

Fair and Effective Markets Review

29 June 2015

Simon Lewis, CEO, **AFME**

James Kemp, Head of Global FX, **GFMA**

Rick Watson, Head of Capital Markets, **AFME**

Richard Hopkin, Head of Fixed Income, **AFME**

Will Dennis, Managing Director, Compliance, **AFME**

- Criminal regime to cover all products under Market Abuse Regulation
- Maximum penalty for market abuse increases from 7 to 10 years imprisonment
- New statutory civil and criminal regime to cover spot FX (which is not a MAR product)

- Breach of a code will be a breach of regulation
 - and so covered by the Senior Managers regime
- Traders to be trained on competition law by firms
 - firms to be made aware by the FCA of the annex to the report dealing with competition law
- Single global FX code to be developed by central banks
 - to replace most of the NIPs code

- FICC market guidelines and standards, minimum qualifications and training, to be developed by a new industry-based FICC Market Standards Board (FMSB)
- IOSCO to develop a set of common standards for trading practices in FICC markets “written in language that can be readily understood, and which will be consistently upheld”
- IOSCO Task Force on Financial Benchmarks to consider producing a set of guidance for users of benchmarks

- FCA/PRA to consult on mandatory form for regulatory references
 - to be introduced by 7 March 2016
 - objective is to weed out the “rolling bad apples”
- FSB to examine further ways to improve alignment between remuneration and conduct risk
 - at the global level

- HMT to consult on extending elements of the SMR regime across most of the regulated financial sector
 - asset managers, interdealer brokers, hedge funds
- Including
 - Regulatory pre-approval of Senior Managers
 - Certification and conduct regimes
- But not including
 - the presumption of responsibility
 - the criminal offence of managing a failed bank

Forward-looking approach to conduct risk identification and mitigation

- FMSB to produce a White Paper on the problems posed by new technologies
- Firms to enhance surveillance analytics and increase STR reporting obligations
 - over a wider range of FICC activities
- Early intervention by UK regulators

Q & A



The Association for Financial Markets in Europe advocates stable, competitive and sustainable European financial markets that support economic growth and benefit society.

London

St Michael's House
1 George Yard
London EC3V 9DH
United Kingdom

Tel: +44 (0) 20 7743 9300

Brussels

Rue de la Loi 82
1040 Brussels
Belgium

Tel: +32 (0)2 788 3971

www.afme.eu