

**December 19, 2017**

### **GFXC Survey Results**

The GFXC survey aimed to measure the baseline level of awareness and adoption of the FX global code by market participants. The survey was undertaken at the end of September 2017 and sent to more than 500 FX market participants globally, including firms not involved in the creation of the Code. The survey was conducted with the objective of gathering a diverse set of views from firms representing different jurisdictions, sectors, sizes and levels of activity in the FX market.

The high response rate, around 67%, makes the survey an important input for the GFXC when targeting efforts to promote and update the code. Given the usefulness of this year's survey, it was agreed that the GFXC would undertake the same initiative in 2018.

The key headlines from the survey were:









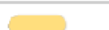





- Despite it being only five months since the FX Global Code was launched, most but not all respondents indicated they have read some or all of the Code (Q6).
- Survey respondents were generally positive about their experiences of existing ethical and professional standards and appropriate treatment of confidential information in the foreign exchange market. However, respondents' experience of transparency from their counterparties around last look and/or mark-up practices was relatively less positive (Q7).
- The vast majority of respondents to the survey thought the FX Global Code would improve behaviours and market practices in the foreign exchange market (Q8).
- Most survey participants already have/plan to adopt the FX Global Code (Q10). In addition, more than half of survey participants plan to use a Statement of Commitment to demonstrate adherence (Q11).
- The majority of survey participants expect to scale down or cease their trading with firms that do not sign a Statement of Commitment (Q11).

**Section 1: Background Information**

**Question and Results**

**1. Please indicate whether you are:**


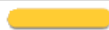




358 respondents | Question: Choose one or 'other' - must be answered

		Response percent	Response total
A bank		47.21%	169
A quasi-sovereign or supranational institution		0.84%	3
An asset manager		9.5%	34
A sovereign wealth fund		1.12%	4
A hedge fund		2.51%	9
A pension fund		1.68%	6
An insurance company		4.47%	16
A non-bank liquidity provider		1.68%	6
A corporate treasury department		14.8%	53
A broker or investment adviser		8.38%	30
An e-trading platform		1.96%	7
An infrastructure or technology provider		0.56%	2
An affirmation and/or settlement platform		0%	0
A government agency		0.28%	1
Other		5.03%	18

The survey sample consisted of a variety of market participants; more than 50% of survey respondents were non-bank market participants.

**2. Please indicate the region where your head office is located:**

358 respondents | Question: Choose one - must be answered

		Response percent	Response total
Europe		30.73%	110
North America		15.08%	54
Asia-Pacific		40.78%	146
Africa		8.94%	32
Middle East		0.56%	2
South America		3.91%	14

**Section 1: Background Information**

**Question and Results**

**3. Please indicate the location of the trading desk that represents the majority of your FX business:**

358 respondents | Question: Choose one or 'other' - must be answered

		Response percent	Response total
Australia		3.63%	13
Canada		4.47%	16
China		8.66%	31
Denmark		1.12%	4
France		2.24%	8
Germany		1.96%	7
Hong Kong SAR		5.59%	20
India		9.22%	33
Japan		8.66%	31
Korea		1.12%	4
Mexico		3.63%	13
Singapore		5.31%	19
Sweden		1.12%	4
Switzerland		5.03%	18
UK		12.29%	44
USA		4.47%	16
Other		21.51%	77

**4. Please indicate an estimate of the average daily turnover of your FX business globally (USD, millions):**

358 respondents | Question: Choose one - must be answered



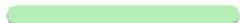





		Response percent	Response total
<10		15.36%	55
>10 and <100		8.94%	32
>100 and <1,000		22.35%	80
>1,000 and <10,000		19.55%	70
>10,000 and <100,000		16.76%	60
>100,000 and <200,000		6.15%	22
>200,000		10.89%	39

**Section 2: Awareness of the Global Code**

**Question and Results**

**5. How did you become aware of the Global Code?**


358 respondents | Question: Choose all that apply - must be answered

		Response percent	Response total
Press articles		18.72%	67
Central bank / official sector announcement or statement		31.84%	114
Central - bank sponsored Foreign Exchange Committee (FXC)		35.2%	126
Industry association / event		23.18%	83
A bank / IDB / electronic platform / other market infrastructure or technology provider		10.06%	36
Internally (e.g. from an internal compliance or training programme)		13.13%	47
My firm was an FXC and/or MPG member or involved in the Global Code's development		25.7%	92
Other		2.24%	8

Around 60% of survey respondents became aware of the FX Global Code through involvement in Central bank sponsored Foreign Exchange Committees and/or being a member of a Foreign Exchange Committee/Market Participants Group.





**6. How familiar are you of the Global Code published in May 2017?**

358 respondents | Question: Choose one - must be answered

		Response percent	Response total
I have read the whole Global Code		58.1%	208
I have read parts		25.14%	90
I have not read it, but I intend to		10.62%	38
I have not read it		6.15%	22

**6b. If you have only read parts of the Global Code, is it because:**

90 respondents | Question: Choose one - Only displayed if answered B for question 6

		Response percent	Response total
You only read the parts which are relevant to your business line		46.67%	42
As the Global Code is too long, you read a summary of the Global Code		26.67%	24
You still have time to read it, as there is ample time for implementation		25.56%	23
You think the Global Code is not relevant for your business		1.11%	1

**Section 2: Awareness of the Global Code**

**Question and Results**

**6c. If you have not read the Global Code, is it because:**

60 respondents | Question: Choose one - Only displayed if answered C or D for question 6

		Response percent	Response total
As the Global Code is too long, you read a summary of the code		<b>26.67%</b>	<b>16</b>
You still have time to read it, as there is ample time for implementation		<b>46.67%</b>	<b>28</b>
You think the Global Code is not relevant for your business		<b>26.67%</b>	<b>16</b>

Some survey respondents who have not read the Code, or have only read parts, believe they still have time to read it as there is ample time for implementation.

Section 3: Current FX Market Practices

Question and Results						
	Always	Often	Occasionally	Rarely	Never	Does not apply
<b>7. Based on your activity in the FX market, how often do you experience the behaviours and market practices below when interacting with counterparties?</b>						
358 respondents   Question: Choose one - must be answered						
a. Personnel with the appropriate training and who have the necessary experience to discharge the highest ethical and professional standards (Principles 1 and 2)	39.94% (143)	49.72% (178)	6.43% (23)	1.12% (4)	0% (0)	2.79% (10)
b. Transparent and fair order handling by your counterparties (Principle 9)	37.15% (133)	50.56% (181)	5.31% (19)	1.4% (5)	0% (0)	5.59% (20)
c. Transparency around Pre-Hedging practices (Principle 11)	21.23% (76)	31.01% (111)	17.04% (61)	7.82% (28)	1.68% (6)	21.23% (76)
d. Transparency around how reference prices, including highs and lows, are established (Principle 13)	29.33% (105)	32.68% (117)	15.36% (55)	5.59% (20)	1.68% (6)	15.36% (55)
e. Transparency around Mark Up practices (Principle 14)	19.83% (71)	29.61% (106)	17.88% (64)	12.01% (43)	3.35% (12)	17.32% (62)
f. Transparency around last look practices (Principle 17)	18.99% (68)	29.33% (105)	17.6% (63)	11.73% (42)	3.35% (12)	18.99% (68)
g. Appropriate treatment of confidential information when sharing Market Colour (Principle 22)	41.9% (150)	39.11% (140)	6.15% (22)	2.51% (9)	0.28% (1)	10.06% (36)

Survey respondents were generally positive about their experiences of existing ethical and professional standards and appropriate treatment of confidential information in the foreign exchange market. However, respondents' experience of transparency from their counterparties was less uniform. For example, more than 15% of survey respondents rarely or never experience transparency around last look and/or mark-up practices.

Section 3: Current FX Market Practices

Question and Results

8. Do you think that the Global Code will improve the behaviours and market practice in these areas?

358 respondents | Question: Choose one - must be answered

	Definitely	Probably	Probably Not	Definitely Not	
	■	■	■	■	
a. Personnel with the appropriate training and who have the necessary experience to discharge the highest ethical and professional standards (Principles 1 and 2)	53.07% (190)	42.74% (153)	3.91% (14)	0.28% (1)	
b. Transparent and fair order handling by your counterparties (Principle 9)	48.6% (174)	46.37% (166)	4.47% (16)	0.56% (2)	
c. Transparency around Pre-Hedging practices (Principle 11)	40.5% (145)	51.96% (186)	5.59% (20)	1.96% (7)	
d. Transparency around how reference prices, including highs and lows, are established (Principle 13)	42.74% (153)	49.44% (177)	6.7% (24)	1.12% (4)	
e. Transparency around Mark Up practices (Principle 14)	39.67% (142)	50.28% (180)	9.22% (33)	0.84% (3)	
f. Transparency around last look practices (Principle 17)	41.62% (149)	47.21% (169)	9.5% (34)	1.68% (6)	
g. Appropriate treatment of confidential information when sharing Market Colour (Principle 22)	51.12% (183)	43.86% (157)	4.75% (17)	0.28% (1)	





Between 89% and 96% of survey respondents thought the FX Global Code would definitely or probably improve behaviors and market practices in each area.

**Section 4: Adopting the Global Code**

**Question and Results**







**9. How well do staff in your firm understand the principles within the Global Code that apply to your FX activities?**

358 respondents | Question: Choose one - must be answered

		Response percent	Response total
Very clearly		29.33%	105
Mostly		42.74%	153
Somewhat		15.64%	56
Have not read		12.29%	44

**10. Has your firm adopted the Global Code?**


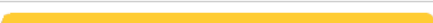





358 respondents | Question: Choose one - must be answered

		Response percent	Response total
Yes, my firm has fully adopted the Global Code		11.45%	41
Yes, my firm has begun to take steps to adopt the Global Code		31.84%	114
My firm intends to adopt the Global Code		29.89%	107
My firm has not yet decided whether to adopt the Global Code		20.11%	72
No, my firm does not intend to adopt the Global Code		1.12%	4
Not relevant for my firm		5.59%	20

Around three-quarters of the 358 survey respondents noted that they plan to adopt the FX Global Code, or have already done so. Most of the remaining respondents remain undecided on whether to adopt the Global Code.

**10b. What steps, if any, have you taken or plan to take to embed and monitor the Global Code in your practices?**

334 respondents | Question: Choose all that apply - Only displayed if answered A, B, C or D for question 10

		Response percent	Response total
Staff training and education programme		70.06%	234
Incorporate in internal policies/procedures/codes		68.26%	228
Link staff performance reviews with adherence to good practices		33.83%	113
Give regard to Global Code adherence in counterparty policies		35.03%	117
Perform a gap analysis comparing the Global Code to existing practices		52.1%	174
None		7.19%	24
Other		5.69%	19

In terms of the steps taken to embed and monitor the FX Global Code, the survey results suggest that many respondents are engaging in a gap analysis comparing the Code’s principles and existing business practices, undertaking staff training and education, and/or updating internal policies.








**Section 4: Adopting the Global Code**

**Question and Results**






**10c. How is your firm considering the Statement of Commitment to demonstrate adherence to the Global Code?**

334 respondents | Question: Choose one - Only displayed if answered A, B, C or D for question 10

		Response percent	Response total
My firm has finalised its SoC		8.38%	28
My firm has not finalised its SoC yet but intends to do so soon		50%	167
It has not been decided		36.23%	121
Not at all		2.1%	7
Not relevant for my firm		3.29%	11

**10d. What is the time frame for your firm using the Statement of Commitment?**



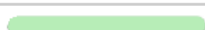

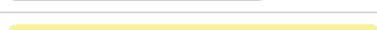

167 respondents | Question: Choose one - Only displayed if answered B for question 10c

		Response percent	Response total
During the second half of 2017		25.15%	42
During the first half of 2018		49.7%	83
During the second half of 2018		5.99%	10
During 2019 or later		0.6%	1
It has not been decided		18.56%	31

About 46% of respondents either had finalised a Statement of Commitment (SoC) or intended to finalise one by the end of 2018.

**10e. What are the main factors affecting the Statement of Commitment time frame for your firm?**

167 respondents | Question: Choose all that apply - Only displayed if answered B for question 10c

		Response percent	Response total
Size of the FX business within my firm		32.93%	55
Institutional complexity within my firm		53.89%	90
The expectations of my clients/ counterparties		29.34%	49
Not lagging behind the rest of the market		38.32%	64
The expectations of the central bank or FX Committee		55.09%	92
Other		13.17%	22



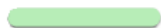


For survey respondents who intend to use the SoC, but have yet to do so, one of the main factors affecting the timing of signing a SoC is the size and complexity of their firm, and expectations of central banks or FX committees.

**Section 4: Adopting the Global Code**

**Question and Results**

**10f. How do you intend to use the Statement of Commitment?**







195 respondents | Question: Choose all that apply - Only displayed if answered A or B for question 10c

		Response percent	Response total
Use internally only and not publish/communicate it		23.59%	46
Provide it to counterparties and/or clients upon request		55.39%	108
Provide it to all counterparties and/or clients		22.56%	44
Publish it on the firm's website		46.67%	91
Upload to a public register		36.92%	72

Many survey respondents are planning on publishing their SoC on their firm's website and/or bilaterally share with counterparties. In addition, over one third are intending on uploading their SoC to a public register.

**10g. If your firm is NOT considering the adoption of the Code/using the Statement of Commitment, what is the main reason?**

31 respondents | Question: Choose all that apply - Only displayed if answered E or F for question 10 or D for question 10c

		Response percent	Response total
My firm thinks that the cost of adherence might outweigh the benefits		6.45%	2
My firm thinks that the size of its FX business does not require it		38.71%	12
My firm thinks that peers are not interested in it		0%	0
My firm is not aware of any expectations from our counterparties to require adherence or a SoC		38.71%	12
My firm is not making use of the SoC because it is using a different document to demonstrate adherence to the Global Code		16.13%	5
I was not aware of the SoC annexed to the Global Code		29.03%	9
Other		12.9%	4



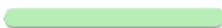

Of the 31 survey respondents not considering Code adoption and/or use of the SoC, the most often cited reasons for their decision was due to a judgement that the firm's size does not require adoption, and/or a lack of clear requirements for Code adherence from counterparties. Nine firms were not aware of the annexed SoC.

**Section 4: Adopting the Global Code**

**Question and Results**

**11. How do you expect your counterparties to use the Statement of Commitment?**




358 respondents | Question: Choose one - must be answered

		Response percent	Response total
My firm requires its counterparties to publish or bilaterally share their SoC		11.73%	42
My firm does not require a SoC, but expects its counterparties to provide my firm with a SoC upon request		36.59%	131
My firm does not require a SoC, but expects its counterparties to make their SoC available publicly		32.68%	117
My firm does not expect counterparties to use the SoC		18.99%	68

Approximately 80% of respondents require/expect their counterparties to make use of the SoC.

**11b. If you require or expect your counterparties to use the Statement of Commitment, what would your response be if this is not met?**

290 respondents | Question: Choose one - Only displayed if answered A, B or C for question 11

		Response percent	Response total
No impact to the counterparty relationship		33.45%	97
Scale down the counterparty relationship until the SoC is provided		60%	174
Cease trading with the counterparty until the SoC is provided		6.55%	19

Of those survey respondents expecting counterparties to use the SoC, a majority said they would scale down business with a counterparty in the case that the counterparty does not provide a SoC.