



AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

MINUTES OF MARCH 2019 MEETING

Thursday 7 March 2019
Reserve Bank of Australia
65 Martin Place

Attendees

Christopher Kent, RBA (Chair)
Mark McCarthy, AFMA
Simon Warner, AMP (via conference call)
Luke Marriott, ANZ
Mark Ferguson, Australian Super (via conference call)
Winnie Tan, Bank of China
David Hatzidis, CBA
Andrew Walsh, Citigroup
Lee Merchant, Deutsche Bank
David Kendrick, HSBC (via conference call)
Andrew Mourd, JP Morgan
Will Richardson, Macquarie Bank
Mark Lawler, National Australia Bank
Simon Watkin, NEX (via conference call)
Stuart Simmons, QIC
Gary Latner, Refinitiv
Simon Sukhaseume, SSGA
Graeme Edie, Westpac
Chris Knight, XTX Markets

Apologies

Keith Sedergreen, ACI Australia
Stewart Cox, BHP Billiton

Guests

Jarkko Jääskelä, RBA

Secretariat

Matthew Boge, RBA (Secretary)
Jason Griffin, RBA

1. Competition Guidelines

The Chair reminded attendees that the AFXC meeting would be conducted in-line with the RBA's [Competition Law Guidance](#).

2. Minutes of previous meeting

The Chair acknowledged changes to the publishing of minutes implemented at the last meeting, which shortened the lag between the meeting and the publishing of the minutes.

3. Update on FX market turnover statistics

Members were briefed on semi-annual FX turnover data which showed global turnover decreased slightly over the six months to October 2018, but remained at a high level. The decline was driven by a modest decline in FX swap turnover. Global turnover for AUD rose by 15 per cent, with increases noted in Hong Kong and Singapore.

Recent changes to the survey also allowed a more granular breakdown by tenor of FX instruments. The data showed the maturity of outright forwards was spread fairly evenly across shorter maturity buckets out to three months. For FX swaps, turnover was weighted significantly to tenors of 7 days or less.

4. January 2019 flash event in Yen-crosses

Members discussed the extreme intra-day volatility in Yen-crosses on 3 January and factors which may have contributed to this episode. Members expressed concerns over market functioning. Some members suggested, were clients to leave more resting orders - a practice which had declined in recent years - these orders could improve liquidity in episodes of this nature. Members also discussed ways to make trading systems and platforms more resilient, although it was noted that some solutions may also lead to a reduction in liquidity in certain situations.

The flash event in Yen-crosses would be discussed at the May GFXC meeting, so members would have an opportunity to continue their discussion on this topic at the AFXC meeting to be held just prior to then.

5. Global Foreign Exchange Committee (GFXC) Work Agenda

a. GFXC working groups on 'Disclosures' and 'Cover and Deal'

The Secretary provided an update on the progress of the GFXC's working groups. Both working groups were focussed on issues associated with anonymous trading.

b. Buy-side Liaison

The member from QIC provided an update on the activities of the GFXC's buy-side liaison group (of which he is a member). To increase engagement with buy-side market participants the group was focussed on: raising awareness of the Code amongst the buy-side; outlining motivations for

why buy-side firms should sign up to the Code; giving practical guidance on implementing the Code; and explaining the consequences of signing up to the Code (relating to ongoing compliance and governance).

Each regional foreign exchange committee (including the AFXC) had been tasked with directly contacting a number of buy-side firms. It was discussed how that could best be done.

6. General Business

The next GFXC meeting will take place on 22-23 May in Tokyo.

7. Next AFXC meeting

16 May 2019.

**Australian Foreign Exchange Committee
March 2019**