



European
Venues &
Intermediaries
Association

**European Venues & Intermediaries Association
FX Work Group**

Date: 12th March 2018
Time: 10.30

1. FCA Algorithmic Trading Compliance in Wholesale Markets

The FCA had issued their report on 12th February 2018 following their conduct work and, in general, are encouraged that firms have taken steps to reduce risk inherent to algorithmic trading; however, further improvement is needed. The requirements include testing, control governance, 'kill' functionality and anti-abuse controls, including implementation of automated trade surveillance for breaches of MAR and other relevant rule sets. Some examples of their findings were:

- Some firms lacked suitable process to identify algorithmic trading across their business;
- No documentation in place to demonstrate suitable development and testing procedures;
- Lack of robust comprehensive governance framework; and
- Lack of suitable market abuse training for staff involved with the development and implementation process.

The question was raised as to whether venues are required to do more. EVIA stated that whilst RTS6 applies to investment firms, venues still have the responsibility to ensure those firms who use algo's have the necessary controls in place to prevent a disorderly market.

2. Firms who have signed up to the Global Code of Conduct - Statement of Commitment

- EVIA will be publishing a list of member firms who have signed up to the Statement of Commitment (SoC) to demonstrate the principles to good practice in the foreign exchange market;
- If any other member firm is in the process of signing up, do let us know. Some firms have signed up to all three codes, LMM, Bullion and the FX;
- Once signed up, firms will need to evidence how they have complied with the statement, i.e., training, accountability etc;
- 6th February 2018: Bank of England have issued a statement SoC to the FX Global Code, the UK Money Market Codes and Global Precious Metal Codes; and
- ECB announced that all the central banks have also signed up to the SoC.



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3. A&O presentation on FCA Enforcement cases against senior managers, market abuse and financial crime

Some of the key findings from this presentation were:

- Expect to see more investigation into Senior Managers following the SM&CR;
- Increase in the number of enforcement cases. In 2016 there were 247 and in 2017 this increased to 453;
- Increase in the number of financial crime enforcement investigation, almost triple from 2016 to March 2017; and
- Market Abuse investigations still on the increase.

The key message is that firms should also focus on monitoring financial crime due to the increase in enforcement cases.

4. Personal Information

The general view was that this remains one of the principal difficulties in TV MiFID2 implementation and the one in most requirement of fundamental revision. Firms noted a general on-boarding of client personal details by TVs at the outset but some divergence as to the preferred route to store, maintain, validate and update these details over the MAR holding period requirement in an extraterritorial environment and in compliance with GDPR.

5. Apprenticeship Levy

EVIA has received interest from a member firm to see how the association can assist member firms in establishing an Apprenticeship Scheme to enable firms to recoup the funds they have paid. Currently, any firm who have annual pay bill of more than £3m is paying 0.5% to the fund and can use this to train new apprentices. Firms already have the necessary training in place through the CISI and other on-line required training. EVIA will take this forward with each member's HR to assess how we can plan the next stages.