



AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

MINUTES OF March 2017 MEETING

Friday 24 March 2017
Reserve Bank of Australia
65 Martin Place

Attendees

Guy Debelle, RBA (Chair)
Matt Boge, RBA (Secretary)
Mark McCarthy, AFMA
Simon Warner, AMP Capital
Luke Marriott, ANZ
Mark Ferguson, Australian Super
Winnie Tan, Bank of China
Stewart Cox, BHP Billiton (via conference call)
David Hatzidis, CBA
Rachael Hoey, CLS (via conference call)
Lee Merchant, Deutsche Bank
Darryl Hooker, EBS
Stephen Gilmore, Future Fund
David Nolan, Goldman Sachs (via conference call)
Andrew Mourd, JP Morgan
Will Richardson, Macquarie Bank
Chris Leberne, National Australia Bank
Stuart Simmons, QIC
Chris Knight, XTX Markets
Graeme Edie, Westpac

Apologies

Itay Tuchman, Citigroup
Gary Latner, Thomson Reuters
Keith Sedergreen, ACI Australia

Guest

Susan Black, RBA

Secretariat

Jason Griffin, RBA

1. The Chairman welcomed Mark McCarthy, who replaced Murray Regan as AFMA's representative to the AFXC.

2. Minutes of previous meeting

The minutes of the previous meeting were accepted without modification.

3. Semi-annual update on turnover in foreign exchange markets

Average daily turnover in global foreign exchange markets declined a little over the three years to April 2016, though remained at a high level of around \$US 5 trillion (according to the BIS Triennial data). It was noted that turnover in the major markets - Australia, the US, the UK, Singapore, Japan and Canada – has been broadly unchanged since then. The AUD/USD remains fourth-most traded currency pair and the Australian dollar continues to be the 5th most traded currency globally.

4. Endorsement of the FX Global Code

The Chair noted that the final draft of the FX Global Code had been endorsed by the BIS Governors earlier in March. Members of the AFXC agreed to publish a statement in support of the code when it is released to the public in late May. This statement will be published jointly with the other regional FX committees.

The Chair also provided an update on the issue of 'last look' (Principle 17 in the Code). Members discussed trading in the last look window; in particular the wording in the code that it *'is likely inconsistent with good market practice'*. The Chair noted that after the code has been published, additional feedback will be sought from market participants on the general issue of last look.

5. Adherence to the Code

It was noted there were various ways for firms to demonstrate their adherence to the code, and that adherence should be proportionate and appropriate to the type of FX business conducted. The code itself will include a 'Statement of Commitment' that firms can use. Members discussed whether a register could be created that would make a list of institutions that have signed statements of commitment publicly available.

Going forward, a commitment to adhere to the code will be a requirement for AFXC membership. The Chair noted that he would like members to have signed statements of commitment by the end of the year.

The Chair also noted that ASIC was supportive of the code and had referenced it in their recent announcement of accepting enforceable undertakings from FX market participants.

6. Australian annex to the FX Global Code

The current Australian annex to the ACI Code only covers historic rate rollovers. As the FX Global Code provides some guidance on this issue, the Secretary questioned the need for there to be an Australian annex to the new code. Members were asked to submit their views by the next meeting.

7. Global FX Committee meeting in London

The first meeting of the Global Foreign Exchange Committee will be held in London on 24 May. Each of the regional FX committees will be represented by delegates, with Guy Debelle and Hugh Killen (WBC) representing the AFXC.

8. General Business

None.

9. Next meeting

Next scheduled meeting: 29 June 2017 at **4.00pm**

**Australian Foreign Exchange Committee
March 2017**