



# AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

## Minutes of September 2023 Meeting

Tuesday 19 September 2023

### **Attendees**

Christopher Kent, RBA (Chair)  
Chris Howlett, ACI Australia  
Damian Jeffree, AFMA  
Luke Marriott, ANZ  
Winnie Tan, Bank of China  
David Hatzidis, CBA  
Darren Boulos, Deutsche  
Scott Sloman, Goldman Sachs  
Will Richardson, Macquarie Bank  
Simon Watkin, CME Group  
Stuart Simmons, QIC  
Daniel Guille, Refinitiv/LSEG  
Jeremy Carr, Suncorp  
Gareth Taylor, Westpac  
Chris Knight, XTX Markets

### **Apologies**

Andrew Fielding, Australian Super  
Heath Moody, National Australia Bank  
Aaron Ng, Citigroup

### **Guests**

John Ball (GFMA)  
Janet Dawson (GFMA)

### **Secretariat**

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. Presentation on US Securities Markets Migration to T+1 Settlement**

Representatives from the Global Financial Markets Association (GFMA) provided the Committee with an update of forthcoming changes to shorten the standard settlement from t+2 to t+1 in US securities markets, focusing on the potential flow-on effects to foreign exchange (FX) markets.

The presentation noted the significance of foreign investment in US security markets, and that the funding of security markets trades often requires FX settlement; ideally these trades should occur as close to each other as possible to avoid inefficient activities such as pre-funding accounts. For securities trades (especially those that occur "market-on-close") that require funding through FX markets, there would be only a small window of time to match trades to then make CLS cut-off times. Should FX trades not make the CLS cut-off, there may be an increase in FX settlement risk. It was also noted that this small window of time (4pm to 6pm New York), is currently a less liquid time in foreign exchange markets. Furthermore, for equity-related FX trades that are currently benchmarked against the t+1 4pm London WMR fixing, this option would be unavailable.

AFXC members noted that it was important that investors across the Asian region be aware of the potential implications of the changing settlement schedule to ensure the risks could be managed appropriately.

## **3. GFXC Meeting**

Luke Marriott (ANZ) provided members with a summary of the GFXC meeting he attended in Mexico City in June. He discussed the output from current GFXC working groups, acknowledging the thanks that Stuart Simmons (QIC) received for his work in developing the GFXC's proportionality self-assessment tool. It was noted the GFXC would be conducting further work on a range of topics, including: improving the collection of FX settlement data; planning a survey for measuring the effectiveness of the FX Global Code; and liaising with ISDA on how to develop standards for dealing with unscheduled holidays.

## **4. Proposal for local FX market trading conventions**

A set of draft conventions were distributed to AFXC members ahead of the meeting. Members discussed whether the conventions could be further condensed, particularly given that some members questioned whether the AFXC should be developing local FX conventions. It was suggested by some that the conventions could instead be issued as guidance, or as a FX reference document hosted on the ACI website, rather than formal conventions endorsed by the AFXC. Ahead of the next meeting it was suggested that the draft conventions should be truncated further and that members should consult with their legal teams of the ramifications of the conventions.

## **5. Other Business**

The Chair acknowledged the resignation of Chris Knight (XTX) from the AFXC and thanked him for his contribution over the past seven years.

Members noted that Christmas Day falls on a Monday this year, which will be a holiday in Australia. Rather than the usual 5:00 am Sydney Monday open, many market makers said they would commence at the Japanese open at 8.00 am (Tokyo).

**Australian Foreign Exchange Committee  
September 2023**