Minutes of the Meeting 3

Meeting of the Moscow FX Joint Standing Committee

SRO NFA - ACI Russia

Moscow                                                                                                               October 4, 2018

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

Venue: Moscow, Bolshoy Sergievsky pereulok, 10

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. Antipova Svetlana (Aton)
4. Vidov Pavel (FC "INTRUST")
5. Kapranova Veronica (Central Bank of Russia)
6. Egorov Eugene (VESTA Bank)
7. Kozlov Ilya (AIM Capital)
8. Piskulov Dmitry (Moscow Stock Exchange)
9. Senina Anna (Thomson Reuter)
10. Skabelin Andrey (Moscow Stock Exchange)
11. Solovyov Michael (Morgan Stanley)
12. Shepilov Sergey

External (non-member) invitees:

1. Katysheva Irina – Central Bank of Russia
2. Maiboroda Dmitry – Association of forex dealers
3. Meshcheryakov Vadim – VTB
4. Mukhlynov Roman – Central Bank of Russia
6. Tsarenko Alina – Rosbank

Total number of Committee members – 27, number of participants present – 12 people. Additionally, 7 members have granted a power of attorney to the Chairman, Romanchuk Sergey.

A total of 19 numbers voted; this exceeds 2/3 of the total number of the Committee members. The quorum requirement is therefore met.

AGENDA:

1. On the information letter of the Bank of Russia on the participation of individuals in the activities of the trading members to perform the functions and duties of market makers. Speaker: Valery Lyakh, Central Bank of Russia.
2. On the possibility of conducting trade practices in the Russian currency market in accordance with the principles of the Code: summing up the survey and a detailed discussion of the affected principles of the Code.

3. On the signing by the Moscow Stock Exchange a statement of adherence to the principles of the Code and the readiness of other currency market’s participants to join the Code.

4. Any other business.

DISCUSSION:

**Item 1. On the information letter of the Bank of Russia on the participation of individuals in the activities of trading members to perform the functions and duties of market makers.**

Representatives of the Central Bank of Russia explained that the main task of the information letter\(^1\) is to clarify the existing rules of the Federal Law 224-FZ\(^2\) in terms of the fact that a person who is not a trading member is not subject to the exemption stipulated by the law for market makers – trading members and this person is not exempt from liability for manipulation actions. The letter recommends market makers – trading members to inform their customers about this.

Representatives of the Central Bank of Russia also pointed out that the situation in which the trading members’ clients perform actions that may look like manipulation, but it’s a market-making in fact, will not ultimately lead to claims against them, but will create an increased load to the Bank of Russia because of the need to collect information and analyze each case. At the same time, it was emphasized that the current legislation does not exempt from liability either the trading members or their clients, if the actions taken by them are essentially manipulation.

Participants also discussed the specifics of cross-transactions in the foreign exchange market and the regulator’s attitude to such transactions. Additionally, representatives of the Central Bank of Russia indicated intentions to develop guidelines for market-making practices as part of the general direction for the development of regulation of market makers.

RESOLUTION:

1. Take into account an information from the Central Bank of Russia report.

Voting: for – 19, against – 0, abstained – 0.

**Item 2. On the possibility of conducting trade practices in the Russian currency market in accordance with the principles of the Code: summing up the survey and a detailed discussion of the affected principles of the Code.**

Sergey Romanchuk presented the final results of surveys conducted among members of the Committee and members of SRO NFA as part of a study on the possibility of bringing the

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\(^1\)Information letter of the Bank of Russia from August 7, 2018 No. IN-06-59 / 53 on the participation of individuals in the activities of bidders on the performance of the functions and duties of market makers.

trading practices of participants in the foreign exchange market in accordance to the principles of the Code.

The participants discussed the issues of compliance of the approaches applied by the Moscow Stock Exchange to the processing of applications of the trading members with the principles of the Code, in particular, the principle of good faith and transparency of processing orders (Principle 9). During the discussion, it was emphasized that the principles of the Code have a general nature, and each participant in the foreign exchange market independently determines the mechanism and degree of their implementation in their activities in the foreign exchange market.

Taking into account the detailed discussions held at previous the Committee meetings on certain principles of the Code and the results of the survey conducted among members of the Committee and members of SRO NPA, there was made a proposal to approve on the Committee the advice to the Russian participants to join the Code.

**RESOLUTION:**

2. Recommend to the Russian participants of the foreign exchange market to bring their trading practices in accordance with the principles of the Code and to sign a statement of adherence to the Code.

Voting: for –19, against – 0, abstained – 0.

**Item 3. On the signing by the Moscow Stock Exchange a statement of adherence to the principles of the Code and the readiness of other currency market’s participants to join the Code.**

The representative of the Moscow Stock Exchange expressed concerns about the feasibility of creating a Russian register of participants in the foreign exchange market who joined the Code. This issue was previously discussed at a meeting of the Committee and was considered premature for that stage. Taking into account the appearance of Russian participants who have signed a declaration of adherence to the Code, it is proposed to submit the issue of creating a Russian registry to one of the following meetings.

**Item 4. Other business.**

Taking into account the analysis of the activity of the participants in the Committee meetings, a proposal was made to include Vadim Mescheryakov, VTB as a permanent member of the Committee. In addition, Sergey Romanchuk announced the ACI Russia eFX Summit 2018 on November 20, and invited organizations to participate and cooperate on this event.

**RESOLUTION:**

4. Recommend the President of SRO NFA to include Vadim Mescheryakov, VTB in the Committee.

Voting: for –19, against – 0, abstained – 0.

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The Moscow FX Joint Standing Committee Chairman

Sergey Romanchuk

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3 Item 4.1 of Protocol No. 1 of the meeting of the Committee from April 19, 2018