



FOREIGN EXCHANGE COMMITTEE CHARTER

Effective Date: January 5, 2012

Objectives

The Foreign Exchange Committee (FXC) is an industry group that has provided guidance and leadership to the global foreign exchange market since its founding in 1978. The Committee is an independent body sponsored by the Federal Reserve Bank of New York (FRBNY). The Federal Reserve Bank of New York views the Committee as an advisory group that provides insight to FRBNY on market conditions, identifies market-related problems, and suggests solutions or next steps. The Foreign Exchange Committee (FXC) is intended to:

- Provide a forum for discussing issues in the foreign exchange and related international financial markets;
- Serve as a channel of communication from these markets to the Federal Reserve System and, where appropriate, other official institutions within the United States and abroad;
- Enhance knowledge and understanding of the foreign exchange and related international financial markets, in practice and in theory;
- Foster improvements in the quality of risk management in these markets;
- Develop recommendations and prepare other papers on market issues and practices with a view toward improving the functioning of the foreign exchange markets; and
- Work with the other organizations representing participants in relevant financial markets.

Membership and Governance

The Committee is intended to be constituted in such a manner as to ensure fair presentation and consideration of all points of view and interests in the market at all times. The composition of the Committee can include banks, other dealers, foreign exchange brokerage firms, other financial entities who transact in the foreign exchange market, key market infrastructure providers, and the Federal Reserve Bank of New York (ex officio). In general:

- The Committee consists of no more than thirty-five members.

- Institutions participating in the Committee are chosen in consideration of: a) their participation in the foreign exchange market and b) their market perspective. Selection of participants remains flexible to reflect changes as they occur in the foreign exchange market.
- Members are chosen with regard to the firm for which they work, their job responsibilities within that firm, their market stature, and their ongoing role in the market. Members should have a broad knowledge of the foreign exchange market and should be in a position to speak for their respective institutions;
- The membership term is two calendar years. A member may be renominated for additional terms; however, an effort will be made to maximize participation in the Committee by institutions eligible for membership. The normal term of the Committee's Chair, who will not be a Federal Reserve Bank of New York official is no more than three years.
- Responsibility for choosing member institutions rests with the Federal Reserve Bank of New York. The Membership Subcommittee, chaired by a Federal Reserve Bank official, advises the Federal Reserve on membership issues.
- A staff member from the Federal Reserve Bank of New York will serve as secretariat with responsibility for maintaining the official repository of FXC documents, including agendas, minutes, and public communications.

Membership Responsibilities

The Foreign Exchange Committee is composed of individuals from institutions that participate actively in the foreign exchange markets as well as other financial markets worldwide. As a senior officer of such institutions, Committee members have achieved stature within both their own institutions and the marketplace and have acquired expertise that is invaluable to attaining the Committee's objectives. In joining the Committee, these individuals expand their focus beyond their own institutions to encompass the entire market. The members' continuous communication with the markets worldwide generates information that is necessary to the Committee's deliberations on market issues or problems. Each member must be an effective communicator and problem solver with a commitment to raise and, when possible, resolve market and industry issues. Effective individual participation is critical if the collective effort is to be successful.

The responsibilities of membership are:

- to attend all meetings¹ in person;
- to function as a communicator to the Committee and to the marketplace on matters of mutual interest, bringing issues and information to the Committee, contributing to discussion and research, and sounding out colleagues on issues of concern to the Committee;
- to present the concerns of his or her own institution to the Committee; in addition, to reflect the concerns of a market professional as well as the constituency from which his or her institution is drawn or the professional organization on which he or she serves; and
- to participate in Committee work and to volunteer the resources of his or her institution to support the Committee's projects and general needs.

Procedures

■ Meetings:

- ◆ The Committee will meet at least six times per year. The meetings will follow a specified agenda; however, the format of the discussion will be informal. In addition to regularly scheduled meetings, a meeting of the Committee may be requested at any time by five or more members.
- ◆ Members are expected to attend all meetings in person. Alternates cannot be sent to meetings. Note that Buy Side members are expected to attend a predetermined sub-set of meetings.
- ◆ Meetings of the Committee will be held either at the Federal Reserve Bank of New York or at other member institutions, or elsewhere as agreed by the Committee.
- ◆ The secretariat will keep minutes of each meeting to include, at a minimum: (i) a list of attendees; (ii) a brief description of the topics discussed; and (iii) resolutions or other decisions reached, as necessary. Draft minutes will be circulated to members as soon as practicable following each meeting. Members may register objections to the draft minutes by notifying the secretariat. The Group will adopt final minutes after addressing any objections that have been raised. The secretariat shall keep a copy of all adopted minutes, and shall publish final minutes on the FXC website (<http://www.newyorkfed.org/fxc/>).

¹ A Buy Side Subcommittee was established in 2008 to provide a forum for discussing matters of mutual concern to dealers and non-dealers in the foreign exchange market. The Buy Side members have now been integrated into the Foreign Exchange Committee and they are expected to attend a sub-set of FXC meetings each year.

■ Working Groups:

- ◆ Standing working groups may include an Operations Managers Working Group and a Chief Dealers Working Group. These working groups will be composed of market participants with an interest and expertise in projects assigned by the Committee, but membership decisions rest with the Federal Reserve of New York.
- ◆ Committee members will be designated as working group liaisons. The liaison's role is primarily one of providing guidance to the working group members and fostering effective communication between the working group and the Committee. In addition, a representative of the Federal Reserve Bank of New York will be assigned as an advisor to each working group.
- ◆ The Committee may designate additional ad hoc or standing working groups to focus on specific issues. Depending on the agenda of items to be discussed, the Committee may choose to invite other institutions to participate in working groups and otherwise in discussions and deliberations.

■ Recommendations and Publications:

Any recommendation the Committee wishes to make on market-related topics will be discussed and decided upon by the Committee. Any recommendation or issue paper agreed to by the Committee will be distributed not only to member institutions, but also to institutions that participate in the foreign exchange market, via the Committee's website or other means.

Antitrust and Confidentiality Guidelines

- The Committee has adopted Antitrust Guidelines. Members are expected to follow those Guidelines and to ensure that their deliberations and communications do not violate either the spirit or the letter of state and federal antitrust laws. A representative of the Federal Reserve Bank of New York's Legal Department will attend meetings to assist in this effort.
- Any information disclosed, opinions expressed, or statements made during Committee meetings shall be treated as strictly confidential by members, unless the Committee has authorized release.
- Participation by Federal Reserve Bank of New York staff members is subject to the Bank's Code of Conduct and Policy 1.2 ("Communicating with the Public") as well as the FOMC Policy on External Communications of Federal Reserve System Staff. Staff members are prohibited from discussing material non-public or confidential supervisory information with members of the Committee. Opinions expressed or statements made by Federal Reserve Bank of New York staff in the course of the Committee's activities are solely those of the participant and do not necessarily reflect the views of the Federal Reserve Bank of New York or the Federal Reserve System.