



FX GLOBAL CODE

AN INTRODUCTION TO THE FX GLOBAL CODE

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FX GLOBAL CODE

WHAT IS THE CODE

WHY WAS THE CODE DEVELOPED?

// A well functioning FX market is in the interest of all market participants

BIS Governors commissioned its Markets Committee to develop a common set of guidance to the FX market.

to help restore trust and promote
the effective functioning of the FX
market



Public-private sector
collaboration



Promote and
incentivise adherence



Review of existing
Codes of Conduct



Establish Global
Foreign Exchange
Committee

Common set of guidance
**allows participants to have
much greater confidence**
that the market is
functioning appropriately.

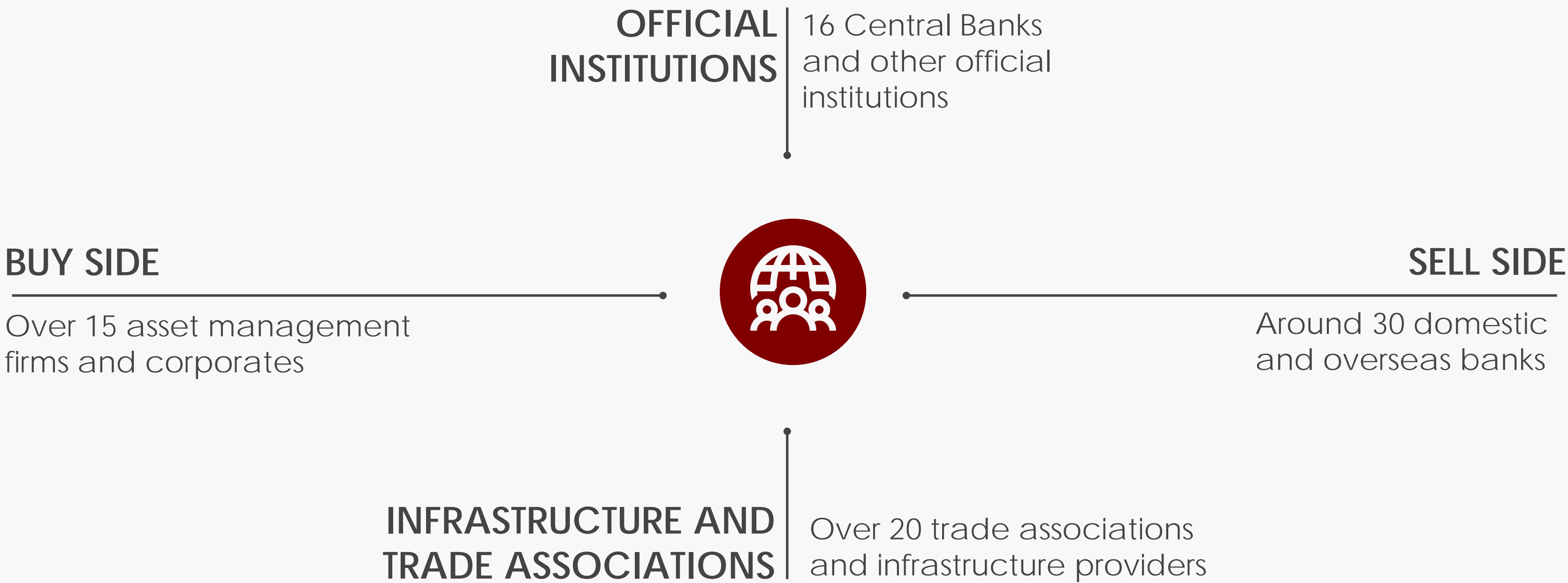


"In a globalised world, the foreign exchange market is one of the most vital parts of the financial plumbing."

GUY DEBELLE, Deputy Governor at the Reserve Bank of Australia, Chair of the Global Foreign Exchange Committee

WHO CONTRIBUTED TO THE CODE'S DEVELOPMENT?

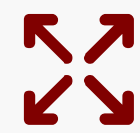
// Collaboration between central banks and private sector participants



WHAT MAKES THE FX MARKET SPECIAL?

// A complex and diverse market needs a common set of guidance to promote fair and effective FX trading

THE NATURE OF THE WHOLESALE FX MARKET IS INHERENTLY COMPLEX



Activity takes place across multiple venues; there is no single trading venue and no single price.



Trading happens 24 hours a day, spanning multiple centres.



Participation is diverse - with banks, asset managers, corporates, and central banks, each transacting FX to meet different objectives.



Participants act in different capacities (principals or agents; liquidity consumer and provider).

Common set of guidance is **essential for promoting integrity and restoring confidence** in the FX market.

WHY WILL THIS CODE BE DIFFERENT?

// The FX market took collective responsibility to move toward a more favourable and desirable location

SEVERAL FACTORS WHY THIS CODE IS DIFFERENT:

01

What the Code captures

- Guidance in areas where clarity is needed
- Voluntary principles vs rule based
- Illustrative examples

02

How the Code was developed

- Public-private sector collaboration
- Over 10,000 comments taken into account from all types of market participants and associations

03

Who the Code applies to

- All wholesale FX market participants
- Incorporates the principle of proportionality, given the diverse nature of market participants

04

How the Code is implemented

- Framework to support adherence
- Global Index and Public Registers
- Training and education

05

How the Code will be maintained

- Public-private sector collaboration
- A living document evolving with the market
- Owned and maintained by the Global Foreign Exchange Committee



WHAT IS THE CODE?

// Principles and Content

- 55 principles universally recognized as best practices
- Clear and simple language
- Illustrative examples and Glossary

SIX LEADING PRINCIPLES



Ethics



Governance



Execution



Information Sharing



Confirmation & Settlement



Risk Management & Compliance



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WHY SIGN ON TO THE CODE

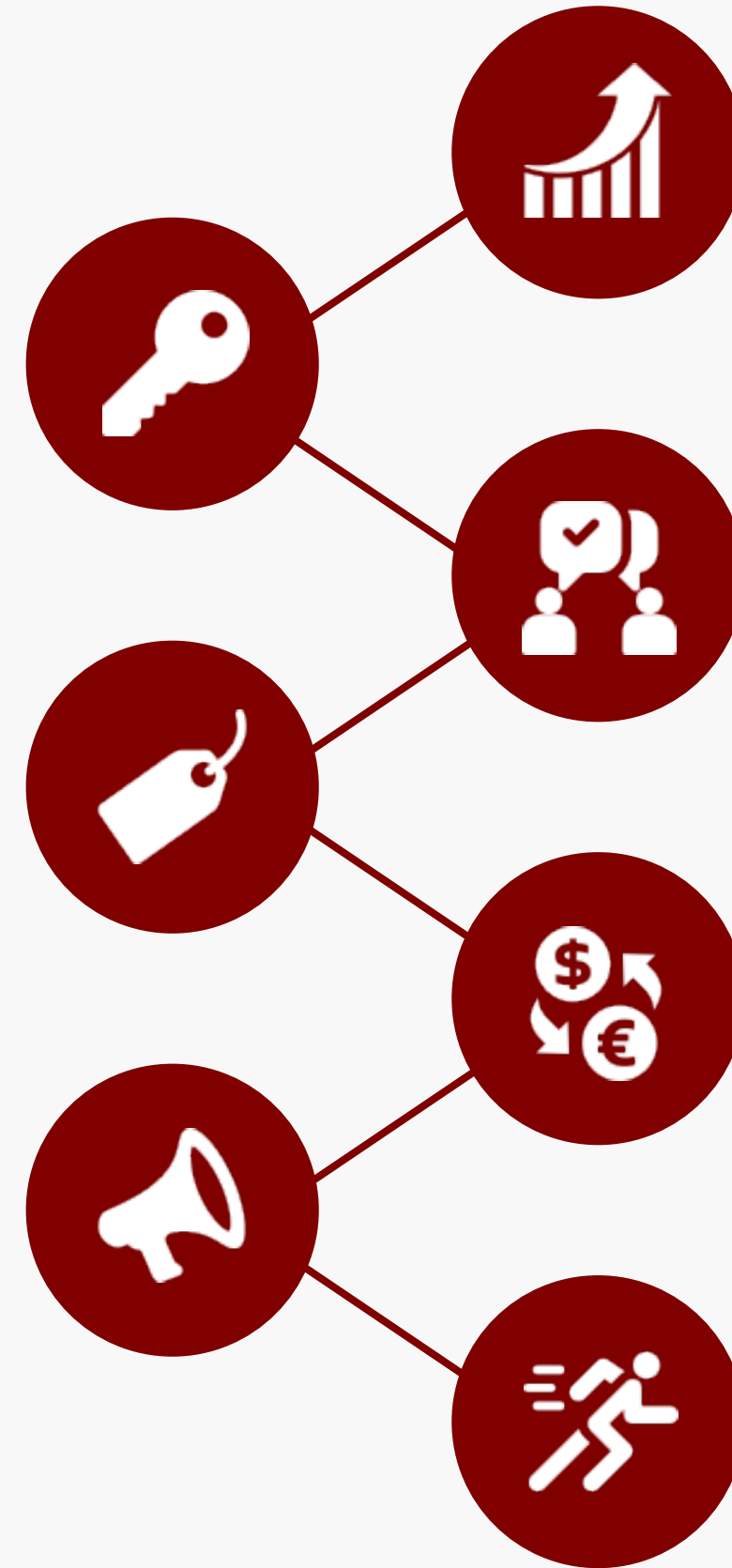
WHY SHOULD I ADHERE TO THE CODE?

// Adopting the Code benefits both the institution and the FX market as a whole

Offers **valuable** understanding on key topics in the FX market

Fosters a **level playing field** between **buy-side** and **sell-side** and improves quality of pricing and execution

Strengthens the **buy-side** community's voice in the FX market



Provides an opportunity to **improve** internal FX operations

Informs stakeholders and investors that **you are an informed and responsible** market participant

Supports a **fair, effective and resilient** FX market

Gives market participants a **competitive edge** when it comes to demonstrating their conduct credentials

WORKING TOGETHER TO UPHOLD CONDUCT STANDARDS

// Effective change can only come from within. The industry has to lead this process

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“Adherence to the FX Global Code reflects a broader movement in financial markets towards fair, responsible and ethical trading practices. This is akin to the increasing traction of the sustainable investment movement in global financial markets. Widespread adoption of the Code will bring benefits that extend beyond the FX market, with positive implications to the real economy.”

JACQUELINE LOH, Deputy Managing Director at the Monetary Authority of Singapore



“Norges Bank Investment Management supports the FX Global Code as it provides a strong foundation to enhance the well-functioning of foreign exchange markets. We believe that evolutionary changes that reduce adverse impact of [informational asymmetries](https://www.globalfxc.org/informational-asymmetries) in FX market practices would be beneficial to all participants. We have therefore committed to the Code and support efforts for its widespread adoption.”

GEIR ØIVIND NYGÅRD, CIO, Asset Strategies at Norges Bank Investment Management



“The Code is a significant global initiative to promote the integrity and effective functioning of the foreign exchange market, which is very much in the interest of all market participants. This clearly includes central banks, in their own role as market participants but also as it ensures a smooth transmission of monetary policy to the real economy. ”

BENOÎT CŒURÉ, Member of the Executive Board of the European Central Bank

WHY DOES IT MATTER?

// International buy-side ambassadors underscore the importance of the FX Global Code

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"All market participants, including corporates like Airbus, have a collective responsibility towards enhancing and upholding conduct standards across the FX industry. Airbus is therefore committed to the FX Global Code and had already previously been acting in accordance with its leading principles and will continue to do so."

CLAAS KOHL, Head Of Treasury Reporting and Middle Office at Airbus



"At the heart of the Code is the requirement to act with integrity. This is one of the firm's core values, ensuring that we strive to do the right thing for our clients. Therefore adopting the FX global code was a natural step for Schroders."

ROBBIE BOUKHOUFANE, Portfolio Manager at Schroders



"QIC is a strong advocate for the FX Global Code alongside other areas of responsible investing. For buy-side market participants, the principles go well beyond a Code of Conduct, and represent best practice for areas of governance, execution, risk management and settlements."

STUART SIMMONS, Senior Portfolio Manager at QIC

WHY DOES IT MATTER?

// International buy-side ambassadors underscore the importance of the FX Global Code



"The FX Global Code of Conduct is consistent with the D. E. Shaw group's own values of responsibility and integrity, and we support its adoption broadly across the industry. We encourage other buy-side market participants to commit to what we view as industry best practices – and, simply, the right way to do business."

NATALIA CHEFER, Managing Director at D. E. Shaw



"We asset managers must act in good faith for our clients. Therefore, it was a natural choice for us to make STATEMENT OF COMMITMENT to Global Code of Conduct.

By adherence to Global Code of Conduct in foreign exchange market, we believe we will be able to gain trust of our clients and business counterparties and achieve good results."

TAKAYUKI OHKUMA, Senior Trader at Nomura Asset Management



"The Code provides a benchmark for best practices. Achieving that benchmark will be a competitive edge. There will be competitive pressure to attain that edge as managers do not want their rivals to be a step ahead in best practices."

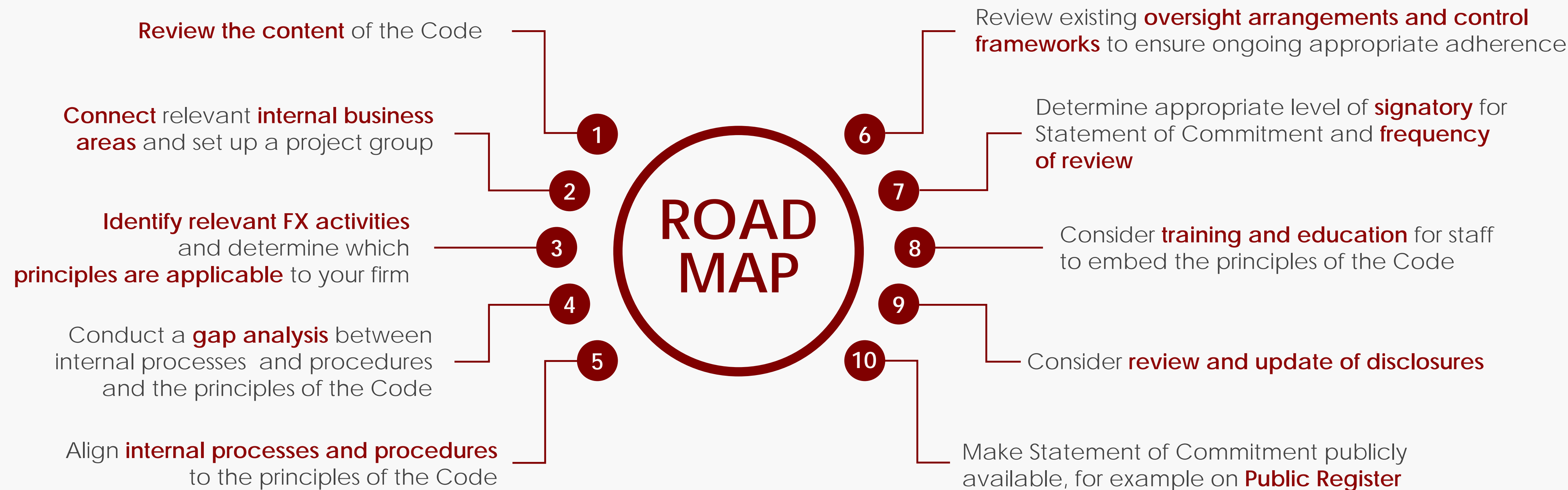
MICHAEL O'BRIEN, Director of Global Trading at Eaton Vance



HOW TO SIGN ON TO THE CODE

WHAT STEPS SHOULD MY FIRM CONSIDER TO ALIGN TO THE CODE?

// A roadmap to adherence

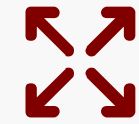


WHERE CAN I FIND GUIDANCE MATERIAL?

// Become a signatory and look for more information on the GFXC webpage



Listen to the [webinar](#) featuring senior representatives from a variety of institutions across the world.



Download the [gap analysis template](#) to facilitate your implementation process.



Contact your [national FX Committee](#) for questions specific to your region.

HOW DO I MAKE THE STATEMENT OF COMMITMENT PUBLICLY AVAILABLE?

// Global Index of Public Registers serves as a central reference point for demonstrated commitment to the Code



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www.globalfxc.org



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WHERE TO GET MORE INFO

www.globalfxc.org

WHERE CAN I GET MORE INFORMATION?

// Wealth of material available at Global and national FX Committee websites



The Code and reference material is available here.

www.globalfxc.org



Global Index of institutions who have adhered to the Code.

www.globalfxc.org/global_index.htm



Talk to your primary bank contact

Talk to your local association

Talk to international buy-side ambassadors*

Talk to national FX Committee

* Representatives from:

Airbus, QIC, NBIM, Schroders, DE Shaw,

Nomura Asset Management, Eaton Vance