

Bank of England publishes updated UK Money Markets Code

 Diversity of money market teams highlighted in the Money Market Committee's updated Code

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News release

The UK Money Markets Code, originally published in 2017, sets out best practice in the unsecured, repo and securities lending markets in the UK. It was written by market participants from across all sectors, and is owned by the Bank of England's Money Market Committee (MMC). Members of the committee are drawn from a wide range of those active in the UK money markets.

The MMC has considered how money markets have evolved since the original Code was published, and the key findings have been incorporated into a 2021 update to the Code written by market participants. The updated Code has been recognised as an industry standard by the FCA.

The overarching Principles of the Code have not changed, but there have been some significant changes in the following five areas:

- **Diversity and Inclusion.** The updated Code recognises and promotes the benefit of diverse and inclusive money market participants' teams.
- **Working from Home.** The updated Code reflects the response to Covid-19, and emphasises it is acceptable to work from home, provided the same level of robust systems and controls are applied.
- **Environmental, Social and Governance (ESG) Criteria.** ESG criteria are becoming increasingly relevant to financial markets. The updated Code adds commentary about the increasing importance of ESG.
- **Electronic Trading.** Electronic trading via platforms is now more widely used than in 2017, especially in the repo market. The updated Code sets out how it applies to such trading and details best practice for using electronic venues.
- **Trade Settlement Discipline.** The updated Code stresses the importance of high standards of settlement discipline, in response to concern in the market that the level of non-settled trades has increased.

Andrew Hauser, Executive Director of Markets at the Bank of England said:

“The fundamental purpose of the Code is to ensure trust exists in the UK money markets. The update to the Code means that it continues to be applicable and have relevance into the future. Most noteworthy of the changes is that the Code now highlights the importance and benefits of diverse and inclusive money market participants' teams, and recognises how financial markets have quickly and effectively adapted to working outside of the office. Given the wide relevance of this voluntary Code, I call on all involved in these markets, whether financial intermediaries, investors or non financial organisations, to adopt the refreshed Code and to build its provisions into their businesses.”



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