

## Global Foreign Exchange Committee - Terms of Reference

### **Aim**

The Global Foreign Exchange Committee (GFXC or 'the Committee') aims to provide a forum to bring together central banks and private sector participants to promote a robust, liquid, open, and appropriately transparent Foreign Exchange (FX) market in which a diverse set of participants, supported by resilient infrastructure, are able to confidently and effectively transact at competitive prices that reflect available information and in a manner that conforms to acceptable standards of behaviour.

The GFXC recognises the diversity of the FX market and is committed to ensuring a diverse range of perspectives and views are represented in its discussions and working groups.

### **Objectives**

The objectives of the GFXC are:

1. To promote collaboration and communication among the local foreign exchange committees (FXCs) and non-GFXC jurisdictions with significant FX markets;
2. To exchange views on trends and developments in global FX markets, including on the structure and functioning of those markets, drawing on information gathered at the various FXCs;
3. To promote, maintain and update on a regular basis the FX Global Code (the Code) and to consider good practices regarding effective mechanisms to support adherence.

### **Meetings**

To further these objectives the Committee will meet at least once annually in person.

### **Maintenance of the Global Code**

Annually, the Committee will assess whether particular developments over the preceding year warrant specific revisions to the Code. The Committee would draft and agree on any additions or revisions to the Code, in consultation with the local FXCs. In addition, it could also resolve any ambiguities that arise in interpretation of the Code.

At least every three years, the Committee will review the case for, and when judged appropriate, undertake a comprehensive review of the Code. The Committee will initiate a consultative process to solicit feedback from market participants as part of a comprehensive review.

The Committee may, at its discretion, initiate a consultative process in relation to specific market practices with the FX market, to help inform the evolution of the Code.

### Membership

Local committees may join the GFXC as full members if they meet the following criteria:

1. Be either (a) an established, central bank sponsored, FXC  
  
Or (b) a similar structure, which includes membership from both the central bank and the private sector  
  
(For the purposes of these Terms of Reference, bodies which meet either of these criteria shall be termed “local FXCs” or “LFXCs”)  
  
Jurisdictions in the process of setting up such a structure may be invited by the Committee to join during the transition/set-up period of up to 18 months.
2. Undertake to endorse and actively promote the Code.
3. Either (a) represent an important share of Global FX market activity by either currency or geography, as measured by the most recent BIS triennial survey  
  
Or (b) represent an important share of market activity within their local region

Jurisdictions which meet some but not all of the membership criteria may be invited to join the committee as associate members following a request from the jurisdiction.

### Representation

Each full member LFXC may send two representatives, one from the central bank and one nominated private sector representative. This should include the Chair of the LFXC.

Private sector representatives could be senior practitioners from financial and non-financial institutions active in the wholesale FX market, from the broking community, infrastructure providers or industry associations. It will be an aim of the Committee to include a diverse range of private sector participants, representing different segments of the FX market.

Associate members may be invited to join GFXC meetings where the Chair of the GFXC is of the view that those associate members have a material contribution to make in relation to particular agenda item(s). Other jurisdictions who wish to support the work of the Committee, including the implementation of the Code may attend as observers, subject to agreement from the Committee.

The Chair of the BIS Markets Committee, if not already attending the GFXC as a representative, will be invited to attend meetings of the Committee.

## GLOBAL FOREIGN EXCHANGE COMMITTEE

### **Chair**

The Chair will be a central bank representative drawn from the membership of the Committee. The Vice-Chair will be a senior representative from the private sector.

The Chair and Vice-Chair will seek to ensure that a diverse range of market participants are included in discussions and represented in working groups.

Each Chair and Vice-Chair will normally serve a two year term.

### **Secretariat**

The Secretariat will work with the Chair to prepare the meetings of the GFXC, and to coordinate any consultative processes with respect to the Code.

The Secretariat will comprise staff from relevant central banks who wish to put forward a full member.

### **Decision making**

GFXC decisions are expected to be made by consensus amongst the full member LFXCs in accordance to the following general framework:

1. The Secretariat, working as appropriate with the chair of any sub group or individual full member(s) putting forward a proposal, will develop initial recommendations on a decision.
2. The Chair, where appropriate in consultation with the Vice Chair, will provide input on the recommendations.
3. The recommendations, refined as necessary by the Secretariat, will be shared with full members for their support.
4. Full members will agree upon a final decision, drawing upon the input from local FXCs where appropriate.

### **FXC engagement**

The GFXC provides a forum for the discussion of topics of global FX markets. The GFXC will seek input from local FXCs where appropriate. In the event that the GFXC seeks an endorsement or promotion of a work product from local FXCs, the Chair will ensure that sufficient notice is given to the representatives from each local FXC to allow time for local discussion and decision-making. The Secretariat will support this process.

## GLOBAL FOREIGN EXCHANGE COMMITTEE

### **Update to the Basel Markets Committee**

The Committee will provide an annual update on its activities to the Basel Markets Committee.

### **Publication of agendas and meetings**

The Secretariat of the Committee will produce minutes of the Committee's meetings. These will be signed off by full members of the Committee at an appropriate time after the meeting.

Meeting agendas and minutes will be published via the GFXC website.

***Agreed on 6 December 2017***