AN INTRODUCTION TO THE FX GLOBAL CODE
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.

- Public-private sector collaboration
- Review of existing Codes of Conduct
- Establish Global Foreign Exchange Committee
- Promote and incentivise adherence
- to help restore trust and promote the effective functioning of the FX market

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

OFFICIAL INSTITUTIONS
16 Central Banks and other official institutions

BUY SIDE
Over 15 asset management firms and corporates

SELL SIDE
Around 30 domestic and overseas banks

INFRASTRUCTURE AND TRADE ASSOCIATIONS
Over 20 trade associations and infrastructure providers
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.

- 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.
- 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.

www.globalfxc.org
HOW TO SIGN ON TO THE CODE
What steps should my firm consider to align to the Code?

A roadmap to adherence

1. Connect relevant internal business areas and set up a project group.
2. Identify relevant FX activities and determine which principles are applicable to your firm.
3. Conduct a gap analysis between internal processes and procedures and the principles of the Code.
4. Align internal processes and procedures to the principles of the Code.
5. Review the content of the Code.
6. Review existing oversight arrangements and control frameworks to ensure ongoing appropriate adherence.
7. Determine appropriate level of signatory for Statement of Commitment and frequency of review.
8. Consider training and education for staff to embed the principles of the Code.
9. Consider review and update of disclosures.
10. Make Statement of Commitment publicly available, for example on Public Register.

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.
WHERE TO GET MORE INFO
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