



FX GLOBAL CODE

# AN INTRODUCTION TO THE FX GLOBAL CODE

[www.globalfxc.org](http://www.globalfxc.org)



# WHAT IS THE CODE

# WHY WAS THE CODE DEVELOPED?

// A well functioning FX market is in the interest of all market participants

BIS Governors commissioned its Markets Committee to develop a common set of guidance to the FX market.

to help restore trust and promote the effective functioning of the FX market



Public-private sector collaboration



Promote and incentivise adherence



Review of existing Codes of Conduct



Establish Global Foreign Exchange Committee

Common set of guidance **allows participants to have much greater confidence** that the market is functioning appropriately.

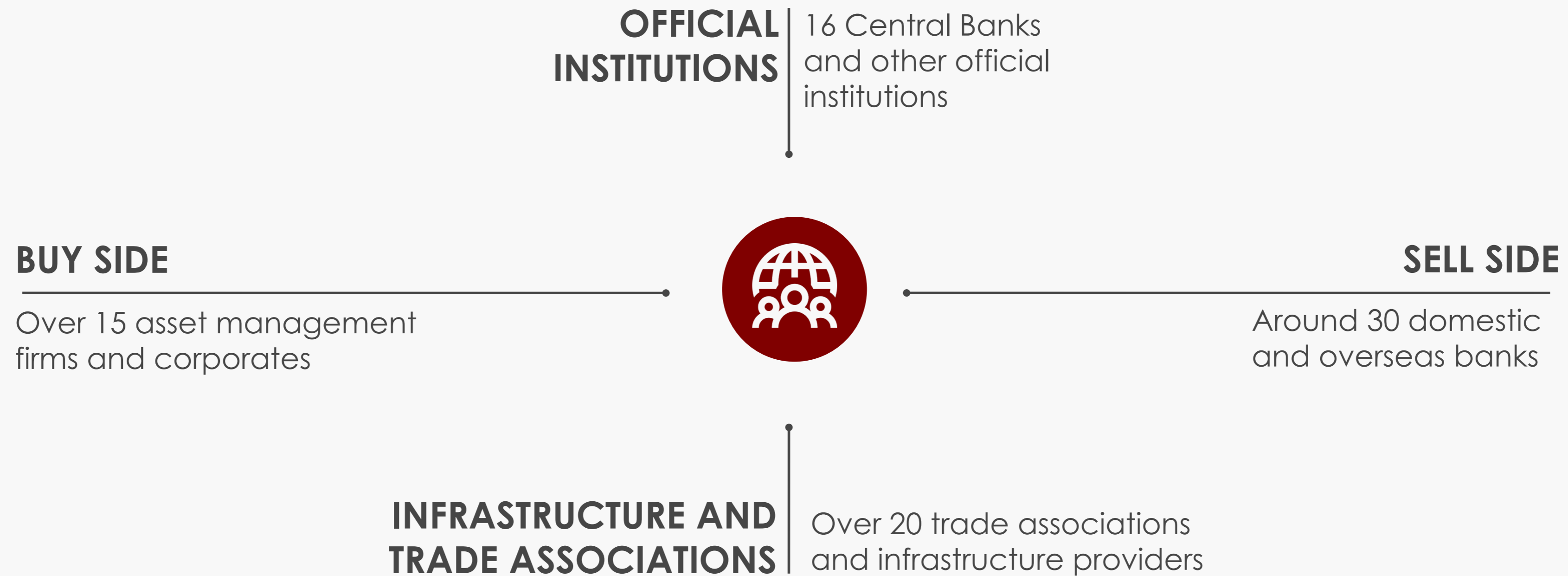


“In a globalised world, the foreign exchange market is one of the most vital parts of the financial plumbing.”

**GUY DEBELLE, Deputy Governor at the Reserve Bank of Australia, Chair of the Global Foreign Exchange Committee**

# WHO CONTRIBUTED TO THE CODE'S DEVELOPMENT?

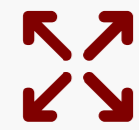
// Collaboration between central banks and private sector participants



# WHAT MAKES THE FX MARKET SPECIAL?

// A complex and diverse market needs a common set of guidance to promote fair and effective FX trading

## THE NATURE OF THE WHOLESALE FX MARKET IS INHERENTLY COMPLEX



Activity takes place across multiple venues; there is no single trading venue and no single price.



Trading happens 24 hours a day, spanning multiple centres.



Participation is diverse - with banks, asset managers, corporates, and central banks, each transacting FX to meet different objectives.



Participants act in different capacities (principals or agents; liquidity consumer and provider).

Common set of guidance is **essential for promoting integrity and restoring confidence** in the FX market.

# WHY WILL THIS CODE BE DIFFERENT?

// The FX market took collective responsibility to move toward a more favourable and desirable location

## SEVERAL FACTORS WHY THIS CODE IS DIFFERENT:

# 01

### What the Code captures

- Guidance in areas where clarity is needed
- Voluntary principles vs rule based
- Illustrative examples

# 02

### How the Code was developed

- Public-private sector collaboration
- Over 10,000 comments taken into account from all types of market participants and associations

# 03

### Who the Code applies to

- All wholesale FX market participants
- Incorporates the principle of proportionality, given the diverse nature of market participants

# 04

### How the Code is implemented

- Framework to support adherence
- Global Index and Public Registers
- Training and education

# 05

### How the Code will be maintained

- Public-private sector collaboration
- A living document evolving with the market
- Owned and maintained by the Global Foreign Exchange Committee





# WHAT IS THE CODE?

// Principles and Content

- 55 principles universally recognized as best practices
- Clear and simple language
- Illustrative examples and Glossary

## SIX LEADING PRINCIPLES



Ethics



Governance



Execution



Information Sharing



Confirmation & Settlement



Risk Management & Compliance



# WHY SIGN ON TO THE CODE



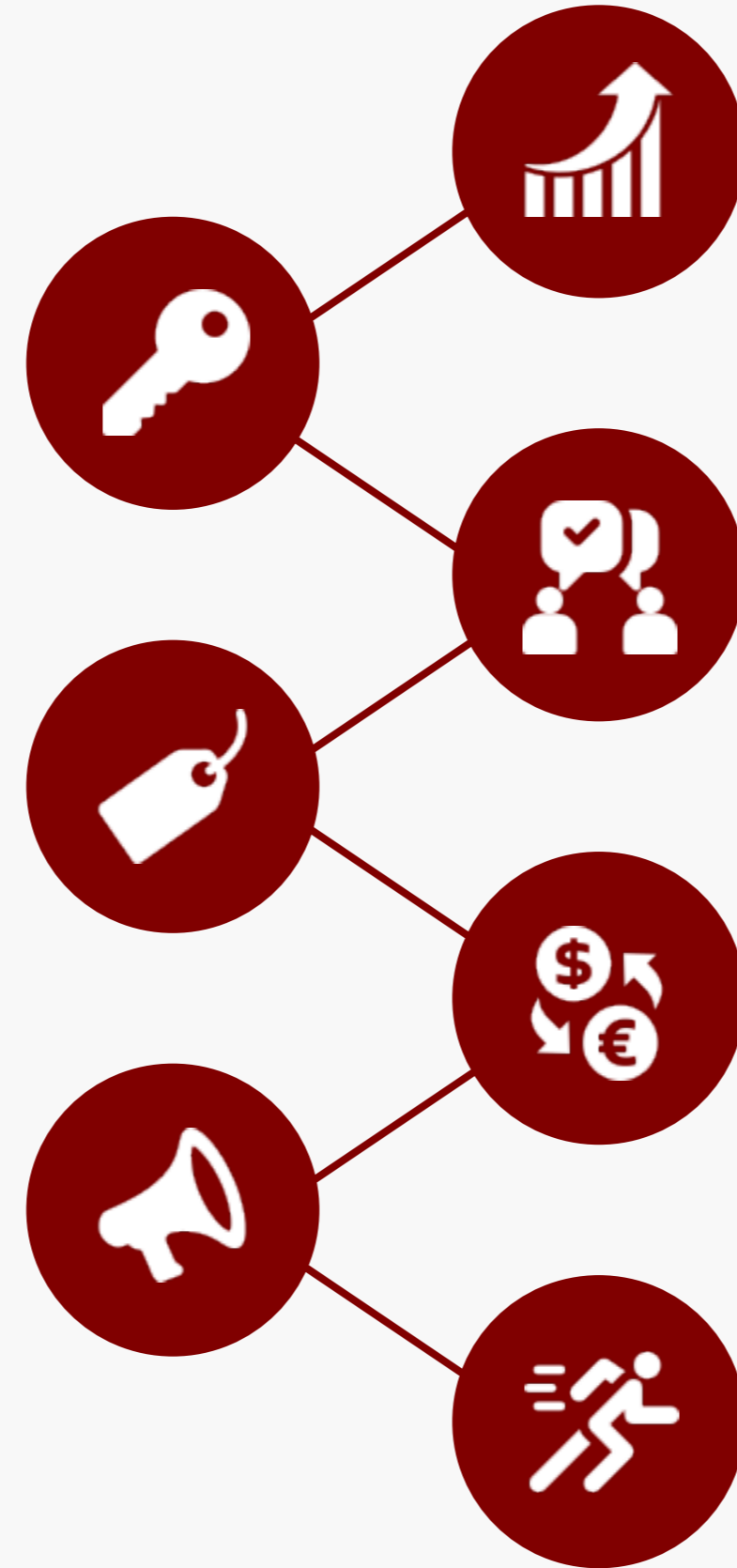
# WHY SHOULD I ADHERE TO THE CODE?

// Adopting the Code benefits both the institution and the FX market as a whole

Offers **valuable understanding on key topics** in the FX market

Fosters a **level playing field between buy-side and sell-side** and improves quality of pricing and execution

**Strengthens the buy-side community's voice** in the FX market



Provides an opportunity to **improve internal FX operations**

Informs stakeholders and investors that **you are an informed and responsible market participant**

**Supports a fair, effective and resilient FX market**

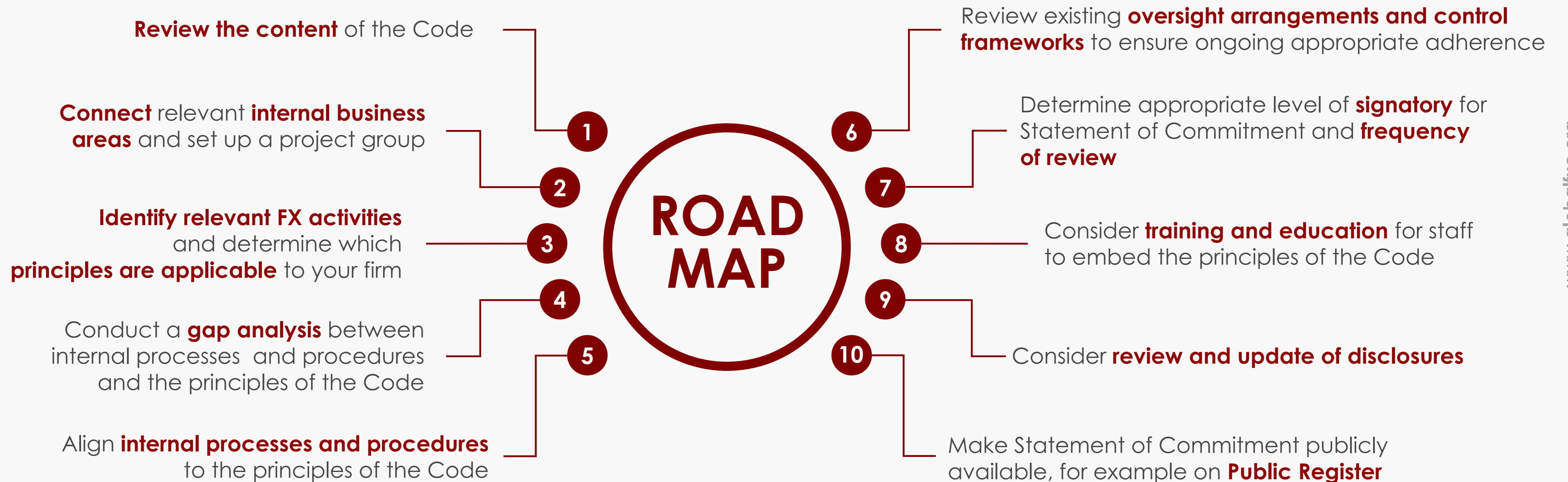
**Gives market participants a competitive edge** when it comes to demonstrating their conduct credentials



# HOW TO SIGN ON TO THE CODE

# WHAT STEPS SHOULD MY FIRM CONSIDER TO ALIGN TO THE CODE?

// A roadmap to adherence



Market Participants may consider different steps depending on the size and complexity of the firm's FX activities, and the nature of its engagement in the FX market.

# WHERE CAN I FIND GUIDANCE MATERIAL?

// Become a signatory and look for more information on the GFXC webpage



Listen to the [webinar](#) featuring senior representatives from a variety of institutions across the world.



Download the [gap analysis template](#) to facilitate your implementation process.



Contact your [national FX Committee](#) for questions specific to your region.

# HOW DO I MAKE THE STATEMENT OF COMMITMENT PUBLICLY AVAILABLE?

// Global Index of Public Registers serves as a central reference point for demonstrated commitment to the Code

FX GLOBAL CODE



www.globalfxc.org



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**WHERE TO GET MORE INFO**

[www.globalfxc.org](http://www.globalfxc.org)



# WHERE CAN I GET MORE INFORMATION?

// Wealth of material available at Global and national FX Committee websites



The Code and reference material is available here.

[www.globalfxc.org](http://www.globalfxc.org)



Global Index of institutions who have adhered to the Code.

[www.globalfxc.org/global\\_index.htm](http://www.globalfxc.org/global_index.htm)



Talk to your primary bank contact

Talk to your local association

Talk to international buy-side ambassadors\*

[Talk to national FX Committee](#)

\* Representatives from:

Airbus, QIC, NBIM, Schroders, DE Shaw,

Nomura Asset Management, Eaton Vance