

A SUMMARY OF BARCLAYS' RESPONSE TO THE BANK OF ENGLAND FEMR CONSULTATION: HOW FAIR AND EFFECTIVE ARE THE FIXED INCOME, FOREIGN EXCHANGE AND COMMODITIES MARKETS?

Barclays strongly welcomes the Fair and Effective Markets Review (the "Review") as a necessary intervention to address weaknesses in FICC markets. Recent failings demonstrate the need for reform. Barclays is very supportive of the review of the FICC business and agrees that every effort, both national and global, should be taken to ensure that weaknesses are identified and addressed; that there are robust codes of conduct; deficiencies in Benchmark design are addressed, and that wrong doing is dealt with.

Barclays has undergone huge change over the last two years to focus the organization on its values and purpose and on improving its culture; including a major focus on strengthening the Bank's control environment. Whilst we believe that these changes will help embed the right incentive structure and ensure the interests of clients and of market integrity, we recognize that the nature of FICC markets is complex and requires a deep analysis of problems and solutions. The Review is part of this and we are pleased to have the opportunity to contribute.

The dynamic nature of these businesses, coupled with an evolving regulatory landscape, especially around MIFID II, inevitably puts an onus on the market to take the initiative in dealing with concerns in the sector. However, it is crucial that any market led initiative is taken in partnership with regulatory authorities and a broad range of market and governance practitioners. In that regard, the Markets Practitioner Panel (MPP), or some successor body, is a potential option that could be well placed in setting high standards of conduct and establishing a framework for enforcing those standards.

As the review team will be aware, the industry will argue that any new rules, principles, codes or regulations will need to be global in nature. We would encourage, insofar as possible, that the Review looks to build alliances with the US market since a UK-US led initiative would in effect, become a new global template for FICC market governance.