Minutes of the Meeting 6
Meeting of the Moscow FX Joint Standing Committee
SRO NFA - ACI Russia

Moscow

Meeting format: face-to-face voting on the agenda items

Venue: Moscow, Ararat Park Hyatt Hotel, 4 Neglinnaya Street.

Participating members of the Meeting of The Moscow FX Joint Standing Committee (The Committee) SRO NFA - ACI Russia:

1. Romanchuk Sergey (Metallinvestbank) – Chairman
2. Lyakh Valery (Central Bank of Russia)
3. Alexandrova Tatiana (BCS)
4. Antipova Svetlana (ATON)
5. Atanasyan Levon (Renaissance Broker)
6. Vidov Pavel (FC "INTRUST")
7. Egorov Eugene (VESTA Bank)
8. Zozulya Alexandr (Sberbank)
9. Kozinetz Vladimir (Rolf)
10. Kozlov Ilya (AIM Capital)
11. Piskulov Dmitry (Moscow Stock Exchange)
12. Senina Anna (Refinitiv)
13. Skabelin Andrey (Moscow Stock Exchange)

External (non-member) invitees:

1. Shvetsov Sergey (Central Bank of Russia)
2. Galeev Timur (Central Bank of Russia)
3. Glushan Evgeny (ACI)
4. Zablotsky Vasily (SRO NFA)
5. Zyryanov Konstatin (ACI)
6. Kriyanov Alexandr (ACI)
7. Kukol Elena (Central Bank of Russia)
8. Markin Alexandr (ACI)
9. Pinegina Elena (Central Bank of Russia)
10. Popova Ekaterina (Central Bank of Russia)

Total number of Committee members – 26, number of participants present – 13 people.

A total of 13 numbers voted; this was less than 2/3 of the total number of the Committee members. The quorum requirement is therefore not met. Due to the absence of a quorum, the
decisions of the Council are of a preparatory nature for bringing up issues requiring voting at a meeting held by absentee voting.

AGENDA:

1. The admission of The Moscow FXJSC to the FX Global Committee (GFXC), further goals and objectives of the Council. (S. Shvetsov, Central Bank of Russia; V. Lyakh, Central Bank of Russia; S. Romanchuk, Metallinvestbank).
2. Preparations for the GFXC meeting in December 2019. (S. Romanchuk, Metallinvestbank):
   2.1 3-year review of the FX Global Code:
      2.1.1 GFXC Survey of market participants
      2.1.2 Priorities that your local FXC has for the 3-year review.
   2.2 Market developments: FX benchmarks.
3. ACIFMA and FX Global Code exams. (K. Zyryanov, ACI)
4. Methodology for establishing the official rate of the Bank of Russia. Results of the working group discussion and further steps. (D. Piskulov, Moscow Stock Exchange)
5. Amendments to the Regulations of the Council. (V. Cheremisin, SRO NFA)
6. Any other business.

DISCUSSION:

Item 1. The admission of The Moscow FXJSC to the FX Global Committee (GFXC), further goals and objectives of the Council. (S. Shvetsov, V. Lyakh, S. Romanchuk).

1.1 First Deputy Chairman of the Bank of Russia Sergey Shvetsov opened the meeting.

Sergey Shvetsov greeted the FX Global Committee, noted the importance of the ongoing work to familiarize market participants with the basic principles of good conduct in the financial markets and confirmed the intention of the Bank of Russia to participate in the global process of developing common rules for working on the foreign exchange market.

It was noted that one of the main goals of the Council's work was education. It is impossible to make financial market participants join the Global Code. The task of the Council is to stimulate market participants. It is necessary to explain that ethics increases financial stability, reduces the cost of internal processes, including compliance. Adherence to the principles of the Code reduces client risks and makes the organization providing services more attractive.

The topic of the qualification system was also raised, which should also be a priority in the work of the Council (for more details see Question 3).

1.2 The participants of the meeting asked a question about the possibility of changing the legislation and regulatory acts, in particular, foreign exchange regulation and the limit of open foreign exchange position for banks. Sergey Shvetsov proposed to send to the Bank of Russia initiatives to change the legislation by the end of September within the framework of the "Regulatory Guillotine" program. Initiatives should be sent with a justification of how they will affect financial sufficiency, financial stability, competition and trust in the market. The Bank of Russia is ready to consider any proposals.
RESOLUTION:

1. Take note of the information provided.
2. The participants of the meeting are invited to send their proposals on legislative changes to SRO NAFA to the address info@nfa.ru in the term up to 25.09.2019 for transfer of consolidated data to AC "Forum".

**Item 2. Preparations for the GFXC meeting in December 2019. (S. Romanchuk)**

2.1 Sergey Romanchuk said that regional committees should prepare an expert opinion on the Agenda for the meeting of the Global Committee on the Foreign Exchange Market in December. The Agenda consists of 2 blocks:

2.1.1 Three-year review of the Global Code. It has 2 components:
   A) Annual market participant survey.
   Sergey Romanchuk told about GFXC Survey of market by the Bank of England. The task for CERS members is to prepare a list of respondents who are ready to participate in the survey and answer the questions. The more diversified the list of respondents, the more precise the Global Committee will be in terms of how the implementation of the Global Code principles is developing in different regions. The more respondents from Russia, the more important our opinion will be.
   B) Priorities for the three-year review of the Global Code.
   There are 2 important questions.
   - It should be noted which areas (issues) are not addressed in the Code;
   - note the areas that need to be changed.
   Participants noted that there is a need for a more in-depth discussion on the impact of the Global Code not only on ethics, but also on macroeconomic stability in markets. It was noted that the term "execution" should be described in more detail in the Code. The term "internalization" as well as the impact of internalization on the financial market requires further discussion.

2.1.2 Development of FX benchmarks.
In Sergey Romanchuk's opinion, the fixings that have been launched recently meet international requirements.

RESOLUTION:

1. Participants of the meeting to take the initiative and invite their colleagues and other respondents to take part in the survey.
2. To prepare a proposal in writing on the letter submitted to the Agenda. To conduct further discussion in person (in absentia).
3. Develop such a benchmark as the Bank of Russia course to consider in question 4 of the Agenda.

**Item 3. ACIFMA and FX Global Code exams. (K. Zyryanov, T Galeev)**

3.1 Konstantin Zyryanov gave a presentation on the system and types of ACI exams, as well as the ACI training system. The statistics on passing the exams were provided, as well as information on holding seminars.
3.2 Timur Galeev (Central Bank of Russia) spoke about the development of an independent qualification evaluation system. 10 departments of the Bank of Russia are involved in the process. At present, the work is focused on the system of certification of financial market specialists and its transformation. The work is being done in the following areas:
- A road map for transition of the certification system to an independent qualification system has been prepared and signed;
- a bill has been prepared to “cleanse” the obsolete regulatory field.

It is planned to take into account not only national certificates, but also international ones. In addition to the evaluation component, an educational component for training specialists on the basis of previously accredited organizations and universities is being developed. As of today, about 40 Qualification Assessment Centers (QAC) have been opened. The main goal is to make the qualification system prestigious and in demand.
If there are any offers, Timur Galeev offered to provide them to the Central Bank of Russia.

RESOLUTION:
To take note of the information provided.

Item 4. Methodology for establishing the official rate of the Bank of Russia. Results of the working group discussion and further steps. (D. Piskulov)

4.1 Dmitry Piskulov reported on the results of the work on improving the methodology of setting the official rate of the Bank of Russia, as well as the results of discussion of this issue at a meeting in the Bank of Russia on August 1, 2019.
Representatives of the Bank of Russia present at the meeting are generally not against proposals to change the methodology, but suggest discussing the proposals with financial market participants at this stage.

4.2 The meeting participants discussed the draft decision with the wording of the working group proposal.

Spoke

Yevgeny Egorov: without focusing on a specific time of determining the value of the rate, he proposed to consider the prospect of abandoning the use of a market fixing rate of the Central Bank separate from the market (Moscow Exchange) and to use market fixing as the official rate for USDRUB, arguing that the concept of official rate is not used in developed markets.

Sergey Romanchuk: pointed out that some clients may have large interests in the market for settlements at the Central Bank rate, which may create an imbalanced one-sided interest in the sale or purchase of currency at the Central Bank rate, in contrast to the settlement of non-deliverable forwards. Therefore, a shorter time window of market fixing (five minutes compared to 90 minutes of the existing technique of determining the rate of securities) may create an excessive concentration of trading volume within a short period of time and lead to strong short-term volatility, which undermines the credibility of the fixing procedure.

Alexander Zozulya: confirmed Sergei Romanchuk’s fears related to possible negative consequences of a significant reduction in the time window for determining the CB rate for the dollar to the ruble, noting that the proposed changes in the methodology, which includes a transition from the average to the average volume in time, increase the ability of all market participants to close the risk of the CB rate in the market.
The participants of the meeting decided not to make changes in the draft decision.

**RESOLUTION:**

Due to the absence of a quorum, the draft decision should be put to an absentee vote.

**Item 5. Amendments to the Regulations of the Council. (V. Cheremisin)**

Sergey Romanchuk spoke about the proposals to amend the Regulations on the Council to change the quorum required for Council meetings and decision-making - from 2/3 to ½ of the Council membership. The meeting participants discussed Svetlana Antipova's proposal to introduce a form of voting in absentia.

**RESOLUTION:**

Due to the absence of a quorum, the matter shall be put to an absentee vote.

**The Moscow FX Joint Standing Committee Chairman**

Sergey Romanchuk