



# AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

## MINUTES OF JUNE 2017 MEETING

Thursday 29 June 2017  
Reserve Bank of Australia  
65 Martin Place

### Attendees

Guy Debelle, RBA (Chair)  
Matthew Boge, RBA (Secretary)  
Chris Howlett, ACI Australia  
Keith Sedergreen, ACI Australia  
Mark McCarthy, AFMA  
Simon Warner, AMP Capital  
John Findlay, ANZ  
Mark Ferguson, Australian Super  
Winnie Tan, Bank of China  
Stewart Cox, BHP Billiton (via conference call)  
David Hatzidis, CBA  
Andrew Walsh, Citigroup  
Rachael Hoey, CLS (via conference call)  
David Walden, EBS (via conference call)  
Stephen Gilmore, Future Fund  
David Nolan, Goldman Sachs  
Andrew Mourd, JP Morgan  
Peter Fogarty, Macquarie Bank  
Mark Lawler, National Australia Bank (via conference call)  
Stuart Simmons, QIC  
Gary Latner, Thomson Reuters  
Gareth Taylor, Westpac  
Chris Knight, XTX Markets (via conference call)

### Apologies

Lee Merchant, Deutsche Bank  
Jason Griffin, RBA

## **1. Minutes of previous meeting**

The minutes of the previous meeting were accepted without modification.

## **2. Summary of 24 May Global Foreign Exchange Committee (GFXC) meeting**

The Chair and Darryl Hooker (EBS) attended the inaugural meeting of the GFXC in London on behalf of the AFXC. At the meeting, the [terms of reference](#) and governance arrangements for the GFXC were agreed. The Global Code was endorsed by all the member FXCs. The Secretariat for the GFXC will comprise representatives of central banks that sponsor local FXCs.

In addition to its work agenda (see below), the GFXC discussed recent developments in Asian currency markets and was presented with analysis from Thomson Reuters on trading volumes and volatility during the fixing windows.

## **3. GFXC Work Agenda**

The GFXC has requested [feedback](#) on practices related to the use of ‘last look’ in FX markets. Specifically, the GFXC has invited public comment on whether trading activity during the last look that utilises information from the client’s trade request is consistent with good market practice.

The feedback window is open until 21 September and the GFXC will meet in mid-November to consider its response to the feedback. A paper summarising the submissions and proposing a way forward will be prepared by the GFXC Secretariat.

The GFXC will shortly publish a statement concerning the creation of public registers of Statements of Commitment to the FX Global Code. Until such a time that a suitable public register emerges, the Chair confirmed that the AFXC will publish on its website any Statements of Commitment received from local market participants (including AFXC members).

To monitor the impact of the Code on market practice, the GFXC intends to survey market participants globally about their awareness of the Code, their attitudes to it and their expectations of its effectiveness. The initial survey will likely be launched in late September, with the intention of following up with surveys in subsequent years to measure any changes. The Bank of England will administer the survey, with each local FXC compiling a representative sample of market participants that are willing to be surveyed. The Secretary mentioned that he may contact AFXC members for their assistance in creating the sample for the local market.

## **4. Time line for AFXC members’ adherence to the Global Code**

Going forward, members of the AFXC will be expected to demonstrate their adherence to the FX Global Code by signing Statements of Commitment. Several members have already done

so. The Chair confirmed that the aim is for all members to have signed statements by the end of 2017.

#### **5. Australian annex to the Global Code**

At the previous meeting, members had been asked to consider whether an Australian annex needed to be attached to the FX Global Code to reflect specific practices in the local market. As the consensus of the responses submitted to the Secretariat was that an annex was not necessary, the Chair confirmed that no annex would be created at this time.

#### **6. WM/Reuters Forward FX Benchmarks**

Chris Howlett (ACI) briefed the Committee on enquiries he had received from market participants regarding WM/Reuters 4pm (London) fixes for AUD/USD and NZD/USD forward rates. Discussions with WM suggested that the wide (and variable) bid/offer spreads in these rates may have reflected prices sourced from less active participants in the market. Some improvement in the fixes has been noticeable since the matter was raised with WM.

#### **7. General business**

Members briefly discussed the EU's MiFID II reporting requirements, with some wondering whether the associated compliance burden will prompt changes in market structure.

#### **8. Next meeting**

The next meeting will be held on 21 September at 4pm, with the subsequent meeting on 8 November.