



AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

Minutes of February 2024 Meeting

Wednesday 28 February 2024

Attendees

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

Guests

Phillip Blackwell (ASIC)
Andrew Templer (ASIC)
Adrien Lau (ASIC)
Andrew Jones (ASX)
Monica Chiu (ISDA)
Jing Gu (ISDA)
Liza Minervina (RBA)

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 noted the retirement of Keith Sedergreen (ACI Australia) and thanked him for his service to the committee. Chris Knight will now represent ACI Australia on the Committee; Chris had formerly sat on the committee as a representative from XTX Markets.

2. ASIC's Guidance for Market Intermediaries on Pre-hedging

Representatives from ASIC discussed their [guidance letter](#) on pre-hedging which was issued to the CEOs of market intermediaries in early February. There was some discussion on the scope of the guidance, with ASIC highlighting that its guidance was agnostic to the product being traded. At a global level, ASIC noted they were working with IOSCO on this issue and a paper would be published around the middle of the year on which industry feedback would be sought.

3. FX Turnover Survey

Members were briefed on the October 2023 semi-annual FX turnover survey, which showed that global daily average turnover had been stable, with FX swaps continuing to account for the largest share of turnover. In Australia, average daily turnover had broadly trended upwards since October 2021. However, it was noted that this had been primarily driven by an increase in related-party transactions.

Members were also briefed on upcoming changes to the collection of data on settlement methods. Going forward, respondents will report settlement data on a global basis (and only in the jurisdiction where they are headquartered). The data will be aggregated and published by the Global Foreign Exchange Committee (GFXC).

4. GFXC work agenda

The Secretary outlined the GFXC's plan for the 2024 Review of the FX Global Code. The plan was formed following input from the BIS Markets Committee, a survey of market participants and a survey of the local FXCs (including the AFXC). The feedback confirmed a general view that the existing Code remained fit-for-purpose, but did highlight several areas for review: adherence amongst the buy-side; the usage of Disclose Cover Sheets; settlement risk; the usage of FX data and the role of custodians and prime brokers. Working groups will be formed to consider these issues and advise on any modifications to the Code or other steps. Members were reminded that if they would like to participate in any of the working groups they should contact the Secretariat.

5. Implications of t+1 securities settlement

The member from Westpac briefly discussed FX industry preparations for the change to t+1 securities settlement in North America in May 2024. It was noted that there was a general focus on funding considerations arising from these changes and on limiting any increase in settlement failures in FX. Potential changes in the amount of trading activity towards the end of the New York day were also discussed.

A representative from the ASX discussed a research paper they are preparing (with a working group of market participants) on considerations that would arise from any move to t+1 settlement for Australian equities. They outlined the landscape of the Australian equity market, noting less than one per cent of transactions in Australia fail to settle (which is much lower than many other jurisdictions). The research paper was scheduled to be released in May 2024; ahead of that time the ASX was interested in receiving any feedback on potential FX-related issues.

6. ISDA FX Definitions – update strategy

Representatives from ISDA provided a detailed briefing on their [strategy and timeline](#) for updating ISDA's '1998 FX and Currency Option Definitions' and related documentation. The process will extend until 2027. In addition to updating the documentation for broad trends in how the market has evolved, the process will also focus on providing clarity on arrangements for unscheduled holidays and on fallback arrangements for non-deliverable forwards.

7. General Business

The next AFXC meeting is planned for 20 June.

**Australian Foreign Exchange Committee
February 2024**