

Minutes

Global Foreign Exchange Committee Meeting

5-6 December 2024

Location: Virtual meeting

Chair: Gerardo García López (Bank of Mexico)

Vice Chairs: Simon Manwaring (NatWest Markets)
Stuart Simmons (QIC)

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

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

BRAZIL – Brazilian Foreign Exchange Committee
Public Representatives: Daniel Nunes (Central Bank of Brazil)

CANADA – Canadian Foreign Exchange Committee
Public Representatives: Harri Vikstedt and Stéphane Lavoie (Bank of Canada)
Private Representative: Dagmara Fijalkowski (RBC Global Asset Management)
Other Attendees: Zahir Antia (Bank of Canada)

CHINA – China Foreign Exchange Committee
Public Representative: Wang Haina (People's Bank of China) and Liang Yan (State Administration of Foreign Exchange)
Private Representative: Shao Wenjuan (China Construction Bank)
Other Attendees: Li Jianyang (China Foreign Exchange Committee Secretariat)

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

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

HONG KONG – Treasury Markets Association
Public Representative: Kimberly Chi Man Cheng (Hong Kong Monetary Authority)
Private Representatives: Wilson Siu Chung Wong (Bank of China (Hong Kong))
Other Attendees: Angus Tsz Shing Chow (Hong Kong Monetary Authority)

INDIA – Foreign Exchange Committee
Public Representative: Seshsayee Gunturu (Reserve Bank of India)
Private Representative: Ashwani Kumar Sindhvani (Foreign Exchange Dealers' Association of India)

INDONESIA – Indonesian Foreign Exchange Market Committee
Public Representatives: Agustina Dharmayanti and Putriana Nurman (Bank Indonesia)
Other Attendees: Kemal Aditya (Bank Syariah Indonesia)

ISRAEL – Israeli Foreign Exchange Committee
Public Representatives: Ketty Cohen (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 and Hinako Kijima (Bank of Japan)

MEXICO – Mexican Foreign Exchange Committee

Public Representative: Andrés Jiménez Guerra (Bank of Mexico)

Private Representative: Manuel Meza Piza (BBVA)

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

NORWAY – Scandinavian Foreign Exchange Committee

Public Representative: Alexander Flatner (Central Bank of Norway)

Private Representative: Morten Salvesen (DNB Markets)

SINGAPORE – Singapore Foreign Exchange Market Committee

Public Representative: Bernard Wee (Monetary Authority of Singapore)

Other Attendees: Ong Xin Yi (Monetary Authority of Singapore)

SOUTH AFRICA – South African Foreign Exchange Committee

Public Representative: Zafar Parker (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: Sungho Choi (Woori Bank)

SWITZERLAND – Swiss Foreign Exchange Committee

Private Representative: Christoph Kummli (Julius Baer)

Other Attendees: Barbara Döbeli and Pauline Ferry (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 Matthew Conway (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: Lisa Chung, Sanja Peros and Shawei Wang (Federal Reserve Bank of New York)

Guests

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

Jonathan Martin (Head of Derivative Products Management, ISDA)

Flavio Bongiovanni (Policy Advisor, International Organization of Securities Commissions (IOSCO) General Secretariat)

James Andronis (Head of Markets Portfolio, Australian Securities and Investments Commission (ASIC) & C3 Chair International Organization of Securities Commissions, IOSCO)

Kris Nathanail (Director of the Standards Development Department, IOSCO)

Observers

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

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

Matthew Conway (Senior Policy Analyst, Bank of England)

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

Santiago García Verdú (Research Specialist, Bank of Mexico)

Sara Castellanos Pascacio (Research Specialist, Bank of Mexico)

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

Day 1, 5 December 2024

Item no Minutes

Opening 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. Volker Enseleit (ECB) provided an outline of the [Competition/Antitrust Law Guidelines for Members of the GFXC](#).

1. Update on FX Global Code Adherence

The Chair reported that the [GFXC Global Index of Public Registers](#) had reached 1,328¹ Statements of Commitment, with 37 new Market Participants having signed up to the [FX Global Code](#) (the “Code”) during 2024. Details of the distribution of signatories by type of Market Participant were shared. It was noted that some additional Market Participants had adopted the Code but had chosen to not make their adherence public.

Selected statistics on the use of the [GFXC website](#) and the [Proportionality Self-Assessment Tool](#) (the “Tool”) were also presented to the Committee. It was noted there had been an increase in users of the Tool since July 2024, which was attributed to broader Market Participants’ awareness of the Tool due to ongoing GFXC outreach activities and increased focus on the Code’s three-year review.

2. Three-Year FX Global Code Review

The GFXC reviewed the final proposals to amend the Code.

2.1 FX Settlement Risk Working Group Update

Simon Manwaring (GFXC Co-Vice Chair, NatWest Markets) and Natalie Lovell (Bank of England) provided an update on the work of the FX Settlement Risk Working Group.

Mr Manwaring presented the Working Group’s final proposed changes to the Code, with two of its 55 Principles affected. Amendments had been made to Principle 35 to introduce a risk waterfall approach, whereby Market Participants should consider a specified hierarchy of settlement methods to reduce FX Settlement Risk. The updates also encourage Market Participants to conduct regular reviews of their FX settlement practices and clarify that all Market Participants have a responsibility to mitigate FX Settlement Risk in their business practices.

Changes to Principle 50 sought to provide further guidance on how Market Participants should measure, monitor, and control FX Settlement Risk. Principle 51 was also amended to promote the use of Standard Settlement Instructions (SSIs) and discourage the use of multiple settlement instructions with the same counterparty for a given product and currency. For completeness, the Code’s Glossary of Terms was also updated to include ‘Standard Settlement Instructions’ and ‘Value Date’ definitions.

¹ It should be noted that this statistic may include some double counting as some institutions’ SoC may be included in several registers.

The GFXC membership expressed strong support for the FX Settlement Risk Working Group's proposed amendments to the Code, and unanimously approved the changes.

Ms Lovell provided an update on the Global FX Settlement Risk Survey. In response to feedback, the Reporting Guidelines had been updated for the October 2024 semi-annual reporting round, in which seven central banks and their respective Reporting Dealers had taken part. The GFXC was reminded that the BIS Triennial FX Central Bank Survey would take place in April 2025, and would adopt a new approach to collecting global FX Settlement Risk data. The Global FX Settlement Risk Survey will deliver more frequent and consistent reporting of global FX Settlement Risk data on a semi-annual basis.

Ms Lovell outlined the FX Settlement Risk Working Group's deliverables for 2025, which included a potential discussion paper analysing the impact of accelerated securities settlement on the FX market, and an analysis of the BIS Triennial Survey's results.

2.2 **FX Data Working Group Update**

Stuart Simmons (GFXC Co-Vice Chair, QIC) outlined the mandate of the FX Data Working Group, which was to analyse how the utilisation of FX data could be made more transparent, and more accessible to all Market Participants. Committee members were reminded that the cost aspect of data was not in scope as it falls outside of the GFXC's remit.

Workstream 1 considered whether the Code adequately captures data transparency requirements under certain types of delegated execution.² Principle 10 will be amended to introduce greater transparency by specifying a Principal's obligations for certain types of delegated execution activities. These transparency obligations will help enable the Client to better assess the execution quality. Illustrative examples were also proposed for Annex 1 to provide additional guidance to Market Participants.

Workstream 2, led by Zahir Antia, (Bank of Canada), presented updated proposals on ways to increase transparency regarding the use of data generated by Clients on electronic trading venues. Minor changes were proposed to Principle 9 to provide more clarity around what type of data was in scope by linking it to Principle 20. Proposed changes also included updates to the [Disclosure Cover Sheets](#) to increase transparency and to facilitate the comparison of data sharing policies. Finally, Annex 1 now includes an example of the appropriate disclosure of data sharing policies.

GFXC members expressed strong support for the FX Data Working Group's proposed amendments to the Code.

3. **Publication of the Updated FX Global Code**

Following updates from the FX Settlement Risk and FX Data Working Groups, the GFXC approved the proposed changes to the Code and Disclosure Cover Sheets. The Committee discussed the inclusion of links to the [Pre-hedging](#) and [Last Look](#) guidance papers in the Code, accompanied by a disclaimer clarifying that they do not form part of the Code or the Statement of Commitment (SoC). It was agreed that the

² Execution which has been delegated to a service provider who initiates Client orders in a Principal role, where execution of FX Transactions is subject to a written agreement in advance with the Client identifying when the Market Participant should initiate such FX transactions (e.g., custodian, prime broker, futures clearer, or hedging service provider).

links to all relevant [GFXC reports](#) (including the Pre-hedging and Last Look guidance papers) would be added to the Foreword of the Code, accompanied by a disclaimer.

The Chair explained that, in conjunction with the updated Code, the GFXC would also publish the comments received from the [Request for Feedback](#), and a [document](#) summarising the outcome of the three-year review. The updated Code would also be translated into other languages during 2025.

The GFXC Secretariat was tasked with developing proposed guidance for Market Participants around the renewal of existing Statements of Commitment. The proposal, which was approved by GFXC members, advises issuing a recommendation for Market Participants to review the amendments and to consider renewing their SoC following the publication of the 2024 Code. The GFXC expects Market Participants to align their practices with the updated Code's principles within a 12-month period. A similar timeframe was envisaged for the wider uptake of the Disclosure Cover Sheets. Committee members recognised the diversity of Code adherents and, as such, acknowledged that alignment with the Code could take longer for some Market Participants.

4. **Wrap-up**

The Chair summarised the first day of the meeting. Progress had been made in 2024 on Code adherence, however the Chair emphasised the importance of the GFXC continuing its outreach efforts and focusing on furthering buy-side adoption.

With regard to the 2024 Code Review, the GFXC expressed strong support for the Working Groups' final proposals, which aimed to strengthen guidance on FX Settlement Risk and increase FX data transparency. The updated version of the Code was scheduled to be finalised in December and published in January 2025.

The Chair also highlighted the 2025 BIS Triennial FX Central Bank Survey, which would incorporate the new approach for collecting global FX Settlement Risk data, and called on central bank members to encourage their respective Reporting Dealers to participate.

Day 2, 6 December 2024

Opening Remarks

The Chair welcomed participants to the second day of the GFXC meeting, and described the program for the day.

1. **Update on International Swaps and Derivatives Association (ISDA) FX and Currency Option Definitions**

Ann Battle (ISDA) provided an overview of their four-year initiative to update the FX definitions, which ISDA is one year into. Ms Battle described updates to disruption events/fallbacks related to non-deliverable transactions, and offshore CNY disruption events/fallbacks. She also explained that ISDA is developing novation provisions for inclusion in the new FX Definitions. It was noted that in 2025, ISDA will work on deliverable disruption events/fallbacks (e.g., in the context of a widespread settlement disruption and/or sanctions) and unexpected holidays. Ms Battle also elaborated on their work on calculation agent provisions.

2. **International Organization of Securities Commission (IOSCO) Pre-hedging Consultation Report**

James Andronis (ASIC, IOSCO) explained that IOSCO has published a [Consultation Report on Pre-hedging](#), requesting feedback before February 21, to provide their final recommendations later in 2025. The following aspects were given consideration. The first was to assess market integrity issues and conduct risks associated with Pre-hedging. The second was to establish a definition of Pre-hedging that is widely applicable. The third was to define conditions under which the practice of Pre-hedging may be deemed acceptable and to provide recommendations on how to manage the associated risks effectively.

3. **Update on Motivation for Adherence Working Group and Endorsement of New Leads**

Lisa Dukes (Dukes & King) noted that the Motivation for Adherence Working Group continued to have a three-pillar approach, which were to: i) increase the visibility of the Code; ii) build partnerships with different industry groups and, iii) enhance education and training. The Working Group had also continued to explore the promotion of the Code through collaboration with different organisations. In its outreach to Market Participants, it promoted further education of the Code among segments of the buy-side as well as uptake of the [Proportionality Self-Assessment Tool](#). Ms Dukes then presented their work plan for 2025.

Stefanie Holtze-Jen (Deutsche Bank-Private Bank) ended her tenure as Co-chair of the Motivation for Adherence Working Group. The London Foreign Exchange Joint Standing Committee ([FXJSC](#)) had nominated Lisa Dukes (Dukes & King) and the Treasury Markets Association from Hong Kong ([TMA](#)) had nominated Wilson Siu Chung Wong (Bank of China, Hong Kong) as co-Chairs to succeed Ms Holtze-Jen. The GFXC endorsed both candidates as new Working Group co-leads, alongside public sector lead Satish Chandra Rath (Reserve Bank of India). The governance structure will be determined in due course.

4. **Assessment of Potential New Associate Members of the GFXC**

Wilmar Cabrera Rodríguez (Central Bank of Colombia) expressed Colombia's interest in joining the GFXC as an [associate member](#). Mr Cabrera Rodríguez provided an overview of Colombia's FX market, and noted that Colombia was in the process of forming a local FX committee (LFXC). The Chair noted that several other central banks had also expressed an interest in becoming GFXC members.

5. **Panel: Local FX Committees**

Some LFXCs provided an update on markets developments and recent activities in their regions. Yoshiyasu Inoue (Morgan Stanley MUFG Securities) explained recent developments in Japan, including the unwinding of accumulated short positions in Japanese yen, following the FX interventions conducted by the Ministry of Finance and the Bank of Japan, and a rate hike at the end of July. Mr Inoue underscored the impact the US presidential election has had on markets, given the expected changes in US fiscal policy. In the aftermath of the US election, the US dollar continued to appreciate, particularly against the Japanese yen. Beyond 2025, Mr Inoue noted that the likelihood of a further interest rate hike by the Bank of Japan was of major interest for Market Participants.

Torsti Silvonen (ECB) reported on behalf of the ECB local FX Committee that the recent developments, including the US presidential election and the European political situation, had introduced new dynamics affecting the euro. During the last quarter, the euro experienced its most significant depreciation against the US dollar in the past two years, accompanied by a notable increase in implied volatility. Ahead, implied volatilities were likely to remain more elevated than in the past. In terms of currency positioning, the market increased its short positioning in the euro. Some market concerns had been raised about the potential under-pricing of risks associated with the new US administration's policies and political developments in Germany and France. Regarding trading venues, he highlighted a shift in the role of primary venues in FX trading. Recent years have seen trading volumes shifting from primary venues to secondary venues and FX futures, driven by technological advancements, regulatory changes and evolving market preferences and practices, leading to increased fragmentation. The rise in global regulatory fragmentation is also affecting liquidity and operability costs. Mr Silvonen then went on to outline their local FX Committee outreach activities.

Yudhveer Chaudhry (BlackRock) observed that liquidity conditions and market functioning in the US had proven resilient. Since the previous meeting, there had been a notable increase in market volatility. However, in a historical context, market volatility had returned to more normal levels. Mr Chaudhry noted that the most significant topic for the FX market would be the anticipated fiscal and trade policies by the new US administration. Mr Chaudhry added that the transition to T+1 securities settlement cycle in North America had been successful, largely due to the industry's preparation efforts. The April 2024 [Survey of North American Turnover Volume](#) indicated that FX turnover had reached an all-time high. Anna Nordstrom (FRBNY) provided an overview of the US FXC's outreach activities in the US. In September, Ms Nordstrom had participated in a roundtable discussion at an event hosted by the Foreign Exchange Professional Association (FXPA). In October, Ms Nordstrom had participated in another roundtable discussion with the Managed Funds Association (MFA) aimed at conveying the benefits of the Code among the hedge fund community. In November, the FRBNY hosted Gerardo García, the GFXC Chair, for a moderated discussion on the FX Global Code at the FX Market Structure Conference.

Kemal Aditya (Bank Syariah Indonesia) noted that the daily volume of FX transactions involving the Indonesian rupiah had increased. This reflected robust activity across FX derivatives markets. Mr Aditya mentioned that the USD/IDR exchange rate had been influenced by global macro factors, as was the case with other emerging market currencies. Mr Aditya remarked that the Indonesian rupiah was kept stable by monetary policy and structural improvements in the current account. Agustina Dharmayanti (Bank Indonesia) explained their initiatives to increase Code adherence and noted that links to Market Participants' SoC were available on Bank Indonesia's website.

6. **GFXC Next Steps**

The Chair provided a detailed overview of the GFXC's forthcoming actions, with a particular focus on the 2025 objectives of the Working Groups.

7. **Wrap-up**

As key takeaways from the two-day meeting, the Chair emphasised the importance of the GFXC continuing its outreach efforts. With regard to the 2024 Code Review, it was noted that the GFXC expressed strong support for the Working Groups' final proposals. The Chair and the Co-Vice Chairs expressed their gratitude to the GFXC Working Groups for their contributions and efforts, and to the LFXCs and the Secretariat for their support. Finally, Mr Garcia announced that the next GFXC meeting is scheduled to take place in-person on 3-4 July 2025 in Singapore.