

Minutes

Global Foreign Exchange Committee Meeting

9 December 2021

Location: Videoconference

Chair: Andréa Maechler (Swiss National Bank)

Vice Chair: Richard De Roos (Standard Bank of South Africa)

Attendees: AUSTRALIA – Australian Foreign Exchange Committee
Public Representative: Christopher Kent (Reserve Bank of Australia)
Private Representative: Stuart Simmons (QIC)
Other Attendees: Matthew Boge and Jason Griffin (Reserve Bank of Australia)

BRAZIL – Brazilian Foreign Exchange Committee
Public Representative: Patricia Dias and Daniel Nunes da Silva (Banco Central de Brazil)

CANADA –Canadian Foreign Exchange Committee
Public Representative: Grahame Johnson (Bank of Canada)
Private Representative: Dagmara Fijalkowski (RBC)
Other Attendees: Zahir Antia and Harri Vikstedt (Bank of Canada)

CHINA – Foreign Exchange Committee
Public Representatives: Sun Guofeng (People's Bank of China) and Sun Jie (China Foreign Exchange Trade System)
Private Representative: Sun Yu (Bank of China)
Other Attendees: Qiao Linzhi (State Administration of Foreign Exchange)

DENMARK - Scandinavian Foreign Exchange Committee
Public Representative: Michal Nielsen (National Bank of Denmark)
Private Representative: Svante Hedin (SEB)

EURO AREA –Foreign Exchange Contact Group
Public Representative: Torsti Silvonen (European Central Bank)
Private Representative: Ankur Pruthi (Norges Bank Investment Management)
Euro Area Central Bank Observer: Anahita Bierekofen (Deutsche Bundesbank)
Other Attendees: Volker Enseleit, Roswitha Hutter and Toma Tomov (European Central Bank) and Stephane Malrait (ING).

GEORGIA – Financial Markets Treasuries Association
Public Representatives: Archil Mestvirishvili and Giorgi Laliashvili (National Bank of Georgia)
Private Representative: Lasha Jugeli (GFMTA)

HONG KONG – Treasury Markets Association
Public Representative: Kim-Hung Li (Hong Kong Monetary Authority)
Private Representative: Chordio Chan (Bank of China)

INDIA – Foreign Exchange Committee
Public Representatives: Gunturu Seshsayee (Reserve Bank of India)

GLOBAL FOREIGN EXCHANGE COMMITTEE

Private Representative: Ashwani Sindhvani (FX Dealers' Association of India)

INDONESIA – Indonesian Foreign Exchange Market Committee

Public Representative: Donny Hutabarat (Bank of Indonesia)

ISRAEL

Public Representative: Tal Biber and Francoise Ben-Zur (Bank of Israel)

Other Attendees: Ketty Cohen (Bank of Israel)

JAPAN – Tokyo Foreign Exchange Market Committee

Public Representative: Yuuki Shimizu (Bank of Japan)

Private Representative: Naoto Nakamura (MUFG Bank)

Other Attendees: Misa Fujisaki (Bank of Japan), Akira Hoshino (Citi)

MEXICO – Mexican Foreign Exchange Committee

Public Representative: Gerardo Garcia (Banco de Mexico)

Private Representative: Manuel Meza (BBVA)

Other Attendee: Mayte Rico (Banco de Mexico)

RUSSIA – Moscow Foreign Exchange Joint Standing Committee

Public Representative: Valeriy Lyakh (Central Bank of Russia)

Private Representative: Sergey Romanchuk (Metallinvest Bank)

SINGAPORE –Singapore Foreign Exchange Market Committee

Public Representative: Jaqueline Loh (Monetary Authority of Singapore)

Private Representative: David Lynn (Deutsche Bank)

Other Attendees: Ethan Goh and Bernard Wee (Monetary Authority of Singapore)

SOUTH AFRICA – South African Foreign Exchange Committee

Public Representative: Andries Tshishonga (South African Reserve Bank)

SOUTH KOREA – Seoul Foreign Exchange Committee

Public Representative: DaeSeok Kim (Bank of Korea)

Private Representative: Taehyun Sang (Woori Bank)

SWITZERLAND – Swiss Foreign Exchange Committee

Public Representative: Marcel Zimmermann (Swiss National Bank)

Private Representative: Ernst Lienhard (Swiss Re)

Other Attendees: Barbara Döbeli (Swiss National Bank)

UK – London Foreign Exchange Joint Standing Committee

Public Representatives: Andrew Hauser (Bank of England)

Private Representative: Russell Lascala (Deutsche Bank)

Other Attendees: Ouadi Belayate, Grigoria Christodoulou and Rohan Churm (Bank of England)

US – New York Foreign Exchange Committee

Public Representative: Anna Nordstrom (Federal Reserve Bank of New York)

Private Representative: Christopher Vogel (TD Securities)

Other Attendees: Alain Chaboud (Federal Reserve Board), Jim Bergin, Alex Cohen, Michelle Ezer, Martin Prusinowski and Dan Reichgott (Federal Reserve Bank of New York)

GLOBAL FOREIGN EXCHANGE COMMITTEE

Item no **Minute**
1. **Welcome and Competition Guidelines**

Richard de Roos (Co-Vice Chair) welcomed the members of the Global Foreign Exchange Committee (GFXC, or 'the Committee').

It was noted that the GFXC Secretariat had conducted its annual review of the GFXC's Terms of Reference (ToR) and had proposed a minor amendment around the responsibilities of the Secretariat with regards to the administration of the GFXC website. As there were no opposing views raised by the local FX committees (LFXCs) during the written consultation (15 November to 3 December), the [revised ToR](#) were approved.

Volker Enseleit (European Central Bank) gave an overview of the [Competition/Antitrust Law Guidelines for Members of the GFXC](#).

2. **Endorsement of the New Chair and New Co-Vice Chair**

The Committee endorsed the Leadership Selection Committee's proposal for Andréa M. Maechler (Swiss National Bank) to serve as Chair for the coming two years. Ms Maechler thanked the Committee for placing their trust in her and acknowledged the outgoing Chair (Guy Debelle, Reserve Bank of Australia) and Co-Vice Chair (Neill Penney, London Stock Exchange Group) and the work done by the GFXC in completing the review of the FX Global Code.

It was noted that the Leadership Selection Committee had proposed Stefanie Holtze-Jen (Deutsche Bank - Private Bank) to serve as Co-Vice Chair for the coming two years. Upon completion of the internal compliance approval process, she will confirm acceptance of the endorsement by the Committee in writing.

Andréa Maechler chaired the remainder of the meeting.

3. **Market Conditions**

Richard de Roos summarised the material received from LFXCs on recent [conditions](#) in their respective markets. Several broad themes were evident: the continuing uncertainties regarding the impact of COVID-19; liquidity in spot markets had generally been orderly; volatility had generally been contained; year-end pressures in FX swap markets were a little more pronounced than in recent years.

Sun Jie (China Foreign Exchange Trade System) discussed the broader trends in global FX markets over 2021, highlighting the depreciations in many emerging market currencies. The overall stability in the Chinese renminbi was noted, amidst significant capital flows associated with the further opening up of Chinese financial markets. Looking forward, the possible implications of tighter monetary policy in advanced economies for emerging market currencies were highlighted.

Chris Vogel (TD Securities) presented some metrics on liquidity in the major currency pairs throughout 2021, showing that top-of-book spreads had generally tightened around mid-year as the volume of activity declined from elevated levels. In recent weeks, market activity has picked up in some currency pairs and spreads re-widened. The comparatively low level of volatility in major currency pairs during 2021 was contrasted with increased volatility in emerging market currencies.

4. **Update on adherence**

Rohan Churm (Bank of England) updated the Committee on the introduction of Disclosure Cover Sheets for liquidity providers and e-FX platforms. The Cover Sheet templates and associated material were [published](#) on the GFXC website in August 2021. The GFXC disclosures and transparency working group engaged with a set of early adopters who were looking to publish their Cover Sheets on the [Global Index of Public Registers](#), alongside their Statements of Commitment, on 17 December. In completing their Cover Sheets, a number of firms also took the opportunity to review and update their underlying disclosures. For liquidity providers the main focus was on how to reflect Last Look behaviours that were consistent with the Code, while for platforms most focus has been on how to disclose the Code Signatory Status of users. Looking ahead, the working group expected more Market Participants publishing their Disclosure Cover Sheets during 2022. The GFXC agreed to continue monitoring the adoption and effectiveness of the Cover Sheets. Possible metrics could include reviewing the entries in the Global Index of Public Registers and using a future GFXC survey to ask more targeted questions.

The Tokyo Foreign Exchange Market Committee (TFEMC) and the New York Foreign Exchange Committee (NYFXC) shared their experiences around increasing awareness of, and promoting adherence to, the FX Global Code to buy-side institutions. Naoto Nakamura (TFEMC Chair, MUFG Bank) provided an overview of the TFEMC's approach to promote the Code to different FX market segments. They found that a multi-pronged approach, including holding bilateral meetings, small workshops, larger seminars and engaging with leading industry media, was most effective. It was noted that a number of the buy-side participants attending the TFEMC seminars had shown particular interest in the concept of proportionality, and this was perhaps an area that the GFXC could include in its work agenda. This could complement the existing range of material around adherence to the Code that were [published](#) on the GFXC website.

In the US, Anna Nordstrom (FRBNY) noted that buy-side adoption to the Code had progressed at a somewhat slower pace relative to other jurisdictions. In 2019, the FRBNY developed a more systematic strategy for enhancing buy-side adoption focussing on understanding the motivations and challenges in relation to adoption of the Code; promoting the Code within targeted market segments; providing education about the Code; and supporting the objectives of the NYFXC of broader buy-side representation and engagement. This approach had started to bear fruit as the number of large asset managers having signed up to the Code has increased. From their conversations with buy-side Market Participants, the FRBNY identified three main areas of focus that firms considering adoption of the Code have expressed. There were less clear incentives and motivations for hedge funds to adopt the Code; some concerns around the resources required for adoption – particularly for smaller firms with limited FX business; more clarity was sought around the applicability of the Code and proportionality as well as implications for their legal and regulatory risk. Looking forward the FRBNY was looking to continuing its outreach to other segments of the buy-side, considering additional opportunities for public engagement and explore further possible links between adherence to the Code and the governance factor of Environmental, Social and Governance (ESG) Principles.

The GFXC affirmed that exploring the concept of proportionality in more depth was an important way to promote adherence to the Code.

5. **GFXC medium term work agenda**

[At the September 2020 meeting](#) the GFXC agreed that it would "...develop further guidance to assist [predominantly, buy-side] firms in identifying those principles of

GLOBAL FOREIGN EXCHANGE COMMITTEE

the Code that are the most appropriate for them to evaluate [when aligning their practices with the Code].” With the completion of the Code review, the GFXC reiterated at the [June 2021 meeting](#) their desire to progress this work. Co-Vice-Chair Richard de Roos agreed to lead this work-stream which was expected to start in early 2022 and take into account the previous buy-side outreach discussion. A small working group would be established, comprised of GFXC representatives and LFXC members.

With regards to further GFXC work that will cover the interim period before the next Code review, the Chair mentioned the letter from the BIS Markets Committee (MC) dated 23 November 2021. The MC put forward the following suggestions: (1) the evaluation of the adoption and effectiveness of disclosure cover sheets and Algo/TCA templates by surveys; (2) the continued engagement with the Committee on Payment and Market Infrastructure (CPMI) to evaluate progress on managing FX settlement risk; (3) clarification of whether the Code would apply to stablecoins and cryptocurrencies. The Chair identified broader outreach as another possible focus area, in particular attracting new signatories to the Code, encouraging existing signatories to refresh their Statement of Commitment to the updated Code, and engaging with the buy-side.

Over the course of January 2022, the Secretariat will send a survey to the LFXCs to express their priorities on these topics and their willingness to participate in, or lead, a possible working group. If desired, LFXCs may also submit new topics. In the first half of 2022, the Chair will reach out to organize background meetings with interested GFXC members and their LFXCs to exchange views and collect feedback on the drafting of the medium term work agenda and other outstanding issues.

6. **AOB, next meeting**

Based on the positive experience with the virtual meetings, the GFXC supported in principle the proposal to hold one physical and one virtual meeting per year in the future, conditions permitting. As of now, the next meeting is planned for June 2022, conditions permitting, in Zurich (in person, if needed in hybrid form). GFXC members will receive detailed information during Q1/2022.