Minutes of the Foreign Exchange Committee
Meeting: September 30, 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)
Chris Chattaway (Goldman Sachs)
Sally Francis-Cole (LSEG)
Bimbola Fawehinmi (UBS)
Anna Faustini (Societe Generale)
Andrew Haning (Jump Trading)
Akiko Hayata (Payden & Rygel)
Paul Houston (CME)
Fuad Muvdi (Citi)
Chris Pizzotti (State Street)
Yan Pu (Vanguard)
Ankit Sahni (Element Capital)
Jeremy Smart (XTX Markets)
David Silberman (JPMorgan)
Bob Tull (Fifth Third)
Raphael Vives (Banque de France)
Jason Vitale (Bank of NY)
Garrett Wilson (Alphabet)

Federal Reserve Bank of New York

Anna Nordstrom
Roberto Perli
Lisa Chung
Sanja Peros
Shawei Wang
Dan Reichgott
Fabiola Ravazzolo
Martin Prusinowski
Ethan Gary

FRS Board of Governors

Bastian von Beschwitz

Other Guests

William Artingstall (Citi)
Abhinav Natarajan (JP Morgan)

The Chair opened the Foreign Exchange Committee (FXC) meeting by welcoming members and introducing guest presenters William Artingstall of Citi and Abhinav Natarajan of JPMorgan.

1. **Update from the GFXC Technology & Innovation Working Group**

The Committee received an overview from FRBNY representatives serving on the Global Foreign Exchange Committee's (GFXC) Technology and Innovation Working group, which is conducting an assessment of emerging trends and their impact on FX markets. The working group is educating itself on the use of Artificial Intelligence (AI) and digital asset developments such as stablecoins and tokenized deposits, and it is leading data collection efforts to better understand these new innovations within the current FX landscape. In particular, the workstream will review market use cases, technological enhancements to FX workflows, emerging risks, and new FX market infrastructures in an effort to assess the impact on FX liquidity provisioning, funding activity, and settlement risks. The working group is expected to present its findings to the GFXC ahead of the 2027 FX Global Code review.

2. **Topical Discussion: Tokenized Money Adoption within Wholesale FX Markets**

After an Antitrust Guidelines reminder, the presenters provided an overview of stablecoin usage in payments, noting that although headline transaction volumes can appear sizable, the share attributable to actual payment flows remains small relative to the size of the global payment landscape. The presenters highlighted the benefits of holding stablecoins, which include hedging against local currency depreciation and accelerating funds settlement of cross-border transactions, particularly in Latin America and Asia.
The presenters then turned to tokenized deposits, which were described as poised for substantial growth over the coming years. Members discussed how tokenized deposit networks could also enable instant, 24/7 movement of funds across accounts, currencies, and locations, reducing reliance on credit facilities. Members observed that this shift toward 24/7 settlement may ultimately require FX pricing to adapt similarly, highlighting a possibility that pricing outside of standard trading hours could rely more heavily on automated systems rather than human judgment. Members agreed that adoption is likely to be gradual and dependent on integration with existing payment infrastructure.

3. **Discussion of Recent Market Developments**

The meeting then turned to a discussion of market developments since the prior FXC meeting in May. Committee members first addressed the U.S. economic outlook, observing that the U.S. economy and global growth remain resilient, supported by a broadening capital expenditure cycle, and U.S. inflation remains persistently elevated. They viewed the September FOMC rate hike and accompanying Fed communications as reinforcing policy credibility given macro fundamentals. At the same time, they noted that reduced forward guidance has heightened uncertainty and led to a higher risk premium being priced across the Treasury yield curve. Members discussed the recent rise in long-end Treasury yields, attributing it to several potential factors, including resilient U.S. growth, rising sovereign yields abroad, mortgage convexity-related selling, and elevated AI-related credit issuance. Members also expressed near-term concern about broader market fragility, citing signs of stress in municipal and mortgage markets.

The Committee then turned to FX markets, noting that interest rate differentials continue to support the dollar, while structural factors, such as the current account deficit and the potential for increased hedging of U.S. assets by foreign investors, could weigh on the dollar's longer-term outlook. Members were surprised by how subdued

FX volatility has been since the May FXC meeting, given the higher volatility in Treasury and equity markets over the same period. On Japan, some members cautioned for the possibility of additional FX intervention if the yen were to depreciate back down to levels seen during previous intervention episodes.

The meeting concluded with a discussion of developments abroad and foreign demand for U.S. assets. Members identified fiscal and political risks in Europe as potential sources of future market volatility, adding that elevated energy prices compound these pressures given the region's reliance on energy imports. Regarding foreign investment in U.S. assets, members had not observed a material reallocation away from U.S. Treasuries, though they noted somewhat softer official and long-end demand, while flows into U.S. equities and corporate credit remained robust.

4. Other Business

The next regularly scheduled FXC meeting will be held on November 18, 2026.