

Money Market Working Group (MMWG)

Terms of Reference

1. Background

Money markets are the cornerstone of resilient financial and capital markets. They lay the foundation of stability and efficiency in the banking system, support transmission of monetary policy, as well as support liquidity enhancement, tenor extension and improved pricing on capital market instruments. Developing a deep and well-functioning money market requires a number of preconditions and building blocks, some of which are could be improved in Armenia.

2. Purpose

The MMWG is a forum for interaction between CBA and industry-wide market professionals involved in the Armenian money market.

The Mission of MMWG is to aim for safe and efficient AMD money markets.

The primary objective of the MMWG is two-fold:

- discuss developments in money markets concerning their functioning, practices, structural and regulatory trends, including impacts of CBA market operations
- recommend and catalyse specific developments in AMD money markets deemed necessary to support financial stability.

3. Governance and Membership

The MMWG is composed of CBA members and invited private-sector participants with a broad knowledge of money markets who are in a position to speak for their respective institutions. These individuals are chosen by CBA with regard to the institution that they represent, their responsibilities within that institution, their on-going role in the market and their interest to join the contact group. The selection criteria aim to ensure the participation of a wide range of institutions. Occasionally, non-member experts are invited to discuss or present specific issues.

Members are invited to represent not only the perspective of their individual institutions, but also the market as a whole. They should be able to use their knowledge and expertise to actively contribute to discussions. Any change in a member's position within his or her institution will result in a review of his or her membership; the seat cannot be automatically passed on to a replacement within the institution.

Membership and appointment terms are decided by CBA. To ensure equal treatment and broad representativeness, membership is subject to an annual rotation procedure in which a few members of the group are replaced. Rotation rules will be based on merits such as regular attendance, contributions to the group, meeting presentations, active participation in discussions, as well as the role of the member's institution in this market segment. CBA can suspend membership.

The MMWG is chaired by a private-sector member of the Working Group or his/her alternate, as selected annually by the Working Group members. The Chairman is responsible for i) making sure that meeting is conducted according to the proposed agenda and all topics in the agenda are dealt with in an orderly manner, ii) coordinating any work agreed by of the Working Group between meetings and iii) participating in setting the next meeting`s agenda.

In addition to selecting members, CBA provides the secretariat for the meetings which involves: [organising meetings, circulating the agenda with the members in advance of the meetings, participating in the discussions and , preparing and circulating the minutes of the meetings].

European Bank for Reconstruction and Development (EBRD), being a member of the MMWG, serves in the MMWG an advisory role without holding voting right. The advisory role includes participating in the discussions, supporting the Chairman and the Secretariat in the functions of documenting the final conclusion & recommendation arrived at each meeting, drafting the minutes of the meeting and outlining the following meeting`s agenda.

Members are expected to attend all regularly scheduled meetings in person. They should contact the Secretary if they are unable to attend. Each institution nominates an alternate who can participate in the exceptional absence of the member, subject to CBA approval.

Wherever possible any conclusions or recommendations of the Working Group should be agreed by consensus. Where a consensus cannot be achieved the conclusions or recommendations of the Working Group will be subject to a vote. When such votes occur, each Working Group member, with the exception of CBA, will have one vote. The approval of conclusions and recommendations requires a two-thirds super majority. Dissenting views will be noted in the minutes.

4. Operation of the Contact Group

The Group is the primary coordinating body for the objective of achieving market-led transition in AMD money markets. Its recommendations are intended to reflect, represent and influence market opinion as it works towards its objective of catalysing developments.

Accordingly it may seek technical input through the establishment of sub-groups with broader membership; and may seek to promote awareness of its work and transition issues through sector-specific forums.

5. Procedures

The MMWG usually meets **4** times per year at CBA for a **2**-hour meeting, normally starting at 10 am (the starting time of each meeting may be different if required to accommodate participants).

The meetings follow an agenda which is circulated to the members prior to the meetings. The agenda is established by the Chair at least one week before the upcoming meeting in consultation with the

members and the Secretary. Members are encouraged to propose topics to be included in the agenda and in the work programme.

In addition to the regularly scheduled meetings, ad hoc teleconferences may be requested at any time by CBA or members.

Confidential, commercially sensitive information, including information relating to member institutions or CBA, is not discussed in the meetings or teleconferences.

It is essential that the Working Group operates in a transparent manner. That is necessary to provide the opportunity for the broadest possible engagement in the Group's work; to support the legitimacy of any conclusions or recommendations it makes; and to ensure that market participants who are not directly involved are appropriately informed of the Working Group's work. For this reason, minutes of the MMWG's discussions and the presentations are published on CBA's website. The minutes are circulated to participants and any comments they may have are addressed prior to publication. Unless otherwise agreed, meeting summaries will not attribute to specific members the views that are expressed.

6. Confidentiality, Competition Law and Conflicts of Interest

Confidentiality

Any non-public information disclosed or opinions expressed during Working Group meetings, or in forum, or sub-group meetings will be treated as confidential unless and until the Working Group has authorised their public release. Once approved, minutes of Working Group meetings will be made publicly available.

Working Group members may be exposed to sensitive information and, potentially, to material non-public information in the course of their work. It is understood that Working Group members' staff may see some documents relating to the Working Group, but unnecessary involvement of third parties in handling this material is strongly discouraged.

In all cases where third parties see Working Group documentation, individual 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 Working Group and the documents in question.

Competition law

It is the responsibility of Working Group members, members of the sub-groups and participants to forums to ensure they understand their responsibilities under, and fully comply with, all applicable competition laws.

To the extent that any participant is unclear of these responsibilities, they should consult the legal and/or compliance teams at their respective institution for further guidance.

Particular care will need to be exercised in order to make sure that Working Group members and participants in forums familiarise themselves with the concept of competitively sensitive information and do not unilaterally disclose or exchange it under any circumstance. The regulators understand that technical, operational and administrative advice/input/feedback relating to the implementation of benchmarks will be discussed in meetings of the Working Group and forums. However, if the disclosure or exchange of potentially competitively sensitive information is absolutely necessary for the smooth functioning of any of the Group and forums, then procedures will need to be put in place to make sure that the information is suitably anonymised and aggregated and can be shared in compliance with competition laws.

In addition, if, for instance, during a Working Group or other meeting, a participant has concerns about the discussion from a competition law compliance perspective – for example, due to sharing competitively sensitive information – the participants should make their concerns known to the meeting as a whole, and the discussion giving rise to such concerns should cease. If such discussion does not cease, the participants concerned should leave the relevant meeting and request that their departure and the reasons for it are included in the Minutes.

In line with the above, members of the Working Group or forums may not use their position for commercial advantage by citing participation in client promotional materials.

Conflicts of interest

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 Working Group. The Chair of the Working Group will assess any raised conflict of interest in conjunction with the impacted members' assignments and responsibilities, and engage with its own legal advisors and the regulators to consider possible actions, including the replacement of the conflicted members.