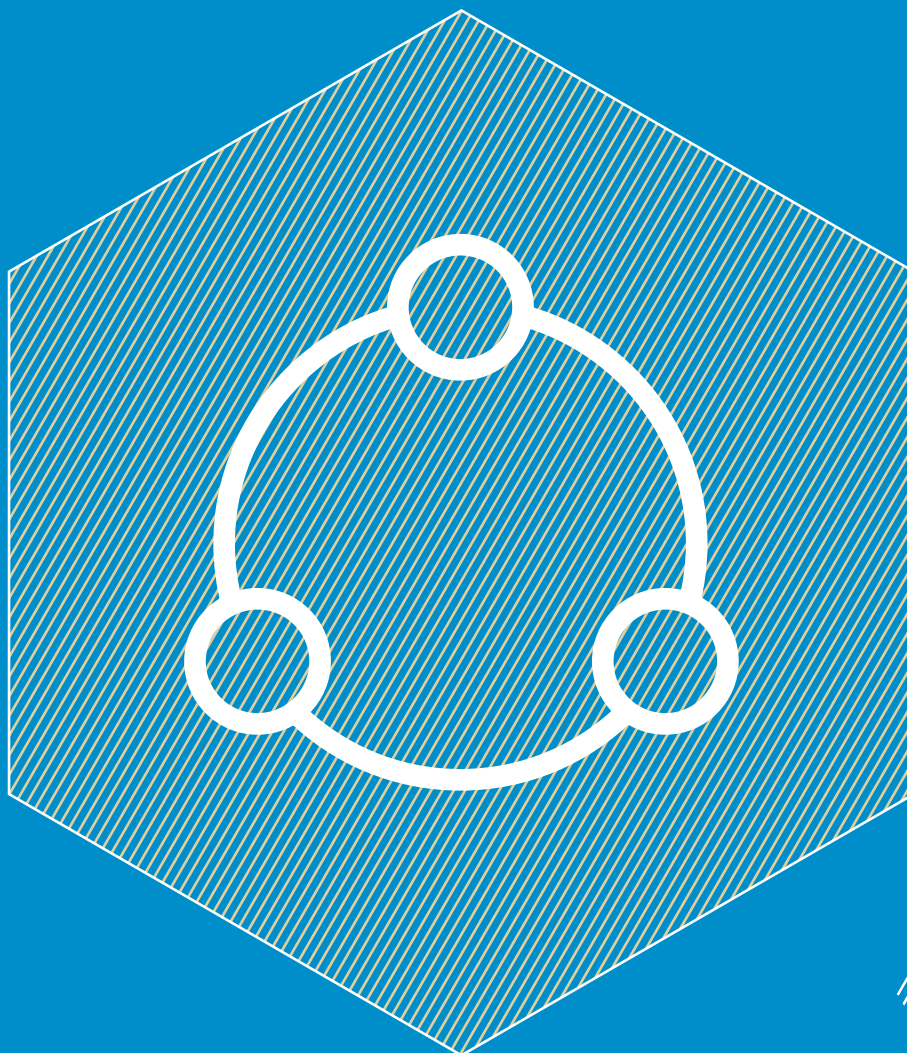
Greg Medcraft

Director, Directorate for Financial and Enterprise Affairs, OECD



Develop consistent approaches to market practices

Work with other recognised standards setting bodies



The Treasury Market Practices Group (TMPG) and FMSB have similar goals in terms of working with industry professionals to discuss market developments and promote best practices. While we cover different asset classes, I see many opportunities for TMPG and FMSB to share our experiences and explore synergies, while also considering how our work complements laws, regulations and other standards and codes that exist in interconnected, global markets.

Gerald Pucci
Chair of Treasury Market Practices Group (TPMG)

ASIC has an acute focus on professionalism and fairness in our markets. Professionalism as the standard, and fairness embraced and embedded in everything market practitioners do. These imperatives need to be prioritised for there to be meaningful cultural change in the industry. In these beliefs we are aligned with FMSB and we continue to support its aim to make markets operate fairly and effectively. I look forward to a dialogue on current and emerging conduct risks in FICC markets.

Cathie Armour
Commissioner at the Australian Securities and Investments Commission (ASIC)

Our guiding principle is to develop FMSB Standards or guidance only where we can add value to the existing body of law, regulation, codes or standards.

When identifying gaps and inconsistencies in existing regulatory standards, this strategic goal has a significant overlap with the work on our other strategic goals.

External engagement

We work with other recognised standards setting bodies to develop consistent approaches to market standards.

As noted in our Annual Report 2017,¹⁴ conduct risk is cross-border; it does not respect national or jurisdictional boundaries. Where there are differences in the structure and operation of international markets this can give rise to differences in practice. But history shows that the same bad behaviours arise repeatedly across asset classes, market structures, and jurisdictions: these issues are universal.

Conscious of the global interconnectedness of FICC markets, one of the ways we encourage international convergence is through actively sharing our Standards and Statements of Good Practice – including Transparency Drafts for consultation – with known stakeholders. These materials are also available on our website to all regulatory and standards bodies, and all market participant firms to comment on, and/or use as they wish – regardless of FMSB membership.

We benefit hugely from interacting with central banks, regulatory and other standards setting authorities across the globe. During the reporting period we met with authorities working in Australia, Canada, France, Malta, the Netherlands and the US in order to explore the benefits of adding standards to the existing suite of conduct management methodologies. We also met with the European Securities and Markets Authority, the OECD and IOSCO.¹⁵

This means that over three years we have met with 39 authorities in 18 countries and regions

Country/region	Organisation
Australia	Australian Prudential Regulation Authority
Australia	Australian Financial Markets Association
Australia	Reserve Bank of Australia
Australia	Australian Securities and Investments Commission
Canada	Department of Finance Canada
Canada	Bank of Canada
France	Autorité des Marchés Financiers
Germany	BaFin
Germany	Deutsche Bundesbank
Hong Kong	Securities and Futures Commission
Hong Kong	Hong Kong Monetary Authority
Italy	Banca d'Italia
Italy	Commissione Nazionale per le Società e la Borsa (CONSOB)
Malaysia	Bank Negara Malaysia
Malta	Malta Financial Services Authority
Norway	Finanstilsynet (The Financial Supervisory Authority of Norway)
Singapore	Monetary Authority of Singapore
South Africa	Financial Services Board
South Africa	South African Reserve Bank
Spain	Banco de España
Spain	Comisión Nacional del Mercado de Valores
Sweden	Finansinspektionen (Swedish Financial Authority)
Sweden	Sveriges Riksbank
Switzerland	FINMA (Swiss Financial Market Supervisory Authority)
The Netherlands	AFM (The Dutch Authority for the Financial Markets)
Europe	European Banking Authority
Europe	European Central Bank
Europe	European Securities and Markets Authority
Europe	Organisation for Economic Co-operation and Development
US	Federal Reserve Bank of New York
US	Federal Reserve System
US	Financial Industry Regulatory Authority
US	Securities and Exchange Commission
US	US Commodity Futures Trading Commission
US	US Department of the Treasury
International	Financial Stability Board
International	International Organisation of Securities Commissions
International	International Monetary Fund
International	Securities Industry and Financial Markets Association

Our attendance at relevant conferences and events is also a critical limb to our work on this strategic goal. During the reporting period, our Chair and CEO attended 14 industry events or conferences.

Members

as at 31 December 2019

Member Firms

1. AstraZeneca	22. Lloyds Banking Group
2. Australia and New Zealand Banking Group	23. London Stock Exchange Group
3. BAE Systems	24. M&G Investment Management Limited
4. Bank of America Merrill Lynch	25. Morgan Stanley & Co. International plc
5. Barclays	26. National Australia Bank
6. BHP	27. Nomura
7. BlackRock	28. RBS
8. Bloomberg	29. Refinitiv
9. BNP Paribas	30. Rio Tinto
10. BNY Mellon	31. Royal Bank of Canada
11. BP	32. Royal Dutch Shell
12. Citadel Securities	33. Royal Mail Group
13. Citigroup Global Markets Limited	34. Société Générale
14. Crédit Agricole CIB	35. Standard Chartered
15. Credit Suisse	36. Standard Life Aberdeen
16. Deutsche Bank	37. TP ICAP
17. Goldman Sachs	38. Tradeweb
18. HSBC	39. UBS
19. Invesco	40. Vodafone
20. J.P. Morgan	41. XTX Markets
21. Legal & General Investment Management	

Associate Member Firms

Euronext FX Inc.
MarketAxess
Tradition

Partner Member Firms

Association of Corporate Treasurers
Banking Standards Board
KPMG
Oliver Wyman
Standards Board for Alternative Investments

Legal Adviser

Linklaters

Advisory Council Members

1.	AstraZeneca	Jonathan Slade
2.	BAE Systems	Raj Patara
3.	Barclays	C.S. (Venkat) Venkatakrishnan
4.	BHP	Stewart Cox
5.	BlackRock	Patrick Olson
6.	BNP Paribas	Arne Groes
7.	BP	Alan Haywood
8.	Citadel Securities	Paul Hamill
9.	Citigroup Global Markets Limited	James Bardrick
10.	Crédit Agricole CIB	Walid Assaf
11.	Credit Suisse	Nicholas Lovett
12.	Goldman Sachs	James Esposito
13.	HSBC	Samir Assaf
14.	J.P. Morgan	Guy America
15.	Legal & General Investment Management	Sonja Laud
16.	Linklaters (Legal Adviser)	Michael Kent
17.	Lloyds Banking Group	Mark Grant
18.	London Stock Exchange Group	Raffaele Jerusalemi
19.	M&G Investments	William Nicoll
20.	Morgan Stanley & Co. International Plc	Clare Woodman
21.	National Australia Bank	Drew Bradford
22.	Nomura	Jonathan Lewis
23.	RBS	Kieran Higgins
24.	Refinitiv	Neill Penney
25.	Rio Tinto	Abel Martins Alexandre
26.	Royal Bank of Canada	David Thomas
27.	Royal Dutch Shell	Russell O'Brien
28.	Royal Mail Group	Stuart Simpson
29.	Société Générale	Antoine Broquereau
30.	Standard Chartered	Bruno Lettich
31.	Standard Life Aberdeen	Rod Paris
32.	TP ICAP	Nicolas Breteau
33.	Tradeweb	Simon Maisey
34.	UBS	Federica Mazzucato
35.	XTX Markets	Zar Amrolia
36.	Independent Member	Kathleen J. Yoh

Partner Advisory Council Members

1.	Association of Corporate Treasurers	Caroline Stockmann
2.	Banking Standards Board	Dame Colette Bowe
3.	KPMG	Karim Haji
4.	Oliver Wyman	Christian Edelmann
5.	Standards Board for Alternative Investments	Amelia Fawcett

Members continued

Standards Board Members

1.	Australia and New Zealand Banking Group	Paul Moore
2.	Bank of America Merrill Lynch	Graham Hill
3.	Barclays	Filippo Zorzoli
4.	BHP	Stewart Cox
5.	BlackRock	Jane Sloan
6.	BNP Paribas	Alex Benech
7.	BNY Mellon	Paul Matherne
8.	Citadel Securities	Brian Oliver
9.	Citigroup Global Markets Limited	Mark Meredith
10.	Deutsche Bank	David Wayne
11.	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.	Legal & General Investment Management	Colin Reedie
17.	Linklaters (Legal Adviser)	Michael Kent
18.	London Stock Exchange Group	Fabrizio Testa
19.	M&G Investment Management Limited	William Nicoll
20.	Morgan Stanley & Co. International Plc	Christopher Good
21.	National Australia Bank	Anthony Deagan
22.	Nomura	Matthew Reader
23.	Rio Tinto	Abel Martins Alexandre
24.	Royal Bank of Canada	Christophe Coutte
25.	Royal Dutch Shell	Russell O'Brien
26.	Standard Life Aberdeen	Craig MacDonald
27.	Tradeweb	Enrico Bruni
28.	UBS	Ciara Quinlan
29.	XTX Markets	Zar Amrolia
30.	Independent Member	Catherine Bradley
31.	Independent Member	David Tait

Partner Standards Board Members

	Partner Member	Standards Board Member
1.	Association of Corporate Treasurers	James Winterton
2.	Banking Standards Board	Alison Cottrell
3.	KPMG	Peter Rothwell
4.	Oliver Wyman	Catherine Brown
5.	Standards Board for Alternative Investments	Thomas Deinet

Committees, Sub-Committees and Working Groups

Membership Group	Chair	Company Name
BCA Committee	David Flowerday	Citigroup Global Markets Limited
Conduct & Ethics Sub-Committee	Robert Auton	Citigroup Global Markets Limited
First Line of Defence Working Group	TBD	
Conduct and E-Commerce Working Group	Chris Dickens	HSBC
Conduct & Ethics Conflicts of Interest Working Group	Mandy DeFilippo	Morgan Stanley & Co. International plc
Electronic Trading and Technology Committee	Co Chairs:	
	Zar Amroliya	XTX Markets
	Ciara Quinlan	UBS
Algorithmic Governance Working Group	Ciara Quinlan	UBS
Trading Platforms Working Group	Zar Amroliya	XTX Markets
Large Trades Working Group	Michael Dawson	Royal Dutch Shell
Legal Working Group	Michael Kent	Linklaters
Market practices sub-committees		
Commodities Sub-Committee		
Metals Working Group	David Tait	World Gold Council
Energy Working Group	Phil Llewellyn	BP
Currencies Sub-Committee	James Kemp	GFMA
Rates Sub-Committee	Charles Bristow	J.P. Morgan
Spreads Sub-Committee	Jonathan Brown	Barclays

Advisory Council and Standards Board Observers

Bank of England	Andrew Hauser
Financial Conduct Authority	Edwin Schooling Latter

How to become an FMSB member

FMSB members represent global wholesale FICC market participants. Our membership at 31 December 2019 includes corporate issuers, asset managers, exchanges, custodians and intermediaries, commercial and investment banks, 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 FICC market participants. Please contact the FMSB Secretariat at secretariat@fmsb.com or at +44 (0)20 3961 6150 for further information. The contact address for FMSB is 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 Market Standards Board Limited are BDO LLP. FICC Markets Standards Board Limited 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.

At the request of the Board of FMSB Limited, Mark Yallop's role was changed from Non-Executive Chair to Executive Chair in November 2018. When the new Chief Executive Officer joined FMSB on 1 November 2019, he reverted to his role as Non-Executive Chair.

Mark Yallop

Chair and Director

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

From March 2013 to September 2014 Mark was UK Group CEO for UBS, responsible for overseeing all of UBS's Investment Banking, Wealth Management and Asset Management activities in the UK. Between 2005 to 2011 Mark was Group 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.

For 20 years from 1984 to 2004 Mark was at Morgan Grenfell and then Deutsche Bank where he was one of the architects of its expansion in investment banking, 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, responsible for managing the Group's infrastructure and business rationalisation programme.

Charles Nichols

Senior Independent Director

Charles is the Senior Independent Director of FMSB Limited and has been a Director since 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 of this Pension Fund.

Stephen O'Connor

Director

Stephen has been a Director of FMSB Limited since 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 a Non-Executive Director of London Stock Exchange Group plc.

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.

Michael Cole-Fontayn

Director

Michael has been a Director of FMSB Limited since March 2019.

Michael is the Chair of the Association for Financial Markets in Europe (AFME) and Chair of the Chartered Institute for Securities and Investment (CISI). AFME is the trade association for leading global and European banks and other significant capital market participants, and CISI is the largest professional body for the securities and investment profession in the UK.

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.

Edward Ocampo

Director

Edward has been a Director of FMSB Limited since 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. He 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.

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

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 (Transparency Draft)

Publication Name	Initial Release	Comment Period	Final Release
Algorithmic Trading In FICC Markets Statement of Good Practice for FICC Market Participants	11-Jul-18	11-Jul-18 to 07-Sep-18	TBC
Statement of Good Practice for Participation in Sovereign and Supranational Auctions in Fixed Income Markets Transparency Draft	02-Dec-19	02-Dec-19 to 27-Jan-20	TBC

Spotlight Reviews

Publication Name	Initial Release	Comment Period	Final Release
Behavioural Cluster Analysis - Misconduct Patterns in Financial Markets	n/a	n/a	27-Jul-18
Misconduct Patterns in Financial Markets - Selected Case Studies	n/a	n/a	27-Jul-18
Database - Market Abuse and Manipulation: Historic Cases	n/a	n/a	27-Jul-18

► For the latest FMSB publications and links, please see the 'Standards & Publications' section of our website fmsb.com/our-publications/

FMSB Secretariat

as at 31 December 2019



Martin Pluves
CEO

Martin joined FMSB as Chief Executive Officer on 1 November 2019, joining from LCH Ltd where he was the CEO. Martin was appointed CEO for LCH Ltd in 2015 and during his time was responsible for its global operations in Australia, Japan, Sri Lanka, Bangalore, New York and London, and for its relationships with 42 international financial services regulators and central banks, including the Bank of England as lead regulator. During his tenure, LCH Ltd enjoyed a period of record growth in revenues and margins and delivered a significant programme of improvement in the resilience and stability of its critical operations.

Before his appointment as CEO, Martin was the COO. He led a number of key strategic initiatives, including the programme to integrate the CCP with the London Stock Exchange Group post acquisition of a majority shareholding, and all liaison with the Bank of England Market Supervisory team. He has also held the positions of Group Head of Regulatory Change for LCH Clearnet Group and COO for ForexClear, after holding various technology management positions in the LCH group of companies between 2009 and 2015.

From 1995 to 2009 Martin was at PA Consulting Group in its financial services practice in a variety of positions, including latterly as Partner.



Alison Parker
Chief of Staff

Alison joined FMSB in November 2018. As Chief of Staff, she oversees the operations side of the business, supports the FMSB Secretariat and manages 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.



Christopher Rich
Seconded

Chris is a Managing Associate in the Financial Regulation Group at Linklaters.

Since joining the firm in 2011 he has advised a wide range of investment banks, market infrastructure providers and buy-side institutions on numerous areas of UK and European financial regulation. In the FICC space, he has worked on investigations into misconduct in the FX business and subsequent remediation exercises. Additionally, he was heavily involved in assisting market participants in their MiFID II implementation, in particular focusing on the extension of transparency requirements to the FICC markets and the new algorithmic and high-frequency trading requirements. More generally, Chris has advised market participants on the Market Abuse Regulation, the new rules applying to Central Securities Depositories and their participants, best execution compliance and the conduct and regulatory risks associated with the IBOR transition. During his time at Linklaters, Chris has been on secondments to Deutsche Bank and BNP Paribas and is currently completing an Executive LLM in international financial law and regulation at the London School of Economics.



Hanna Mutawa
Executive Assistant

Hanna joined FMSB in May 2017 from W4i Investment Advisory Limited. At W4i she supported the company Directors and managed the office. Hanna has also held administrative and Human Resource positions at Hope Charity and at Shell Exploration and Production.



Ossie Fikret
Secondee

Ossie is an Associate in the Financial Regulation Group at Linklaters, having joined the firm in March 2014. He qualified as a solicitor in March 2016 and has advised financial institutions on both contentious and non-contentious matters. In relation to the former, his experience encompasses both Prudential Regulation Authority and FCA enforcement activity across the retail and wholesale space. This has included investigations in relation to purported breaches of the Market Abuse Regulation, anti-money laundering/financial crime requirements and the Principles for Businesses.

Ossie has previously been seconded to two retail banks and prior to joining Linklaters he spent a number of years working for several backbench Members of Parliament.

Ossie is currently on the Executive Committee of the Financial Services Lawyers Association.



Rupak Ghose
Senior Adviser

Rupak is leading the FMSB Spotlight Reviews on FICC market structure and the impact of regulatory and technological change on the fairness and effectiveness of wholesale FICC markets.

Rupak has more than 15 years' experience in FICC market structure. He was Head of Corporate Strategy for ICAP/NEX for the last six years providing advice on strategic direction, market structure change, customer/competitor landscape, new business ventures and M&A. He was a trusted counsellor on the dramatic transformation of the business from interdealer broker to focused financial technology firm and the ultimate sale of the businesses. During his time at ICAP/NEX he worked closely with the PLC Board, customers, product teams, external advisers and shareholders.

Prior to this Rupak spent more than a decade at Credit Suisse as an equity research analyst where he was Top Three ranked on numerous occasions by buy side clients in Institutional Investor and other surveys for his coverage of asset managers, exchanges and other capital markets focused companies.



Vijay Reed
Communications
Consultant

Vijay is a communications consultant leading the delivery of our Annual Report and supporting the Secretariat with other communications-related activity.

Vijay is an experienced communications manager with 19 years of combined experience in policy making, supervision, communications, leadership and management for a UK financial services regulator. Joining the Financial Services Authority in 2000, Vijay moved to the Prudential Regulation Authority at the Bank of England in 2013.

She has an MBA from Warwick University, and a Postgraduate Diploma in Legal Practice from the College of Law, Guildford.

Abbreviations and links

Abbreviations

AI	Artificial intelligence
CCP	Central counterparty clearing house
FEMR	Fair and Effective Markets Review
FICC	Fixed income, currencies and commodities
FMSB	FICC Markets Standards Board
IBOR	Interbank offered rate
NED	Non-executive director

Links (in the order they appear on the page)

Page	Title	Link
27	Statement of Good Practice for Participation in Sovereign and Supranational Auctions in Fixed Income Markets Transparency Draft (2019)	fmsb.com/auctions_sgp_td_final/
27	Risk Management Transactions for New Issuance standard for Fixed Income markets (2018)	fmsb.com/wp-content/uploads/2019/03/Risk-Management-Transactions-for-New-Issuance-standard-Final-3-July-2018_v5.pdf
27	Reference Price Transactions standard for the Fixed Income markets (2016)	fmsb.com/wp-content/uploads/2017/05/2016-001-FMSB-Std_ReferencePriceTransactions_FIMarkets_Final-Updated.pdf
27	Secondary Market Trading Error Compensation Standard for the Fixed Income, Currencies and Commodities Markets (2019)	fmsb.com/wp-content/uploads/2019/01/Secondary-Market-Trading-Error-Compensation-Standard.pdf
27	Information & Confidentiality for the Fixed Income and Commodities markets Statement of Good Practice (2019)	fmsb.com/wp-content/uploads/2019/10/Information-Confidentiality-SGP_V6.4-FINAL.pdf
28	Conflicts of Interest Statement of Good Practice (2019)	fmsb.com/wp-content/uploads/2019/10/Conflicts-of-Interest-SoGP_Final.pdf

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/



Find out more on our website
fmsb.com

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 Full, Associate, and Corporate Members commit to adhere to the FMSB Standards that are relevant to their business. Information about FMSB membership is available on the 'Who we are' page of our website at: fmsb.com/who-we-are/
- 3 'Fair and Effective Markets Review Progress Report' from HM Treasury, Bank of England, and FCA, May 2018: www.bankofengland.co.uk/-/media/boe/files/report/2018/fair-and-effective-markets-review-progress-report
- 4 Our July 2018 report, case studies, and a database on our analysis of patterns of behavioural misconduct in FICC markets are available at: fmsb.com/our-publications/
- 5 The speech is available at: fmsb.com/fmsb-2016-21-speech-delivered-by-mark-yallop-on-14-may-2019-at-the-iosco-board-meeting-in-sydney/
- 6 The comments period for this Transparency Draft closed on 7 September 2018. Since then, the Standards Board identified a synergy between this paper and other FMSB work on algorithmic trading so we are bringing them together for publication in one Statement of Good Practice.
- 7 The Statement of Good Practice Transparency Draft was published on 2 December 2019 and is available at: fmsb.com/auctions_sgp_td_final/
- 8 Our press release of 18 March 2019 is available at: fmsb.com/fmsb-appoints-edward-ocampo-and-michael-cole-fontayn-as-non-executive-directors/
- 9 Information about the future of finance project is available on the Bank of England website at: www.bankofengland.co.uk/report/2019/future-of-finance
- 10 Information about FMSB membership is available at: fmsb.com/who-we-are/; and information about adherence is available at: fmsb.com/adherence/
- 11 Our press release of 25 July 2019 on Martin Pluves' appointment is available at: fmsb.com/fmsb-appoints-martin-pluves-as-chief-executive-officer/
- 12 Information about FMSB membership is available at: fmsb.com/who-we-are/
- 13 Goldman Sachs and TP ICAP joined the Energy Working Group in early 2020.
- 14 Our annual reports and all other publications are available at: fmsb.com/our-publications/
- 15 'FMSB 2016-21', speech delivered by Mark Yallop at the IOSCO Board meeting on 14 May 2019, is available on the speeches section of our website at: fmsb.com/fmsb-2016-21-speech-delivered-by-mark-yallop-on-14-may-2019-at-the-iosco-board-meeting-in-sydney/

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