Minutes of the Foreign Exchange Committee
Meeting: April 9, 2025
Virtual Meeting

FXC Attendees

Yudhveer Chaudhry (Blackrock) - Chair	Andrew Haning (Jump Trading)	David Silberman (JPMorgan)
Maria Douvas (Morgan Stanley) – Vice Chair	Akiko Hayata (Payden & Rygel)	Chris Taendler (Barclays)
Carlos Fernandez-Aller (Bank of America)	Paul Houston (CME)	Bob Tull (Fifth Third)
Hemant Baijal (Invesco)	Dan Lennon (CLS)	Jason Vitale (Bank of NY)
Chris Chattaway (Goldman Sachs)	Chris Pizzotti (State Street)	Raphael Vives (Banque de France)
Sally Francis-Cole (LSEG)	Yan Pu (Vanguard)	Garrett Wilson (Alphabet)
Anna Faustini (Societe Generale)	Ankit Sahni (Element Capital)	
Bimbola Fawehinmi (UBS)	Jodi Schenck (Citibank)	

Federal Reserve Bank of New York
(New York Fed)

Anna Nordstrom	Rebecca McCaughrin
Lisa Chung	Pertshuhi Torosyan
Sanja Peros	Dan Reichgott
Shawei Wang	Daniella Faura

FRS Board of Governors	Other Attendees
Alain Chaboud	Francois Buet-Golfouse (Barclays)

The Chair opened the Foreign Exchange Committee (FXC) meeting by welcoming members and acknowledging a guest from Barclays who provided an update to the committee on the role of artificial intelligence (AI) in FX markets. Prior to the start of the topical discussion on AI, the Chair delivered a brief reminder of the FXC anti-trust guidelines

1. **Topical Discussion: Examine the Role of Artificial Intelligence (AI) in FX Markets**

Members were provided with an overview of the current application of AI in financial markets, which has been gaining traction primarily in equity and rates markets. The limited expansion of AI applications into FX is most prevalent in research. Nonetheless, some examples of AI use include the summarization of large unstructured data sets, data forecasting, optimization of trades, analysis of client relationships and trade surveillance, assessment of risk and other uses.

Members inquired whether new types of governance and oversight are being considered, suggesting that AI can introduce new business risks that firms should consider. In general, members observed that AI can amplify certain business risks which has prompted some firms to implement a self-governance process and limit AI's roll out to certain back and middle office functions. Some members noted that AI implementation is generally rules-based and involves human oversight, which generally helps to mitigate risks.

Members concluded the discussion by noting that both AI and machine learning usage is continuing to expand across financial markets and remains a topic the FXC should continue to discuss.

2. **Adoption of the FX Global Code**

The meeting then transitioned to an update from a representative from the GFXC Motivation for Adherence working group, who presented on the Committee's efforts to promote and expand the adoption of the FX Global Code ("Code"). The working group's efforts are organized into three pillars, which include i) increase visibility of the Code; ii) build partnerships with industry groups; and iii) enhance education and training. Some notable milestones have included increased participation in industry conferences and social media, strengthened collaboration with industry groups and education providers as well as the expansion of Code training for market participants.

The discussion concluded with an update from a New York Fed ex-officio member who discussed U.S.-specific adoption milestones achieved among the buy-side market segment. Of note, strong progress has been made regarding adherence among large U.S.-based asset managers. Looking ahead, more strategic outreach is planned with the hedge fund and corporate sectors where engagement on the Code has been more limited.

3. **Discussion of Recent Market Developments**

The meeting then turned to a discussion of market developments since the March FXC meeting. The discussion focused on members' views on the outlook for U.S. domestic growth and inflation and the market's response to changes in U.S trade policy and FX market liquidity conditions.

- Committee members discussed the perceived shift in U.S. growth and inflation outlooks since the last FXC meeting, focusing on U.S. tariff policies which were viewed as weighing on growth and increasing inflationary pressures. Many members posited that the magnitude of the impact on growth and inflation remain unclear given the large degree of uncertainty around tariff policy implementation. Some members speculated that recent dollar depreciation could reflect reduced foreign demand for U.S. assets. Looking ahead, members predicted that the ultimate impact to the dollar will depend on how tariffs are implemented. A member noted that market participants remain focused on the potential for U.S. trade policy to be amended.

- Committee members discussed the ways in which foreign economies could potentially insulate themselves from the economic impacts stemming from U.S. trade policy. It was viewed that countries may pursue fiscal and monetary policies to counteract the potential adverse effects of U.S. trade policy on their domestic growth.

- With respect to FX market liquidity conditions in the initial days following the tariff announcements, members noted that FX markets continued to function smoothly and had not reached levels of volatility that were seen during the height of the COVID-19 pandemic.

4. **Other Business**

The next regularly scheduled FXC meeting will be held on June 4, 2025.