Minutes of the Foreign Exchange Committee
Meeting: November 19, 2025
Host: Blackrock

FXC Attendees
Yudhveer Chaudhry (Blackrock) - Chair
Maria Douvas (Morgan Stanley) – Vice Chair
Hemant Baijal (Invesco)
Chris Chattaway (Goldman Sachs)
Sally Francis-Cole (LSEG)
Anna Faustini (Societe Generale)
Bimbola Fawehinmi (UBS)
Andrew Haning (Jump Trading)
Akiko Hayata (Payden & Rygel)
Paul Houston (CME)
Dan Lennon (CLS)
Yan Pu (Vanguard)
David Silberman (JP Morgan)
Raphael Vives (Banque de France)
Garrett Wilson (Alphabet)
Jason Vitale (BNY Mellon)
Ankit Sahni (Element Capital)
Chris Pizzotti (State Street)

Federal Reserve Bank of New York
Roberto Perli
Lisa Chung
Martin Prusinowski
Shawei Wang
Anna Nordstrom
Pertshuhi Torosyan
Dan Reichgott
Kyle Schulz

FRS Board of Governors
Bastian von Beschwitz

The Chair opened the Foreign Exchange Committee (FXC) meeting by welcoming members. The New York Fed's Anna Nordstrom announced that Yudhveer Chaudhry will remain in his role as FXC Chair to serve another three-year term and expressed gratitude to him both for his continued contributions to the Committee as well as ongoing contributions to industry best practice initiatives. The Chair then noted the departure of Jodi Schenck (Citi) from the Committee and thanked her for ten years of service.

1. **December GFXC Meeting Preparations**

The meeting turned to preparations for the upcoming virtual GFXC meeting on December 4th and 5th. Members were provided updates on upcoming GFXC meeting agenda items including: (1) an update on global Code adherence efforts, (2) a discussion on the impact of stablecoins on the FX market, and (3) an update on a paper on FX Market Preparedness for Move to T+1 Securities Settlement in the EU, U.K., Switzerland and Liechtenstein from the FX Settlement Risk Working Group. The discussion then turned to the development of a work program for the 2027 Three-Year Review of the Code, including objectives for the existing FX Settlement Risk and FX Data Working Groups as well as the possible establishment of a new Working Group focused on implications of emerging technologies on the FX market. Lastly, members were also notified that the selection process for a new GFXC Chair will begin in early 2026.

2. **IOSCO Pre-hedging Report**

The Committee then discussed IOSCO's final report on pre-hedging, which was released in early November. Members generally viewed the release of the report as a positive outcome given the final recommendations largely aligned with the FX Global Code, including concepts such as pre-hedging only when acting as a principal and with intent to benefit the client. One notable difference was IOSCO's endorsement of a process for dealers to seek to obtain prior consent to pre-hedge from the client. Participants discussed implementation challenges, particularly the practicality of implementing opt-outs by clients of pre-hedging and the potential impacts on market liquidity execution. Concerns were raised about potential market fragmentation if local regulators were to pursue divergent paths with regard to the implementation of IOSCO recommendations. The importance of monitoring local regulators' actions and potential adoption of the recommendations into regulation was also emphasized. Lastly, members debated the distinction between pre-hedging, inventory management, and risk management, noting the difficulty in clearly delineating these activities.

3. **BIS FX Triennial Survey Results**

The meeting transitioned to a presentation from a FXC member on the preliminary results from the April 2025 BIS FX Triennial Survey. The presentation highlighted the nearly 30% increase in overall OTC FX market trading volumes since the previous survey. Across product types, it was noted that FX spot, outright forwards, and FX options gained share of overall trading volumes while FX swaps declined on a relative basis. The U.S. dollar's continued critical role in the FX market was highlighted as survey results indicated it remained on one side of nearly 90% of aggregate transaction volumes, which was little changed from the previous survey. Committee members expressed caution in interpreting the results, given potential distortions from the tariff-related events during the data collection period of April 2025, which coincided with elevated market volatility and overall market transaction volumes. Additionally, there was some discussion from members regarding potential enhancements to the survey data collection methodology and frequency of collection.

4. Discussion of Recent Market Developments

The meeting then turned to a discussion of market developments since the September FXC meeting. Committee members began their discussion by addressing the challenges in assessing the current U.S. economic outlook. They highlighted the significant lack of published economic data, which has made it difficult to accurately gauge the state of the economy. Several members pointed to ongoing signs of labor market cooling while expressing concerns about inflation potentially remaining above the Federal Reserve's target for an extended period, in the context of the Fed’s dual mandate. These dynamics were noted as contributing to divisions within the FOMC regarding the future path of policy. Members also noted the continuation of a bifurcated U.S. economy where high-income households maintain spending levels while activity from other households remains subdued, with overall consumer sentiment indicators remaining weak.

The Committee observed that earlier trends of U.S. dollar asset outflows and short dollar positioning have reversed in recent months, contributing to dollar appreciation. Members noted that the dollar's movements have diverged from traditional interest rate differential correlations when compared to currencies like the Japanese yen and British pound. For the Japanese yen, fiscal policy expectations regarding the new government and elevated Japanese Government Bond market volatility were noted as having contributed to depreciation pressures. Regarding the British pound, ongoing U.K. fiscal concerns were also noted as weighing on the currency.

Members concluded the meeting with a discussion on other market and policy developments. Cryptocurrencies were increasingly viewed by some members as indicators of broader market risk sentiment. Growing interconnection between “traditional finance” and the cryptocurrency space was also noted by some members as a watchpoint going forward. The discussion then turned to credit risks, including recent defaults and bankruptcies, with concerns that emerging risks in private credit markets might spread to public credit markets and tighten financial conditions. The Committee also briefly discussed U.S. repo market volatility, with some members speculating on the potential need for more frequent Fed open market operations. When addressing Standing Repo operations usage, some members pointed out that market perception concerns attached to these operations has created operational constraints at eligible organizations. Lastly, the Committee highlighted the U.S. political landscape and potential market impacts of the 2026 and 2028 elections given possible changes to the government’s fiscal stance.

5. Other Business

The next regularly scheduled FXC meeting will be held on February 25, 2026.