



AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

MINUTES OF SEPTEMBER 2017 MEETING

Thursday 21 September 2017

Reserve Bank of Australia

65 Martin Place

Attendees

Guy Debelle, RBA (Chair)
Chris Howlett, ACI Australia
Mark McCarthy, AFMA
Luke Marriott, ANZ
Winnie Tan, Bank of China
Stewart Cox, BHP Billiton (via conference call)
David Hatzidis, CBA
Tim Robinson, Citigroup
Rachael Hoey, CLS (via conference call)
Lee Merchant, Deutsche Bank
Jeff Ward, NEX (via conference call)
Stephen Gilmore, Future Fund (via conference call)
David Nolan, Goldman Sachs
Andrew Mourd, JP Morgan
Will Richardson, Macquarie Bank
Mark Lawler, National Australia Bank
Stuart Simmons, QIC (via conference call)
Gary Latner, Thomson Reuters
Graeme Edie, Westpac
Chris Knight, XTX Markets (via conference call)

Apologies

Simon Warner, AMP Capital
Mark Ferguson, Australian Super

Guest

Laura Berger-Thomson, RBA

Secretariat

Matthew Boge, RBA (Secretary)
Jason Griffin, RBA

1. Minutes of previous meeting

The minutes of the previous meeting were accepted without modification.

2. Update on FX market turnover statistics

The semi-annual data on FX turnover included Hong Kong for the first time. Abstracting from that inclusion, daily turnover in major markets increased by around 6 per cent (in US dollar terms) in the six months to April 2017, returning to the levels of 2013-2014. Although all instruments showed some increase in turnover, it was particularly notable for FX swaps, which rose by around 10 per cent. One member noted that although turnover in spot was little changed, it would likely respond to any future increase in broader market volatility.

To assist in formulation of the 2019 BIS Triennial survey of market turnover, members were asked for their feedback on how FX swaps should be categorised by maturity. Members suggested that swaps and forwards could be broken into categories of: 7-days or less; over 7-days up to 3-months; 3-months to 6-months; 6-months to a year; over 1-year.

3. GFXC Work Agenda

- a. The window for responding to the GFXC's request for feedback on 'last look' (Principle 17 in the Code) was closing later today (21 September). A paper summarising the submissions and proposing the future direction would be prepared by the GFXC Secretariat and distributed to AFXC members for comment before the next GFXC meeting in November.
- b. Members discussed the public registers of Statements of Commitment to the FX Global Code. It was noted that CLS had already established a register, while the member from AFMA outlined a plan to establish a public register locally. AFXC members were invited to participate in a survey to garner further views on the establishment of an AFMA/ACI register.
- c. The GFXC will soon launch a survey to gauge baseline market awareness and expectations of the FX Global Code.

4. Update on AFXC members' Statements of Commitment

Members discussed their progress towards signing Statements of Commitment. The Chair confirmed that the aim is for members to have signed their Statements by the end of 2017. However, it was acknowledged that foreign institutions may be subject to the timeline imposed on their parent by their local FXC.

5. Sydney opening hours

Members revisited the issue of Monday morning opening hours. There was a wide variety of views expressed. If this issue were to be discussed in other forums, it was agreed that it was important that the views of the Australian market were represented. It was noted that opening times should be referenced as 5:00 am (Sydney).

Opening hours for Christmas Day were also discussed. While dealing platforms would be available for trading from 5:00 am (Sydney), many market makers said they would inform their clients that they would open at 8:00 am (Tokyo) on Christmas day.

6. Rotation of AFXC membership

The Chair noted that some rotation of membership would occur after the November meeting. Members were also asked to propose new candidates for membership from the 'buy-side' community as part of the rotation in 2018.

7. General business

ACI Australia provided an update on their dealing simulation training course, which has been modified to take account of evolving market practices.

8. Next meeting

The next meeting will be held on 8 November.