AUSTRALIAN FOREIGN EXCHANGE COMMITTEE

August 2026 Meeting

Thursday 27 August 2026

Attendees

Christopher Kent, RBA (Chair)
Chris Howlett, ACI Australia
Damian Jeffree, AFMA
Luke Marriott, ANZ
Jim Vouziotis, ANZ
Winnie Tan, Bank of China
Aaron Ng, Citigroup
Simon Watkin, CME Group
Darren Boulos, Deutsche Bank
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

Andrew Fielding, Australian Super
Deirdre Williams, BHP Billiton
Anthony Kritikides, CBA

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. AFXC Membership Changes

The Chair noted that Luke Marriott (ANZ) was stepping down from the Committee and will be replaced by Jim Vouziotis. Luke's contributions over 10 years have been noteworthy, not just at AFXC meetings, but also representing the AFXC at the GFXC and participating in several GFXC working groups. Members thanked Luke for his contribution over many years.

3. Global Foreign Exchange Committee (GFXC) work agenda

2026 GFXC industry survey: members were reminded to complete the GFXC 2026 FX Global Code Survey, which has been designed to gather feedback and identify any areas of interest to assist in the 2027 review of the Code. The survey closes on 11 September.

GFXC FX Data working group: Stuart Simmons (QIC, co-Vice Chair of GFXC), who co-leads the working group, noted the group was focused on two areas of work: Disclosure Cover Sheets (assessing take-up and use) and reference rates (where they were looking to write an education piece about how people are accessing and using reference rates).

FX Settlement Risk working group: The Secretary presented summary statistics from the 2025 Bank for International Settlements (BIS) Triennial Survey which showed that globally, approximately 10 per cent of obligations were settled on a gross bilateral basis (and were therefore exposed to Herstatt risk). Members discussed why this may be the case: for example, some currency pairs may not be eligible for payment-versus-payment (PvP) systems, while other trades – such as those with same-day value – may not make cut-off times for PvP systems or netting arrangements. Some members opined that while the share of FX obligations not settling with strong risk mitigation was low, the amounts were still large in an absolute sense. Further analysis of this data would be undertaken by the working group in collaboration with the BIS.

It was noted that from September, the GFXC would start to publish settlement data collected as part of the six-monthly central bank surveys conducted across a number of jurisdictions (including Australia). This data would be published in aggregated form.

Motivation for Adherence working group: Chris Howlett (ACI Australia) provided an update on the group's outreach, noting that the GFXC letter to corporations was also being distributed by the Nordic Countries and the US FX Committees. The member noted the working group – with the assistance of the GFXC Secretariat – was also looking to update the GFXC's website with a particular focus on adding new materials to support education and awareness.

4. Buy-side Outreach

The Secretariat noted that each sell-side institution would be asked, on a rotating basis, to assist in buy-side outreach. Each sell-side member would be asked to send a jointly signed AFXC-GFXC letter to a selection of buy-side clients that have not yet signed a Statement of Commitment to the FX Global Code and follow up with recipients to understand their responses and any barriers to adherence. Members agreed to provide high level feedback – without sharing client names - at future AFXC meetings to support ongoing efforts to promote awareness and adoption of the Code.

5. **Recent Trading Conditions in Foreign Exchange Markets**

The member from Westpac led off the discussion on FX market conditions, noting that despite increased uncertainty including around the Middle East conflict, volatility remained very low. Not only were top-of-book bid-offer spreads tight but market participants' willingness to stream increasing amounts of liquidity into the market was noteworthy. There was a suggestion this may represent a level of complacency that can emerge during extended periods of low volatility. The member also pointed to the largest 10 moves in exchange rates over the preceding three months, highlighting that none were particularly large by historic standards despite several significant macro events, including official sector intervention in some currency pairs. Separately, one member opined there was a challenging tension between running a low-latency trading engine and protecting their system from cyber risks.

Market functioning in the forwards market had also continued to be very stable, with members noting that the recent decline in exchange settlement account balances at the RBA seemed to have had little impact on the pricing of Australian dollar forwards.

6. **Systemic trends in hedging of offshore assets Agenda**

At the November 2025 meeting, the Committee had discussed the potential liquidity management issues associated with managing large FX hedge books. The Chair noted APRA's June 2026 System Risk Stress Test, which included a scenario involving large movements in the Australian dollar. APRA's conclusion was that participating banks and superannuation funds were able to withstand the shock. Members noted APRA's observation that *"… superannuation funds may need to invest more overseas due to size limitations in domestic markets. Over time, this will increase exposure to currency risk. Managing that risk may become more challenging if existing hedging providers, such as domestic banks, are unable to offset these exposures, leading to greater use of margining to manage these risks."*

There was some discussion on the nature of APRA's stress test, with some noting the scenario for the exchange rate was not particularly severe, including because it allowed for the Australian dollar to initially increase. Members noted APRA's intention to continue monitoring the evolution of foreign exchange risk as the superannuation system matures.

7. **General Business**

None

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