



AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

Minutes of May 2023 Meeting

Wednesday 17 May 2023

Attendees

Christopher Kent, RBA (Chair)
Chris Howlett, ACI Australia
Damian Jeffree, AFMA
Luke Marriott, ANZ
Andrew Fielding, Australian Super
Winnie Tan, Bank of China
Anthony Kritikides, CBA
Aaron Ng, Citigroup
Darren Boulos, Deutsche
Scott Sloman, Goldman Sachs
Will Richardson, Macquarie Bank
Heath Moody, National Australia Bank
Simon Watkin, CME Group
Daniel Guille, Refinitiv/LSEG
Jeremy Carr, Suncorp
Gareth Taylor, Westpac
Chris Knight, XTX Markets

Apologies

Stuart Simmons, QIC

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](#).

2. Membership Changes

The Chair noted the departure of Andrew Scott (AMP) from the committee and welcomed Andrew Fielding (Australian Super) as a new buy-side committee member. The Chair also welcome Daniel Guille (Refinitiv/LSEG, replacing Gary Latner from the same firm) and Darren Boulos (Deutsche Bank, replacing Lee Merchant from the same firm). Lastly, it was noted that Anthony Kritikides (CBA) would be standing in for David Hatzidis (CBA) for the next few meetings.

3. Recent trading conditions

Members discussed conditions in foreign exchange (FX) forwards markets over recent months, particularly during March when concerns emerged around US regional banks. Although the cost of borrowing US dollars in FX forwards had increased briefly, it was argued that this was driven by broader volatility in US interest rate markets at the time and that there was little tightness in actual funding conditions. In particular, short-term FX forwards – an intensively used source of funding – had shown no signs of dislocation. One member suggested that the availability of central bank swap lines had made FX forward markets more resilient.

In contrast to the volatility observed in interest rate markets over recent months, members noted that conditions in FX spot markets – including for the Australian dollar – had remained orderly. Measures of liquidity such as market depth and top-of-book spreads were observed to have been little changed for several months.

4. GFXC Meeting

The Chair noted Jason Griffin (RBA) and Luke Marriott (ANZ) will represent the AFXC at the June GFXC meeting in Mexico City. Agenda items will include recent market conditions, enhancing buy-side adoption of the FX Global Code, issues surrounding market data availability and how best to develop standards for dealing with unscheduled holidays.

5. Proposal for local FX market trading conventions

At the November 2022 AFXC meeting, it was agreed that the members from ANZ and ACI Australia would form a subcommittee to begin drafting possible trading conventions for the local market. At this meeting, it was agreed: (i) that the conventions would be intended to apply only to price-makers located in Australia; (ii) that the conventions should not contradict or overlap with the FX Global Code or with ISDA's FX Definitions; and (iii) that robust governance arrangements would be needed, including a process for allowing broader feedback from market participants on any proposed conventions.

It was noted that ISDA are currently surveying market participants on the possibility of updating their FX Definitions, and AFXC members were encouraged to take part in that survey.¹

The members from ACI Australia and AFMA noted that they should be able to assist with obtaining industry feedback on any draft conventions developed by the AFXC.

6. AFXC Buy-side Outreach

Two sell-side members outlined their recent experiences in talking to buy-side clients regarding engagement with the FX Global Code. Both members noted that awareness of the Code amongst this segment of the market was seen to be good. However, the clients did not view signing a Statement of Commitment to the Code as a high priority for them. It was suggested there was not a strong catalyst for prioritising signing up to the Code amid competing work agendas.

The member from ACI, who is part of a GFXC working group looking at 'Motivations to Sign up to the Code', discussed how the group had looked at ways to not only improve the visibility of the Code but also ways to enhance its profile by having it considered within buy-side governance frameworks.

7. Other Business

Depending on the conclusions of the June GFXC meeting, the Chair noted there may be opportunities for members to join GFXC working groups. Expressions of interest would be sought if that was the case.

**Australian Foreign Exchange Committee
May 2023**

1 <https://www.isda.org/2023/04/19/isda-fx-definitions-market-participant-survey/>.