DISCLAIMER: the views expressed in this presentation are solely those of the author and do not necessarily represent the views of the ECB
Topics

1. FX Working Group overview
2. First review
3. Second review
4. Adherence update
1-FX Working Group overview

FXWG and Work Stream 1 & 2

Guy Debelle (RBA)
- Chair of BIS Markets Committee
- Chair of FXWG

Work stream 1: Developing the Global FX Code
- Led by Simon Potter, FRBNY
- FXWG Member

Work stream 2: Developing Proposals to Promote Adherence to the Global FX Code
- Led by Chris Salmon, BoE
- FXWG Member
1-FX Working Group overview

Developing the Global FX Code: Two Tracks

FXWG
To provide guidance and direction to help facilitate the establishment of the Global FX Code

Language to be “harmonised” across the existing codes of best practice into the new Global FX Code

- FXC Secretariat Working Group (SWG)

Topics to be developed further given limited or insufficient coverage in existing codes of best practice and to be considered for inclusion in the new Global FX Code

- Market Participants Group (MPG)

The resulting Global FX Code will be adopted and endorsed by the various central bank-sponsored foreign exchange committees and in other regions as applicable.
1-FX Working Group overview

Developing the Global FX Code and Adherence: A Road Map

May 2017
Final Publication and Adoption by FXCs

Interaction with FXWG
(sometimes from FXCs where appropriate)

MPG Development

Secretariat WG Development

Finish Line
2- First review within FXWG (11-28 December)

• Feedback received from a dozen central banks as well as the MPG

• 700+ individual comments
  • 4% general
  • 55% ethics
  • 32% execution
  • 9% post trade

• Roughly even mix of style comments versus content comments

• FXWG and MPG feedback somewhat consistent, FXWG more focused on brevity
2- First review within FXWG (11-28 December)

Revisiting Style Points

• **Central Guidance when developing the Code** (From September Meeting)
  - The Code should establish principles and, where appropriate, provide examples.
  - The Code should be as succinct and clear as possible.
  - The Code should be organized in such a way to encourage ease of use and adherence by market participants.

• **Targeted level of detail** (From November Meeting)
2- First review within FXWG (11-28 December)

• **General comments:**
  • Need to harmonize across sections, level of granularity, and tone of language
  • Terms need to be defined and used consistently throughout
  • Need greater representation of the buy-side point of view
  • Acknowledge role of regulation versus Code in introduction
  • Streamline examples
  • Proportionality may need to be taken into account for certain guidance given different footprints and business models by firm
3- Second review (3-12 February 2016)

• Feedbacks received from FXCG, OMCG, ESCB Committee (MOC)

• 211 individual comments
  • 3% introduction
  • 2% ethics
  • 8% info sharing
  • 44% execution
  • 40% confirmation and settlement
  • 3% general
3- Second review within FXWG (3-12 February)

• **General comments**
  
  • Less legalistic, clear and succinct language
  • Define further some terms (pre-hedging, mark-ups…)
  • Clarify (principal/agent)
  • Introduce more granularity
  • Reinforce balanced approach for level of detail
  • Move some examples to examples annex, develop examples after principles have been defined
  • Develop appendix for glossary of terms
4- Adherence overview

- Public update in May 2016
- Definition of wholesale market participants
- Tools analysis
- Workshop with academics in January