

Post-Trade Task Force

Terms of Reference

28 July 2020

Background

1. On 20 June 2019, the Governor of the Bank of England, announced a number of actions to implement the recommendations of the Future of Finance Review¹ (“**Review**”). One of the actions was to convene a Post-Trade Technology Market Practitioner Panel (“**Panel**”) to explore how market participants can leverage technological improvements to deliver a more efficient and resilient post-trade ecosystem.² This was based on the finding of the Review that, whilst there has been substantial activity seeking to apply technology to improve post-trade processes in derivatives and securities markets, achievement of some of the biggest potential gains is being held back by industry coordination challenges.
2. In June 2020, the Bank of England published a report setting out the Panel’s findings and next steps.³ This included the establishment of a Post-Trade Task Force (“**Task Force**”).
3. These terms of reference (the “**ToR**”) govern the work of the Task Force. They may be amended from time to time by agreement amongst the Task Force members in the manner described below.

Purpose

4. The Task Force will continue the work of the Panel by bringing together knowledgeable and experienced financial markets participants currently active in carrying out post-trade processing activities, to address industry coordination challenges. The Task Force will explore the potential to better leverage existing and emerging technology solutions, with the objective of improving the efficiency and resilience of post-trade processes and operations.
5. The Task Force will determine the work plan necessary to achieve that objective, but it is intended to include the following:
 - a. Making progress on the three case studies⁴ identified by the Panel. This may include drafting detailed blueprints for the industry’s next steps and considering how they can be implemented.
 - b. Feeding into the Bank of England’s discussion paper on ‘Transforming data collection from the UK financial sector’⁵.
 - c. Developing mechanisms for industry progress: the Task Force will review ongoing initiatives in post-trade and the appropriate mechanisms and/or bodies for taking these forward.
 - d. Publishing a report summarising its work.

¹ See [Future of Finance Report](#)

² See Priority 5 on page 3 of the [Bank’s Response to the Future of Finance Report](#)

³ See [The Future of Post-Trade: Findings from the Post-Trade Technology Market Practitioner Panel](#)

⁴ The case studies relate to: non-economic trade data; counterparty on-boarding; and uncleared margin processes.

⁵ [Transforming data collection from the UK financial sector, 7 January 2020](#)

Membership and Structure

6. Task Force members will be individuals drawn from a broad range of firms active in the capital markets and post-trade processing, including investment banks, asset managers and market infrastructure providers. Each firm from which individual Task Force members are drawn are referred to in these ToR as a “**Sponsoring Firm**”.
7. The Task Force members will be selected in accordance with the published selection criteria (as amended from time to time) and will comprise a diverse set of knowledgeable and experienced financial markets participants with a background in technology and post-trade operations, and will draw on the membership of the Panel.⁶
8. Certain Task Force members will be admitted prior to the first meeting of the Task Force. Admission of new members between the first and second Task Force meetings will be governed by the Member Selection Process (see separate document) and will be the responsibility of a membership selection committee. The membership selection committee will apply the selection criteria to admit new Task Force members and this selection shall be subject to ratification by the Task Force at the second meeting.
9. Thereafter, the Task Force may, at its discretion, admit new members in accordance with the published selection criteria, however there is no prescribed process for admitting new members after the second meeting of the Task Force, as it is envisaged that membership of the Task Force will be settled during that second meeting.
10. Membership is on an individual basis and is dependent on individuals having relevant expertise to be able to contribute to the discussions and commit their own time to Task Force matters. A member who steps down from the Task Force cannot therefore automatically pass on their seat to a replacement within their organisation. If the Chair considers that a member is not sufficiently committed or qualified to continue sitting on the Task Force, the Chair may ask the membership selection committee to consider whether the relevant member should be asked to leave the Task Force.
11. If a member of the Task Force leaves employment at their Sponsoring Firm, including a situation where the member takes up employment at another Sponsoring Firm, the membership selection committee will review the matter to determine if that individual should continue to be a member of the Task Force.
12. The Task Force will be chaired by a member of the Panel, at the personal invitation of the Executive Director for Markets at the Bank of England. The Bank of England and the Financial Conduct Authority will attend the Task Force as observers.
13. The Secretariat of the Task Force may be drawn from a Sponsoring Firm and / or provided by a third party firm. This will be on a basis to be proposed by the Chair and approved by the Task Force.
14. The Secretariat will ensure agendas (including updates from technical working groups where relevant, and any other papers for discussion) are circulated in advance of meetings. Where possible, the Secretariat will seek to ensure that this occurs three working days before a meeting.
15. Decisions, conclusions or recommendations of the Task Force shall wherever possible be taken by unanimous agreement of all members. In the absence of unanimous agreement, decisions, conclusions or recommendations shall be subject to a vote in which each Task Force member shall

⁶ See <https://www.bankofengland.co.uk/-/media/boe/files/research/post-trade-technology-market-practitioners-panel-tor>

have one vote and a decision will be passed where no less than 80% of the members are in agreement. Dissenting views will be noted in the minutes of the relevant meeting.

Responsibilities of Task Force Members, Chair, Secretariat, and Technical Working Groups

16. Task Force members are expected to
 - a. attend the Task Force's meetings except in circumstances agreed with the Chair prior to the relevant meeting. A Task Force member may send a delegate to attend a Task Force meeting on their behalf only with the prior approval of the Chair;
 - b. provide technical, analytical, and business perspectives and inputs to the meeting discussions and, where appropriate, draw on the resources of their own firm to support the work of the Task Force; and
 - c. act in a personal capacity and contribute to the Task Force with a view to furthering the interests of the industry as a whole, rather than representing the views or interests of their individual organisations.

17. The Chair is additionally responsible for
 - a. guiding and moderating the discussion in Task Force meetings;
 - b. determining when a matter should be put to a vote, and determining whether a proposal has the support of the requisite majority of members.

18. The Secretariat will be responsible for
 - a. the day-to-day organisation and coordination of the Task Force's meetings and activities, including timely circulation of minutes (minutes of the Task Force (though not of its working groups) will be published on the Bank of England's website once agreed by the Task Force and the Bank of England);
 - b. preparation of agenda and materials for the meetings, in consultation with the Bank of England; and
 - c. co-ordinating the Task Force's outreach to other market participants and stakeholders, if required.

19. The Task Force will establish technical working groups as necessary, for example to take forward further analysis on each of the three case studies. The Chairs of these technical working groups will be nominated by the Chair of the Task Force and approved by the Task Force. Membership of these technical working groups may include market participants or professional services firms from outside, as well as within, the Task Force. The Chair of each technical working group will be responsible for reporting progress back to the Task Force. These technical working groups will be subject to separate Terms of Reference, which the Chair of each technical working group shall be responsible for finalising and which shall be subject to approval by the Task Force.

Operations

20. The Task Force is being set up for a limited period of time. Task Force Members will meet/hold a call four times over 2020/21, at dates and times to be determined by the Chair. The Chair may, in consultation with Task Force members, schedule additional meetings, if required. The Task Force may also decide to extend its period of operation, with the consent of the Bank of England, if it deems it necessary for the purposes of meeting its objectives.

21. A meeting of the Task Force shall not be quorate unless, in addition to the Chair, 60% of members are present, and those present include (in the judgement of the Chair) sufficient sectoral diversity. If a quorum is not present, a meeting of the Task Force may proceed in the discretion of the Chair but on the basis that any recommendations or conclusions reached at that meeting will require ratification at the next meeting of the Task Force that is quorate. If a Task Force meeting proceeds

in such circumstances, minutes of the meeting will be published in accordance with paragraph 18 above while clearly noting that any decisions, recommendations or conclusions are subject to ratification at the next meeting of the Task Force.

22. The Task Force is expected to reflect and help shape market opinion and ensure engagement with as broad a set of stakeholders as possible. To do this it may, either directly or through the technical working groups, gather the views of other market participants and stakeholders, in order to inform its discussions. It shall also ensure that market participants that are not members are kept informed of the Task Force's work by publishing meeting minutes in accordance with paragraph 18 above and other information that it determines is appropriate to publish (including, for example, interim updates) and its final report, in accordance with paragraph 23 below.
23. The final report produced by the Task Force shall be subject to approval of (a) the Task Force and (b) the Bank of England.
24. Each Sponsoring Firm agrees to bear a pro-rata share of the initial costs incurred by the Task Force in respect of the appointment of legal counsel as envisaged by paragraph 29 below. Additional costs up to a maximum of £2,500 per Sponsoring Firm may be incurred by the Task Force and shall similarly be borne by each Sponsoring Firm, subject to the Task Force agreeing that the costs in question should be incurred in accordance with the usual Task Force decision making procedure (see paragraph 15 above).

Information sharing and confidentiality

25. Any non-public information disclosed or opinions expressed during Task Force Meetings or meetings of technical Working Groups will be treated as confidential unless and until published in the Task Force minutes or published following a decision of the Task Force which is documented in Task Force minutes.
26. There will be a duty of confidentiality imposed on all Task Force members. With the exception of "competitively sensitive information" discussed in paragraph 32 (see further below), Task Force members may be exposed to non-public confidential information as part of the Task Force discussions (e.g. a draft proposal to roll-out a new system). In addition, it is understood that some staff at the Sponsoring Firms (other than the Task Force members themselves) may need to see Task Force documents or be exposed to non-public confidential information from the Task Force. In all cases where individuals who do not sit on the Task Force see Task Force documentation or are exposed to non-public confidential information from the Task Force, individual Task Force members are expected to accept responsibility for ensuring that those third parties are aware of and respect the confidentiality and sensitivity which attaches to the Task Force and to the documents or information in question.
27. The Task Force does not intend to share personal data about individuals in the course of its activities. Each Sponsoring Firm is an independent data controller of the personal data it processes and is responsible for its own compliance with applicable privacy legislation where relevant to this arrangement.

Conflict of interest

28. Any actual or potential conflicts of interest by members (or their representatives) shall be noted by the relevant member and passed back to the Chair of the Task Force. The Chair will assess any raised conflict of interest in conjunction with the impacted members' assignments and responsibilities and take appropriate actions, including replacement of the conflicted members, in consultation with the Task Force's legal advisors (referred to in paragraph 29) and the Bank of

England. Any actions taken in accordance with this paragraph 28 will be recorded by the Secretariat in the minutes of the Task Force.

Competition law

29. The Task Force will appoint external legal counsel to ensure its work is carried out in accordance with competition law. The initial costs of this external legal support will be disclosed to, and agreed by, each member of the Task Force prior to them joining the Task Force. It is the responsibility of the Task Force members and other participants in meetings of the Task Force to ensure they understand their responsibilities under, and fully comply with, all applicable competition laws, including UK and EU competition laws.
30. Participants are reminded of their obligations under competition law. In particular, care needs to be taken to ensure that the Task Force does not facilitate, nor should it be the focal point of, any anti-competitive behaviour, such as sharing competitively sensitive information (subject to paragraph 32) or developing common policies or standards which might potentially restrict or distort competition.
31. To the extent that any participant is unclear of these responsibilities, they should consult the Task Force Competition Law Protocol in the first instance. The Competition Law Protocol will be circulated by the Secretariat ahead of the first Task Force meeting. If the responsibilities remain unclear, participants should seek their own legal advisor and/or compliance teams at their respective institution for further guidance.
32. Particular care will need to be exercised in order to make sure that members of the Task Force familiarise themselves with the concept of competitively sensitive information and do not unilaterally disclose or exchange it under any circumstance. However, if the Task Force decided that the disclosure or exchange of potentially competitively sensitive information is absolutely necessary for the smooth functioning of the Task Force, then procedures will need to be put in place before any competitively sensitive information is shared to make sure that the information is suitably anonymised and aggregated and can be shared in compliance with UK and EU competition laws. Guidance on what is likely to constitute competitively sensitive information is set out in the Task Force Competition Law Protocol.
33. In addition, if, for instance, during a meeting of the Task Force, a participant has concerns about the discussion from a competition law compliance perspective – for example, due to sharing competitively sensitive information – the participant should make their concerns known to the meeting as a whole, the participants' objection should be included in the minutes, and the discussion giving rise to such concerns should cease. If such discussion does not cease, the participant(s) concerned should leave the relevant meeting and request that their departure and the reasons for it are included in the minutes.
34. In line with the above, members of the Task Force and working level nominees may not use their position on the Task Force for commercial advantage by citing participation in client promotional materials.

Termination

35. If a member of the Task Force materially breaches these Terms of Reference or otherwise conducts itself in a manner which is reasonably likely to bring the Task Force into disrepute, the Chair of the Task Force may propose that the member be expelled from the Task Force. Any such proposal will need to be confirmed by the Task Force in accordance with paragraph 15 before it becomes effective.