



AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

MINUTES OF DECEMBER 2015 MEETING

Thursday 10 December 2015
Reserve Bank of Australia
65 Martin Place

Attendees

Guy Debelle, RBA (Chair)
Matt Boge, RBA (Secretary)
Chris Howlett, ACI Australia
Jack Richards, ACI Australia
Murray Regan, AFMA
Simon Warner, AMP Capital (via teleconference)
David Hatzidis, CBA
Rachael Hoey, CLS (via teleconference)
Itay Tuchman, Citibank
Lee Merchant, Deutsche Bank
Simon Watkin, EBS
Stephen Gilmore, Future Fund
David Nolan, Goldman Sachs
David Kendrick, HSBC
Andrew Mourd, JP Morgan
Will Richardson, Macquarie Bank
Mark Lawler, National Australia Bank
Gary Latner, Thomson Reuters
Hugh Killen, Westpac

Apologies

Stewart Cox, BHP Billiton
Scott Brading, ANZ

Secretariat

Vicki Newman, RBA

1. Minutes of Previous Meeting

The minutes of the previous meeting were accepted without modification.

2. Matters arising from the Minutes

None.

3. Update on single global code of conduct for the foreign exchange market

The Chair, Secretary and Hugh Killen updated the committee on the progress of the BIS working group that is drafting the global code. The Chair advised that foreign exchange committees globally would be given the opportunity to review and comment in February on those parts of the code that were being drafted for public release in May 2016. This would include text contributed by the Market Participants Group (MPG). Hugh Killen (who is a member of the MPG) outlined the five key areas the MPG were working on - order handling, mark-up, market conduct, information sharing and electronic trading.

4. Review draft of the new Australian Annex as the replacement for the AFXC Foreign Exchange & Foreign Currency Option Conventions

A copy of the proposed new Australian Annex to the ACI Model Code was provided to the committee for review. Mark Lawler (Chair – Annex Working Group) discussed the content of the proposed Annex. The committee accepted the draft without amendment. The Annex was published on the AFXC website in mid-December and replaces the AFXC Foreign Exchange & Foreign Currency Options Conventions.

5. Update on ATO guidelines – formation of FX contracts

Murray Regan briefed the committee on AFMA's recent discussions with the Australian Tax Office (ATO) regarding the source of FX hedging gains. The ATO had presented draft guidance on this issue and is awaiting feedback.

The committee also discussed the introduction of ASIC's reporting obligations for derivative transactions and feedback received from fund managers regarding changes to delegated reporting arrangements.

6. Update on CLS initiatives

Rachael Hoey provided a brief overview of recent settlement volumes in CLS and updated the committee on CLS initiatives that had recently gone live – a compression service for FX forwards, settlements in Hungarian forints, and the settlement of cross-currency swaps.

7. AFXC membership rotation

The Chair discussed a potential restructuring of the membership of the AFXC over the coming year. Changes would be designed to broaden the range of market participants included on the committee, without necessarily adding to the committee's size.

Going forward, ACI Australia will provide only one member to the committee and the representation of foreign banks will be on a rotating basis. A representative from the RBNZ will be invited to observe at meetings. Members were asked to contact the Chair with appropriate suggestions for potential non-bank members.

8. General Business

The committee discussed the ECB's recent [announcement](#) of changes to their euro foreign exchange reference rates. Commencing July 2016, the ECB will delay the publication of these reference rates. More generally, the ECB reinforced that their rates are for 'information purposes only' and that 'usage for transaction purposes is strongly discouraged'.

There was a brief discussion about opening hours for the local market. Members also discussed the IMF's recent decision to include the Chinese renminbi in the SDR.

9. Next Meeting

18 February 2016

**Australian Foreign Exchange Committee
December 2015**