Global Foreign Exchange Committee meeting
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Developments in South African FX market

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Outline

- Overview of the South African FX market
  - FX turnover
  - Participants in the market
- The South African Foreign Exchange Committee (SAFXC)
  - Establishment and membership composition
  - Purpose and functions
  - Awareness and commitment to the FX Global Code
Overview of the South African FX market

Average daily ZAR turnover in the local FX market

USD billion

Source: SARB
The ZAR global competitiveness (2016)

South Africa FX turnover: Daily average

Selected EM FX turnover: Daily average

USD billions

Currency ranking

Source: BIS Triennial Central Banks survey 2016
Market makers in the local FX market

Source: SARB

Number

ADs*  ADLAs**  Brokers

* ADs - Authorised Dealers
** ADLAs - Authorised Dealers with Limited Authority

Source: SARB
Other role players in the local FX market

- Corporates
- Asset managers
- Pension funds
- Insurance companies
- Hedge funds
- Central banks

Source: SARB
Establishment of the SAFXC

Membership of the Committee comprises SARB officials and representatives from:

- Authorised Dealers
- The interdealer broker community
- The Association for Savings and Investment South Africa (ASISA)
- Association Cambiste International (ACI) South Africa
- The Banking Association South Africa (BASA)
- Association of Corporate Treasurers of Southern Africa (ACTSA)
- A securities exchange
- Other market participants

Source: SARB
The purpose of the Committee

- To provide guidance in the FX market by endorsing and upholding the Code and to facilitate market participants’ adherence to the Code with the intention of promoting a fair and transparent market, as well as compliance with international best practice.

Source: SARB
The functions of the Committee

• Endorse, promote and uphold the non-legislative FX Global Code, and contribute to its updating;
• Promote compliance with international best practice;
• Discuss the functioning of the SA FX market and propose ways to improve its efficiency;
• Discuss topical issues relating to spot and derivative trading activities in the domestic FX market; and
• Exchange views on trends and developments in global FX markets, including the structure and functioning of those markets.

Source: SARB
Awareness and commitment to the FX Global Code

- SARB published its SoC
- From 1 September 2018 - SARB expects its FX counterparties to adhere to the Code and publish their SoCs
- Some SAFXC members have published their SoCs

Source: SARB
Thank you