



AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

MINUTES OF SEPTEMBER 2019 MEETING

Thursday 19 September 2019

Reserve Bank of Australia

65 Martin Place

Attendees

Christopher Kent, RBA (Chair)

Guy Debelle, RBA (GFXC Chair)

Keith Sedergreen, ACI Australia

Mark McCarthy, AFMA

Simon Warner, AMP (via conference call)

Luke Marriott, ANZ

Winnie Tan, Bank of China

Deirdre Williams, BHP Billiton (via conference call)

David Hatzidis, CBA (via conference call)

John Nihill, Citigroup

David Kendrick, HSBC

Andrew Mourd, JP Morgan

Craig Ross, Macquarie Bank

Mark Lawler, National Australia Bank

Simon Watkin, NEX

Stuart Simmons, QIC

Gary Latner, Refinitiv

Simon Sukhaseume, SSGA

Graeme Edie, Westpac

Chris Knight, XTX Markets

Apologies

Lee Merchant, Deutsche Bank

Guests

Benjamin Cohn-Urback, ASIC

David Stocken, ASIC

Luke Besselaar, ASIC (via conference call)

Jarkko Jaaskela, RBA

Secretariat

Matthew Boge, RBA (Secretary)

Jason Griffin, RBA

1. Competition Guidelines

The Chair reminded attendees that the meeting would be conducted in line with the RBA's [Competition Law Guidance](#).

2. Update from ASIC

Guests from ASIC discussed ASIC's [consultation](#) process for the proposed use of their product intervention powers in the retail markets for over-the-counter (OTC) binary options and contracts for difference (CFDs). These proposed orders would prohibit the issue and distribution of OTC binary options to retail clients, limit leverage on CFDs and protect against negative client balances on CFDs.

ASIC also provided members with high-level observations from their on-site visits to wholesale FX market participants over the past 12-18 months, including their assessment of banks' surveillance frameworks. With the FX Global Code having been used as a reference point in their assessments, discussion focused on practices around pre-hedging (Principle 11 of the Code), 'last look' rejection rates (Principle 17) and mark-up practices (Principle 14).

3. FX Turnover Data

Members were briefed on the preliminary results of the 2019 BIS Triennial Survey which showed global turnover in foreign exchange averaged \$6.6 trillion per day in April 2019, up from \$5.1 trillion three years earlier. The US dollar retained its dominant currency status, while emerging market currencies gained market share. Although renminbi turnover increased, it grew only marginally faster than the aggregate market. AUD remained the fifth most traded currency.

By product, the volume of spot trades increased over the period but stronger growth in FX swaps saw these instrument account for 49% of total market turnover in the survey period.

4. Global Foreign Exchange Committee (GFXC) Work Plan

a. Annual GFXC survey of market participants

The Secretary noted the GFXC's annual survey of the Code would be launched on 19 September and encouraged all recipient members to complete it. This survey will be used to provide input into the GFXC's 3-year review of the FX Global Code.

b. 3-year review of the FX Global Code

The GFXC Chair outlined the plan for the 3-year review of the Code, noting the various methods by which market participants could provide input (including the above mentioned survey). Feedback from AFXC members (and other Australian market participants) was sought by 10 October. The GFXC Chair outlined some criteria that would be used to establish priorities for the GFXC, including whether the issue relates to changes in market practice and structure, or

whether there is otherwise a sizeable degree of support to reconsider an issue in a way that hasn't occurred before.

c. Buy-side outreach

The member from QIC provided an update on the activities of the GFXC's 'Buy-side Outreach' working group. A webinar and 'gap analysis' material had been completed but further work to increase engagement with buy-side market participants would take the form of publishing a 'FAQ' on the GFXC website, along with case studies and various other advocacy documents.

5. General Business

None

6. Next meeting

25 November

**Australian Foreign Exchange Committee
September 2019**