



AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

March 2025 Meeting

Thursday 6 March 2025

Attendees

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

Apologies

Simon Watkin, CME Group
Will Richardson, Macquarie Bank

Guests

Ronan McCarthy (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](#).

2. FX Turnover Survey

Members were briefed on the latest semi-annual FX turnover data, which showed global turnover had decreased in October 2024 compared with six months before, while turnover in the Australian market had increased slightly. FX swaps continued to account for the largest share of turnover in the Australian market.

The increase in Australian market turnover was primarily driven by related-party trades, which now account for about 50 per cent of turnover. If related-party trades (which are non-market facing trades) are excluded, turnover in the Australian market has been relatively flat in nominal terms over the past several years. The increase in related-party turnover is likely to reflect the increased adoption of centralised FX risk management by banks, allowing one central hub to oversee and manage risk across multiple branches.

The October 2024 survey collected settlement data using a new methodology: data is compiled on a global group basis, rather than a sales desk basis as per other parts of the turnover survey. The data suggested that Australian institutions utilise mechanisms to eliminate settlement risk for 90% of their trades, which is a similar proportion to global institutions. PVP systems were the predominant method of settlement.

3. Recent Trading Conditions in Foreign Exchange markets

Members discussed conditions in foreign exchange markets over recent months. It was noted that volumes had dipped slightly into the US election but had since normalised. Members opined that market depth had diminished a little in AUD, but more so in cross-YEN as uncertainty generated by US tariff announcements had seen traders less willing to internalise flow. Liquidity around the date roll (the end of New York trading, before Asian markets open more fully) – historically a period of low liquidity – had worsened over recent months.

Market functioning in the AUD forwards market had continued to be very orderly. The market was seen to be in good balance with the usual fund and exporter 'paying' interest well matched by 'receiving' from bank balance sheet activities (i.e. where they borrow AUD under swap as part of their offshore funding programs).

4. Global Foreign Exchange Committee (GFXC) Work Agenda

Stuart Simmons (QIC), who co-leads the GFXC's FX Data working group, provided an update on the group's work which was focused on two areas: assessing the availability and use of reference rates for FX swaps (forwards); and looking into the usage of banks' disclosure cover sheets.

The FX Settlement Risk working group aims to produce a report on settlement risk within FX markets this year. This will include analysis of the new settlement data collected in turnover surveys (see above), including in the 2025 BIS Triennial Survey.

Chris Howlett (ACI), a member of the Motivations for Code Adherence working group, provided an update on recent changes to leadership of the group. Following analysis of different sectors of market participants, it was noted the group would be looking to focus future work on improving Code adherence by asset managers.

5. Renewing Statements of Commitment (SoC) to the FX Global Code

The Chair noted the GFXC had published guidance in January for renewing Statements of Commitments, stating that a 12-month period should be sufficient for those affected by the Code changes to align their practices with its principles. Furthermore, the GFXC expects all Market Participants to ensure that their SoCs remain accurate over time.

Consistent with the GFXC's guidance, it was expected that all members of the AFXC will renew their Statements of Commitment by end-January 2026.

6. Buy-side engagement on the FX Global Code

The member from NAB provided the committee with an update on buy-side outreach they had conducted with several superannuation fund clients. It was noted that these clients had good awareness of the Code, but none had signed it. The Code was not viewed as a priority amidst other regulatory reporting commitments, with one client suggesting they viewed the Code as a responsibility for banks to ensure they were adhering to it. Members discussed ways in which they could persuade buy-side market participants of the value (and importance) of their adhering to the Code.

7. General Business

None.

**Australian Foreign Exchange Committee
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