



## **Minutes of the Foreign Exchange Committee**

Meeting: April 15, 2026

Host: Federal Reserve Bank of New York

### FXC Attendees

Yudhveer Chaudhry (Blackrock) - Chair  
Maria Douvas (Morgan Stanley) – Vice Chair  
Carlos Fernandez-Aller (Bank of America)  
Hemant Baijal (Invesco)  
Sally Francis-Cole (LSEG)  
Bimbola Fawehinmi (UBS)  
Anna Faustini (Societe Generale)

Andrew Haning (Jump Trading)  
Akiko Hayata (Payden & Rygel)  
Paul Houston (CME)  
Dan Lennon (CLS)  
Fuad Muvdi (Citi)  
Chris Pizzotti (State Street)  
Yan Pu (Vanguard)

Ankit Sahni (Element Capital)  
Jeremy Smart (XTX Markets)  
David Silberman (JPMorgan)  
Chris Taendler (Barclays)  
Raphael Vives (Banque de France)  
Jason Vitale (Bank of New York)

### Federal Reserve Bank of New York

John Williams  
Anna Nordstrom  
Roberto Perli  
Lisa Chung  
Sanja Peros  
Shawei Wang

Pertshuhi Torosyan  
Dan Reichgott  
Ethan Gary  
Ellen Correia- Golay  
Agata Zhang

### FRS Board of Governors

Bastian von Beschwitz

### Other Guests

Jordan Barnett (Bank of New York)  
Teddy Cho (Bank of New York)

The Chair opened the Foreign Exchange Committee (FXC) meeting by welcoming members and introducing guest presenters Jordan Barnett and Teddy Cho of Bank of New York.

### 1. Treasury Market Practices Group (TMPG) update

Representatives from the TMPG, a New York Fed sponsored group, delivered a brief overview of a [consultative summary note](#) discussing the *Theoretical Implications for Agency MBS Market Liquidity and Functioning of any Potential Government Sponsored Enterprise Ownership Structure Changes*, as part of the ongoing work of the TMPG Agency Mortgage-Backed Securities Working Group. The note explores hypothetical implications for agency MBS market liquidity and functioning in light of any such change. Members were asked to share the consultative note with internal stakeholders and submit feedback by close of the comment period on April 30<sup>th</sup>.

### 2. Topical Discussion: Artificial Intelligence (AI) in FX Markets

A representative from the New York Fed’s Legal Group read a brief anti-trust guideline reminder ahead of the discussion. The Chair recalled the Committee’s [previous discussion](#) on AI noting its application in financial markets was gaining traction at the time in equity and rate markets with limited expansion into FX markets. Members received an overview of the current state of AI usage within FX markets, observing that the pace of model growth for large language models, Gen AI, and agentic systems is exponential, and models are increasingly less reliant on human intervention when compared to their capabilities a year ago. The prevalence of electronic execution within FX markets and related infrastructures makes this market a good candidate for AI adoption; however, there remain recognized challenges to implementing improvements to automation, speed, and transparency.

Members discussed several key concerns such as the challenge of governing models that adapt and can change rules in real-time, the accountability around a model’s behavior, and concentration risk from a reliance on a limited number of AI models across the industry. Representatives noted a disconnect between the cadence of AI development and traditional governance frameworks, with competitive pressures making it difficult to slow implementation despite challenges around transparency and oversight. The discussion concluded with members agreeing there are challenges to governing the underlying models themselves since there is little transparency into what factors motivated a particular trade and that governance of AI models will be critical going forward.

### 3. Discussion of Recent Market Developments

The meeting then turned to a discussion of market developments since the February FXC meeting. Committee members began by addressing the U.S. economic outlook, noting that macroeconomic conditions have remained relatively stable despite the ongoing conflict in the Middle East. Members observed evolving labor market conditions following recent shocks and acknowledged that inflation remains above the Fed’s target. The Committee also discussed the persistence of a bifurcated or “k-shaped” economy and noted that positive aggregate spending data may be skewed by consumption by high-income households. Additionally, the Committee discussed Fed Chair Nominee Warsh’s recent commentary regarding balance sheet policy and the impact of AI on inflation and labor.

The Committee then moved to discuss the current FX landscape, noting a high degree of uncertainty regarding expectations of the U.S. dollar. Factors supporting an incrementally weaker dollar view included a potential

resolution to the U.S.-Iran conflict and its resulting impact on global rate dynamics and interest rate differentials. Regarding capital flows, some members cautioned against interpreting declines in FIMA holdings as indicative of shifts in dollar preference for official sector institutions, citing that outflows had been reportedly concentrated among central banks linked to recent foreign exchange interventions. Members also noted that Treasury securities may have functioned as a hedge against risk assets as the U.S.-Iran conflict has continued.

The meeting concluded with a discussion on energy markets and global inflation dynamics. Members observed a disconnect between market pricing and the executable cost of acquiring oil, with some members questioning whether the disconnect poses a risk to inflation outcomes and reactions from inflation-mandated central banks. Members noted that the oil futures curve might reflect structural factors rather than pure forecasts, suggesting that it may not be a reliable indicator of future expectations to benchmark energy prices and inflation expectations. Members noted higher risks of recession in jurisdictions more dependent on energy imports, though there were diverging views on whether such recessions would spill over into U.S. markets.

#### **4. Other Business**

The next regularly scheduled FXC meeting will be held on May 27, 2026.