

# Minutes

## Global Foreign Exchange Committee Meeting

30 November-1 December 2023

Location: Virtual meeting

Chair: Gerardo García (Bank of Mexico)

Vice Chairs: Simon Manwaring (NatWest Markets)  
Stefanie Holtze-Jen (Deutsche Bank International – Private Bank)

Attendees: AUSTRALIA – Australian Foreign Exchange Committee  
**Public Representatives:** Christopher Kent and Jason Griffin (Reserve Bank of Australia)  
**Private Representative:** Luke Marriott (ANZ)  
**Other Attendees:** Matthew Boge (Reserve Bank of Australia)

BANK FOR INTERNATIONAL SETTLEMENTS (BIS)  
**Other Attendees:** Mathias Drehmann (Secretary of BIS Markets Committee)

BRAZIL – Brazilian Foreign Exchange Committee  
**Public Representatives:** Patricia Dias and Daniel Nunes da Silva (Central Bank of Brazil)

CANADA – Canadian Foreign Exchange Committee  
**Public Representatives:** Stéphane Lavoie and Harri Vikstedt (Bank of Canada)  
**Other Attendees:** Wendy Chan (Bank of Canada)

CHINA – China Foreign Exchange Committee  
**Public Representative:** Zhang Chunyi (People’s Bank of China) and Guan Enjie (State Administration of Foreign Exchange)  
**Other Attendees:** Li Yuqing (China FX Committee Secretariat)

EURO AREA – Foreign Exchange Contact Group  
**Public Representative:** Torsti Silvonen (European Central Bank)  
**Private Representative:** Stephane Malrait (ING)  
**Euro Area Central Bank Observer:** Elie Lewi (Bank of France)  
**Other Attendees:** Volker Enseleit and Roswitha Hutter (European Central Bank)

GEORGIA – Financial Markets Treasuries Association  
**Private Representative:** Lasha Jugeli (Georgian Financial Markets Association)

HONG KONG – Treasury Markets Association  
**Public Representative:** Kim-Hung Li (Hong Kong Monetary Authority)  
**Private Representatives:** Wilson Wong and Benny Wong (Bank of China (Hong Kong))

INDIA – Foreign Exchange Committee  
**Public Representative:** Seshsayee Gunturu (Reserve Bank of India)  
**Private Representative:** Ashwani Sindhwani (Foreign Exchange Dealers’ Association of India)  
**Other Attendees:** Alqama Pervez and Gaurav Tiwari (Reserve Bank of India)

INDONESIA – Indonesian Foreign Exchange Market Committee  
**Public Representative:** Agustina Dharmayanti (Bank Indonesia)  
**Other Attendees:** Putriana Nurman and Aditya Very Cleverina (Bank Indonesia)

ISRAEL – Israeli Foreign Exchange Committee  
**Other Attendees:** Vicky Doron (Bank of Israel)

## GLOBAL FOREIGN EXCHANGE COMMITTEE

### JAPAN – Tokyo Foreign Exchange Market Committee

**Public Representative:** Kenichi Sakura (Bank of Japan)

**Private Representative:** Yoshiyasu Inoue (Morgan Stanley MUFG Securities)

**Other Attendees:** Ryota Nemoto (Bank of Japan), Shoko Taguchi and Ayaka Sasaki (MUFG Bank)

### MEXICO – Mexican Foreign Exchange Committee

**Public Representative:** Andrés Jiménez (Bank of Mexico)

**Private Representative:** Manuel Meza (BBVA)

**Other Attendees:** Carlos Vélez and Mariel Padilla (Bank of Mexico)

### NORWAY – Scandinavian Foreign Exchange Committee

**Public Representative:** Alexander Flatner (Central Bank of Norway)

**Private Representative:** Morten Salvesen (DNB)

### SINGAPORE – Singapore Foreign Exchange Market Committee

**Public Representative:** Bernard Wee (Monetary Authority of Singapore)

**Private Representative:** Andrew Ng Wai Hung (DBS)

### SOUTH AFRICA – South African Foreign Exchange Committee

**Public Representative:** Andries Tshishonga (South African Reserve Bank)

**Private Representative:** Richard de Roos (Standard Bank)

### SOUTH KOREA – Seoul Foreign Exchange Committee

**Public Representative:** Tae Young Yoon (Bank of Korea)

**Private Representative:** Beom Sang Kim (Woori Bank)

**Other Attendees:** Changseop Lee and Young Sun (Woori Bank)

### SWITZERLAND – Swiss Foreign Exchange Committee

**Public Representative:** Benjamin Anderegg (Swiss National Bank)

**Private Representative:** Hjalmar Schröder (Zürcher Kantonalbank)

**Other Attendees:** Barbara Döbeli and Matthieu Fritschi (Swiss National Bank)

### UK – London Foreign Exchange Joint Standing Committee

**Public Representative:** Philippe Lintern (Bank of England)

**Private Representative:** Lisa Dukes (Dukes & King)

**Other Attendees:** Natalie Lovell and Daniel Fajuke (Bank of England)

### US – New York Foreign Exchange Committee

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

**Private Representative:** Yudhveer Chaudhry (BlackRock)

**Other Attendees:** Sanja Peros and Shawei Wang (Federal Reserve Bank of New York)

### Guests

Ann Battle (Senior Counsel, Market Transitions, International Swaps and Derivatives Association (ISDA))

Katherine Tew Darras (General Counsel, ISDA)

Megan O'Flynn (Assistant General Counsel, ISDA)

Jonathan Martin (Head of Derivative Products Management, ISDA)

Marc Bayle de Jessé (CEO, Continuous Linked Settlement (CLS))

Dirk Bullmann (Global Head of Public Policy, CLS)

Dino Kos (Special Adviser to the CEO, CLS)

James Kemp (Managing Director, Global FX Division, Global Financial Markets Association (GFMA))

Janet Dawson (Managing Director, Global FX Division – Americas, GFMA)

Sakhila Mirza (Executive Board Director, London Bullion Market Association (LBMA))

Jens Nordvig (Founder and CEO, Exante Data)

Matt O'Hara (CEO, Americas, 360 Trading Networks)

Francisco Oliveira (Co-Head of Global Macro & Global Credit, BNP Paribas)

## Observers

Andrés Murcia (Chief Officer for Monetary Operations and International Investments, Central Bank of Colombia)

Wilmar Cabrera (Director of Operations and Market Analysis, Central Bank of Colombia)

Catalina Estefó (Head of Local Markets, Quantitative Analysis and Strategy Department, Central Bank of Chile)

Tiong Huong Kit (Dealer, Investment Operations and Financial Markets Department, Central Bank of Malaysia)

Francisco G. Dakila (Deputy Governor, Monetary and Economics Sector, Central Bank of the Philippines)

Al Benedict B. Magday (Senior Bank Economist, Department of Economic Research, Central Bank of the Philippines)

Christofer A. Martin (Senior Bank Economist, Department of Economic Research, Central Bank of the Philippines)

Roselle R. Manalo (Acting Director, Department of Economic Research, Central Bank of the Philippines)

Josefina Tinio (Officer-in-Charge, Financial Services Department, Central Bank of the Philippines)

Paul Castillo (Manager, Monetary Operations and Financial Stability, Central Reserve Bank of Peru)

Dean Hill (Senior Manager, Financial Markets, Reserve Bank of New Zealand)

Conception Alonso (Head of International Markets, European Central Bank)

Natacha Rocher (Bank of France)

Santiago García (Research Specialist, Bank of Mexico)

Sara Castellanos (Research Specialist, Bank of Mexico)

Ximena Alfarache (Manager of International Operations Division, Bank of Mexico)

Pilar Figueredo (Manager of Operations Instrumentation Division, Bank of Mexico)

## **Day 1, 30 November 2023**

### **Item no**

### **Minutes**

### **Welcome and Competition Guidelines**

The Chair, Gerardo García (Bank of Mexico), welcomed the members of the Global Foreign Exchange Committee (GFXC, or the “Committee”) to the virtual meeting who were joined by the new public sector representatives from the Bank of Canada and the Bank of Japan, Stéphane Lavoie and Kenichi Sakura, respectively. Volker Enseleit (European Central Bank) gave an overview of the [Competition/Antitrust Law Guidelines for Members of the GFXC](#).

### **1.**

### **Updates on Recent GFXC Developments**

The Chair reported that during 2023, the [GFXC Global Index of Public Registers](#) had reached 1,290 Statements of Commitment to the FX Global Code (the “Code”), an annual increase of 8%.<sup>1</sup> It was noted that the Central Bank of Kenya joined the Bank for International Settlements ([BIS](#)) [Central Bank Public Register](#), having signed and published its Statement of Commitment in March 2023. The Committee was informed that several emerging market economies’ central banks have also expressed interest in learning more about the Code. The Chair provided an update on the GFXC website, highlighting that in the future, specific updates or additions to the website outside the contractual maintenance agreement (for example, document translation) would need to be funded by the jurisdiction that had requested the changes.

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<sup>1</sup> Note that this figure might include some double counts as information is obtained from different sources, which might not be fully compatible amongst themselves.

### 2. **Proportionality Self-Assessment Tool**

Richard de Roos (Standard Bank Group) provided an update on the [Proportionality Self-Assessment Tool](#) (the “Tool”), which was launched in June 2023 to facilitate Code adherence among market participants. By answering a series of questions, market participants can generate an easy-to-read report highlighting the Principles of the Code most relevant to them. The Committee agreed it would be useful to gain an insight into which type of market participants were using the Tool, and whether its use translated into Code adoption. Local foreign exchange committees (LFXCs) were asked to continue raising awareness of the Tool and seek feedback as to where the Tool could be further enhanced.

### 3. **Update on Motivation for Adherence Working Group**

Stefanie Holtze-Jen (GFXC Co-Chair, Deutsche Bank International - Private Bank) updated the Committee on the Working Group’s efforts to promote a deeper understanding of the benefits of Code adherence. To increase visibility of the Code, the GFXC had made regular use of social media, and Committee members had presented at several international FX conferences and seminars. Additionally, in October 2023, three Code-related survey questions were added to the Coalition Greenwich Corporate Survey, the results of which were expected to be available in early 2024.<sup>2</sup>

The Working Group continued its engagement with rating agencies to explore the possibility of recognising the Code within their Environmental, Social, and Governance (ESG) assessment criteria. The Working Group also engaged in exploratory discussions with auditors on whether Code adherence could be considered in their assessment of the “G” in ESG. Ms Holtze-Jen noted that several qualification providers had agreed to incorporate Code education into their programmes. These included professional qualification programmes offered by the Chartered Financial Analyst (CFA) Institute, the Association of Certified International Investment Analysts (ACIIA), and the Association of Corporate Treasurers (ACT). The Chair thanked the Working Group for the significant progress it had made and noted that whilst Ms Holtze-Jen’s term as GFXC Co-Chair had come to an end, he was pleased to announce that she would continue to lead the Motivation for Adherence Working Group.

### 4. **ISDA FX Definitions and Approach to Price Adjustments for Unexpected Holidays**

Ann Battle, Katherine Darras, Megan O’Flynn, and Jonathan Martin (ISDA) provided an overview of ISDA’s work to update the 1998 FX and Currency Option Definitions (“FX Definitions”). The new FX Definitions would be a set of components available electronically on ISDA’s MyLibrary platform, finalized towards the end of 2025 with implementation towards the end of 2027. Ms Battle noted that ISDA conducted a survey among market participants to ascertain which areas of the FX Definitions should be improved and evaluated, considering developments in FX markets since the 1998 FX Definitions. Based on survey feedback, the substantive updates would include updates to: i) Disruption Events/Disruption Fallbacks for FX; ii) Calculation Agent provisions (from previous ISDA and EMTA work on these provisions implemented since publication of the current FX Definitions); iii) rounding conventions; iv) novation provisions (from the previous ISDA Novation Protocol); and, v) other fallbacks (from the ISDA Benchmarks Supplement). It was also noted

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<sup>2</sup> [Coalition Greenwich](#) is a global provider of strategic benchmarking, analytics, and insights to the financial services industry.

that consideration was being given to whether updates were required in relation to unexpected holidays and central banks digital currencies.

At the June 2023 GFXC meeting, the Committee agreed that establishing a market standard for adjusting pricing in relation to unexpected holidays would be beneficial and suggested that ISDA explore potential solutions. Ms Battle explained that, based on preliminary conversations, ISDA staff had identified two potential solutions, both of which would require a mechanism for computing the settlement amount difference. One option would be to change the settlement amount if a holiday is announced after the trade date. Alternatively, the FX Definitions could provide for a separate payment at settlement to account for the settlement amount difference. Committee members agreed that if a market standard could be established, an ISDA FX Definition on price adjustments for unexpected holidays would be helpful.

### 5. **2024 Code Review**

Daniel Fajuke and Natalie Lovell (Bank of England) presented the key takeaways from the 2023 GFXC Survey (the “Survey”) of market participants, which sought feedback on the 2021 updates to the Code and its associated material, as well as areas of focus for the 2024 Code review. Overall, most Survey respondents thought that changes to the Code are not required, on the basis that it remains fit for purpose.

Ms Lovell noted that the Survey had received 333 responses from a diverse range of market participants. Overall, awareness and adoption of the Code has increased since 2019, whereby 68% of respondents had now fully adopted the Code. The Survey highlighted that the 2021 updates to the Code were generally seen as effective among market participants. Regarding the 2024 review process, Survey responses highlighted three areas of potential GFXC focus. These include: i) a review of the Disclosure Cover Sheets; ii) consideration whether the contents of the Last Look and Pre-hedging guidance papers should be incorporated into the Code; and iii) how developments in relation to FX Settlement could impact best practice.

The Chair noted that there should be a high bar for making changes to the Code and recalled the criteria that would be used to determine which topics the 2024 Code review would focus on. The criteria include:

- i) The issue was reflective of changes in market practice, structure, or environment of the global FX market since the launch of the Code.
- ii) The practice had taken place in the global FX market.
- iii) Industry practice in the area of concern would be improved through the development and industry-wide adoption of high-level principles of conduct and/or examples.
- iv) The clarification of the practice would contribute to good structure, functioning, and communication across the FX market.
- v) The current formulation of the issue/principle (or the absence of any statement) would be an impediment to committing to the Code for a significant share of market participants.

It was agreed that the next step would be for the GFXC to further engage with LFXCs and finalise the priorities for the 2024 Code review.

### 6. **FX Settlement Data**

The Chair recalled the discussion at the June 2023 meeting during which the Bank of England, in collaboration with other central banks, had agreed to review the existing FX Settlement data collection template and reporting guidelines.

Daniel Fajuke (Bank of England) gave an update on the new approach for collecting FX Settlement data, which had been trialled as part of the London FXJSC October 2023 reporting round. Mr Fajuke explained that under the new approach to FX Settlement data collection, reporting dealers will now gather FX Settlement data from a global perspective. Reporting dealers have been asked to provide: i) FX volume settled during the reporting period, as opposed to turnover volume, and ii) a breakdown of the various settlement methods employed.

Natalie Lovell (Bank of England) highlighted that under the new approach for collecting FX Settlement data, if LFXCs were to individually aggregate and publish FX settlement data for their jurisdiction it would only give a partial view of global FX Settlement risk. Ms Lovell presented a proposal whereby central banks would continue to gather FX Settlement data for firms headquartered in their jurisdiction, but overall responsibility for data aggregation and publication would be transferred to the GFXC.

GFXC members expressed support for the proposal for collecting global FX Settlement data. It was agreed that, where possible, central banks that already conduct and co-ordinate semi-annual FX surveys would adopt the new approach for collecting FX Settlement data for the April 2024 survey round, subject to readiness of systems and processes for producing and collecting the new data fields. Some participants expressed the importance of assessing whether reporting banks would be prepared for the April 2024 survey round under the new format and how the confidentiality of bank-specific information would be safeguarded. It was also noted that the GFXC FX Settlement data could complement data collected in the interim period between the BIS FX Triennial Surveys.

### 7. **GFXC Terms of Reference**

The Chair informed the group that the [GFXC Terms of Reference](#) (ToR) had been updated to: i) formalise the membership criteria changes that had been agreed at the June 2023 meeting, and ii) increase the ToR review cycle from annual to biennial. Members agreed with the proposed changes, and the updated ToR were published on 5 December 2023.

### 8. **Wrap-up**

The Chair underscored, in regards to Code adherence, the need to continue motivating institutions to sign the Statement of Commitment and that promoting the GFXC's Proportionality Self-Assessment Tool could support increased adoption. The Chair also mentioned that there were various areas of mutual interest with ISDA and that future cooperation between ISDA and the GFXC would be beneficial. In regards to the 2024 Code Review, the Chair noted that there should be a high bar for making changes to the Code. He highlighted that the topics from the Survey would be a potential area of future focus, including reviewing FX settlement risk, Disclosure Cover Sheets and the Pre-hedging guidance paper. He also identified the need to define the Code modification priorities based on feedback from LFXCs. As for the FX settlement data collection survey, he emphasised the Committee's strong support for

the proposed changes. Lastly, the Chair mentioned that a request to the GFXC on Pre-hedging had recently been received from IOSCO. It was agreed that the GFXC would respond with a letter expressing a high-level view based on Principle 11 of the Code and the existing GFXC guidance paper on the issue.

### **Day 2, 1 December 2023**

#### **1. Panel: Accelerated Settlement and its Impact on FX Markets**

Simon Manwaring (NatWest Markets) chaired the panel. James Kemp (GFMA) and Janet Dawson (GFMA) explained the main challenges and potential implications for the FX market given the shortening of the US securities settlement cycle, and put forward some of the potential solutions market participants are considering. Mr Kemp explained that financial centres, such as those in the UK and EU, were also considering a reduction in securities settlement cycles with a lengthier implementation period, largely due to their more complex financial infrastructures. Mr Kemp commented that GFMA has also been considering the impact of a move to T+0 settlement, which would require harmonised regulation across jurisdictions and significant investment in technology.

Marc Bayle de Jessé (CLS) presented the potential impact of the move to T+1 securities settlement on FX post-trade processes. CLS has conducted a study with its settlement members to assess the feasibility and effects of adapting its services, for example, by extending CLS cut-off times. Key considerations were: i) whether an extension to the CLS Initial pay-in Schedule (IPIS) is manageable without impacting safe settlement; ii) what would be the optimal extension time; and, iii) how long would the changes take to implement. Mr Bayle de Jessé pointed out that the move from T+2 to T+1 would not be homogenous across financial centres and multiple considerations would need to be reviewed, and that any changes to the CLS IPIS would require supervisory approval.

Seshsayee Gunturu (Reserve Bank of India) described India's experience in moving to a T+1 securities settlement cycle. Mr Gunturu remarked that India had applied a phased approach that had resulted in two settlement cycles running in parallel during the implementation period. The shortened confirmation window for custodians, time zone implication for sharing of instructions and lesser time to cover FX transactions were highlighted as key challenges. He added that whilst the move to T+1 has resulted in some FX transactions being concentrated in morning sessions, there had been limited market impact. He noted that some of the benefits of the shift to T+1 included a reduction of the settlement cycle, an increase in market liquidity, and highlighted feedback, which suggested that pre-funding of FX transactions has worked effectively.

#### **2. The Global Precious Metals Code**

Sakhila Mirza (London Bullion Market Association, LBMA) provided an overview of the [Global Precious Metals Code](#), which was closely aligned with the FX Global Code. Ms Mirza explained that the objective of the Global Precious Metals Code is to promote integrity and effective functioning of the global over-the-counter wholesale precious metals market. She noted that adherence to the Global Precious Metals Code is compulsory for all LBMA members. That said, the LBMA also welcomes Statements of Commitment from market participants who are non-members.

3. **Panel: Recent Developments in FX Markets**

Jens Nordvig (Exante Data) gave an overview of the key economic trends over the past months. Mr Nordvig suggested that market participants are focused on which central bank(s) will lead the interest rate's cutting cycle, whether we will have a low volatility regime, and the outlook for global growth in 2024, with particular focus on China and Europe.

In terms of FX market structure, Matt O'Hara (360T) explained that electronic trading had expanded beyond spot and into derivative markets, which has contributed to market fragmentation. Automation had increased, especially amongst buy-side market participants. Algorithm adoption and rules-based trading had also expanded across the FX industry. Mr O'Hara added that the principles in the FX Global Code on transparency have helped to drive algorithm adoption.

Francisco Oliveira (BNP Paribas) highlighted that there is continued interest amongst market participants and regulators in reducing FX settlement risk. Mr Oliveira said that whilst there had been good progress made, there was still more work to be done to ensure efficient settlement processes. The importance of adopting payment versus payment (PvP) systems was emphasised, in particular for smaller institutions. Recent events have highlighted the importance of taking additional measures to reduce systemic risk in the FX market.

4. **Local FX Committees Updates**

Alexander Flatner (Norges Bank) explained that the Norwegian krone (NOK) and Swedish krona (SEK) had depreciated during the last year, given the marked fall in interest rate differentials. The reduction in the price of oil also contributed to the moves in the Norwegian krone. There had been a particular focus amongst market participants on the Riksbank's FX reserves hedging programme to reduce currency and balance sheet risks. Overall, Scandinavian FX market conditions had remained stable. Code adherence activities by the Scandinavian FXC had included outreach to asset managers, pension funds, and corporates. Mr Flatner explained that several Scandinavian buy-side participants are in the process of signing the Code.

Yudhveer Chaudhry (BlackRock) highlighted the strength in the US dollar during the year, its recent weakness, and the main factors driving its depreciation. The US FXC had focused on the transition to T+1 securities settlement; in particular, the potential implications for FX settlement and other operational considerations. Mr Chaudhry commented that the US elections would be a key consideration for FX markets in 2024. Anna Nordstrom (Federal Reserve Bank of New York, FRBNY) said that the US FXC has continued to focus its Code outreach on buy-side market participants. Ms Nordstrom mentioned an upcoming conference in which the FRBNY will participate on a panel on the Code together with the Bank of Mexico and the Bank of Canada.

Manuel Meza (BBVA) noted that the persistent appreciation of the Mexican peso (MXP) had been largely due to solid economic fundamentals, nearshoring prospects in Mexico, and carry trade dynamics. The Mexican FXC discussed how the assessment of FX positioning could be enhanced given increased fragmentation in FX markets. The Mexican FXC also focused on evaluating the risk factors for the MXP in light of the 2024 elections in Mexico and the US. In regards to outreach activities, Mr Meza mentioned the participation in FX events and providing advisory to other countries in Latin America on setting-up LFXCs and Code Adherence.



5. **Farewell to the Co-Vice Chair**

The Chair conveyed his gratitude to Stefanie Holtze-Jen (Co-Vice Chair, Deutsche Bank International - Private Bank) for her work and dedication to the GFXC over the past two years. LFXCs were asked to provide candidates for the Co-Vice Chair role so that the Leadership Selection Committee would consider nominations for Ms Holtze-Jen's successor in early 2024.

6. **Wrap-up and next meeting**

The Chair summarised the key takeaways from the two-day meeting, and emphasised the Code review and FX Settlement risk mitigation as key priorities for the GFXC in 2024. Mr García observed that the US's move to a T+1 securities settlement cycle is imminent and FX market participants would need to be ready and adjust accordingly. He also highlighted that the Global Precious Metals Code shares many parallels with the FX Global Code, so there is scope for further cooperation between the LBMA and GFXC.

In regard to the evolution of FX markets, going forward, global economic growth and interest rate differentials will continue driving FX markets, among other important factors. Market fragmentation has continued and is shifting trading to different venues.

Lastly, Code outreach efforts among LFXCs had been positive. The Chair recognized the Secretariats of the LFXC for their tireless and dedicated efforts. Mr García explained that the next GFXC meeting will be held in-person, hosted by the European Central Bank, likely in July 2024.