



# AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

## Minutes of June 2024 Meeting

Wednesday 19 June 2024

### Attendees

Christopher Kent, RBA (Chair)  
Chris Howlett, ACI Australia  
Damian Jeffree, AFMA  
Luke Marriott, ANZ  
Winnie Tan, Bank of China  
Anthony Kritikides, CBA  
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

### Apologies

Matthew Boge, RBA (Secretary)  
Andrew Fielding, Australian Super  
Aaron Ng, Citigroup

### Guests

Matthew Carter, RBA  
Peter Gallagher, RBA

### 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. GFXA Work Agenda

Peter Gallagher (RBA) and Luke Marriott (ANZ) will represent the AFXC at the GFXC meeting in Frankfurt on 1-2 July. Stuart Simmons (QIC) will also attend, as Stuart is now the co-Vice Chair of the GFXC.

As part of the triennial review of the FX Global Code, the GFXC Chair has made some proposals to address pre-hedging and is seeking answers to four questions from the Local FX Committees. The AFXC Secretariat will send a summary response on behalf of the AFXC, acknowledging any diversity of views and provide some commentary on the reasons for members' views (and the strength of their opinions).

*Question 1: Does your LFXC agree to include a link to the Guidance Paper on Pre-hedging in the Code?*

Most AFXC members support including a link to the Guidance Paper on pre-hedging in the Code. Those who were unsupportive thought it would be best to wait until IOSCO and the FMSB have completed their work on pre-hedging, such that the GFXC could first understand the implications of that work.

*Question 2: Does your LFXC consider that the link to the Guidance Paper on Pre-hedging should be accompanied by a disclaimer clarifying that GFXC's supporting materials are not part of the Code nor subject to the Statement of Commitment?*

The strong view within the AFXC is that a disclaimer clarifying that Guidance Papers are not part of the Code is needed somewhere. This could be either in the Guidance Papers themselves (as is currently the case) and/or alongside any links inserted in the Code.

*Question 3: Does your LFXC support a review of the Disclosure Cover Sheets to further clarify the use of Pre-hedging in FX trading by liquidity providers?*

AFXC members were evenly split as to whether the Disclosure Cover Sheets should be amended to provide greater clarity on the use of pre-hedging by liquidity providers. Some thought that the firms' general disclosure documents were better suited to providing finer detail and context on pre-hedging to their clients.

*Question 4: Does your LFXC support including disclosure of Pre-hedging practices in the Disclosure Cover Sheets for platforms?*

There was less support from AFXC members for including pre-hedging practices in the Disclosure Cover Sheets for platforms. For some, this reflected uncertainty about the form that any such disclosure would take and how it could be interpreted across different types of platforms.

Stuart Simmons (QIC) is leading the FX Data Working Group for the GFXC and provided an overview of the changes his working group is proposing. The first stream is aimed at providing more transparency around FX data and transactions under 'delegated execution' (where execution has been dedicated to a service provider who acts as both a 'Principal' and an 'Agent' to the trade). The Code does not identify this unique situation and under current guidance a market participant who acts as both can self-select as a 'Principal'. To address this, the working group is proposing to amend Principles 9 and 36 in the Code, add a new example in Annex 1, and add a new definition to the Glossary in Annex 2. The second stream centres on greater transparency around the use of data generated by clients on electronic trading venues. Proposed actions are to add relevant questions to the Disclosure Cover Sheets for both platforms and liquidity providers, and to amend Principle 9 in the Code.

### **3. Update on T+1 Securities Settlement in North America**

Members were updated on the recent transition to T+1 securities settlement in North America, which was widely acknowledged to be proceeding without any substantive concerns so far. It was noted that there had been a mild uptick in the volume of same-day FX swaps since late May, which had been discussed as one of the potential implications of the change. Members commented that there had been some issues late in the NY session with clients that had not been onboarded, particularly when dealing with funds and setting up their multiple sub-accounts. This had led to a small increase in failed trades. One member asked whether the FX industry collects data on failed trades.

### **4. Other Business**

The Chair proposed that the next AFXC meeting be held before October which would allow members to review outcomes from the GFXC meeting and vote on any recommendations.

**Australian Foreign Exchange Committee  
June 2024**