



AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

MINUTES OF MARCH 2021 MEETING

Thursday 18 March 2021

Conducted via videoconference

Attendees

Christopher Kent, RBA (Chair)
Guy Debelle, RBA (GFXC Chair)
Chris Howlett, ACI Australia
Mark McCarthy, AFMA
Luke Marriott, ANZ
Winnie Tan, Bank of China
Deirdre Williams, BHP Billiton
David Hatzidis, CBA
Aaron Ng, Citigroup
Lee Merchant, Deutsche Bank
Catherine Rich, Goldman Sachs
Andy Lukas, HSBC
Will Richardson, Macquarie Bank
David Roughley, National Australia Bank
Simon Watkin, NEX
Stuart Simmons, QIC
Gary Latner, Refinitiv
Simon Sukhaseume, State Street Global Advisors
Jeremy Carr, Suncorp
Gareth Taylor, Westpac
Chris Knight, XTX Markets

Apologies

Andrew Scott, AMP

Secretariat

Matthew Boge, RBA (Secretary)
Jason Griffin, RBA

1. Welcome and Competition Guidelines

The Chair reminded attendees that the meeting would be conducted in line with the RBA's [Competition Law Guidance](#). The Chair also welcomed new representatives David Roughley (NAB) and Gareth Taylor (Westpac), and thanked Simon Sukhaseume for his three years of service as he leaves the Committee.

2. Global Foreign Exchange Committee (GFXC) Work Agenda

AFXC members considered draft papers related to the GFXC's review of the FX Global Code. These papers outlined proposed changes to the Code, along with the introduction of templates to improve transparency and standardisation for FX algorithms, transaction cost analysis (TCA), and the general disclosure of information. The proposed changes to the Code related to algorithmic trading and TCA, anonymous trading, settlement risk, FX disclosures and riskless principal.

AFXC members were broadly supportive of the proposed changes and the draft templates. There were divergent views on the appropriate level of detail for the proposed template on algorithms, especially with regards to child orders.

Members also discussed revised drafts of the GFXC's guidance papers on last look and pre-hedging. Members remain of the view that further GFXC guidance on these topics would be beneficial and generally thought that the latest revisions had improved the papers, but had suggestions for further improvement and clarification.

The Secretariat encouraged members to contribute any more detailed views on the papers via email, with all of the AFXC's feedback to be passed on to the GFXC. After considering the feedback from the AFXC and other member FXCs, the GFXC would launch a public request for additional feedback on the proposed Code changes and the draft templates in April. Changes to the Code would be finalised by mid-year.

3. Update on FX market turnover statistics

Members were briefed on semi-annual FX turnover data, which showed global turnover increased slightly in October 2020 compared with six months before, while turnover in the Australian market had declined marginally (due to valuation effects).

FX swaps continued to account for the largest share of turnover in the Australian market, with activity concentrated in tenors of seven days or less. Although turnover in longer-dated cross currency swaps had increased in aggregate, more granular data showed that activity in AUD/USD currency swaps had declined materially. This was likely influenced by changes in the composition of bank funding prompted by the introduction of the RBA's Term Funding Facility.

4. Next meeting

The next AFXC meeting is expected to be held in mid-June 2021.

Australian Foreign Exchange Committee

March 2021