

**foreign exchange committee**



**Minutes of the Foreign Exchange Committee Meeting**

Meeting: November 18, 2020

Host: Video Conference Meeting

FXC Attendees

Anthony Bisegna (State Street)  
Mark Bruce (Jump Trading)  
Yudhveer Chaudhry (Blackrock)  
Natalia Chefer (DE Shaw)  
Chris Chattaway (Goldman Sachs)  
Jose Luis Daza (QFR Capital)  
Chris Vogel (TD Securities) - Chair

Maria Douvas (Morgan Stanley)  
Anna Faustini (Societe Generale)  
Claudia Jury (JPMorgan Chase)  
Ben Klixbull (XTX Markets)  
Russell Lascala (Deutsche Bank)  
Dan Lennon (CLS)  
Jessica Sohl (HC Tech) - Vice Chair

Andrew Maack (Vanguard)  
Michael O'Brien (Eaton Vance)  
Neill Penney (Refinitiv)  
Jodi Schenck (Citibank)  
Bob Tull (Fifth Third)  
Adam Vos (BNY Mellon)

Federal Reserve Bank of New York (FRBNY)

Lorie Logan  
Anna Nordstrom  
Michelle Ezer  
Alex Cohen

Sanja Peros  
Thomas Noone  
Shawei Wang  
Dan Reichgott

Matthew Raskin  
Colleen Keegan  
Kathleen Ramirez  
Sardi Geza

Federal Reserve Board of Governors

Alain Chaboud  
Stephanie Curcuru

U.S. Dept. of Treasury

Max Harris

Other Attendees:

Guy Debelle (Reserve Bank of Australia)

## 1. Opening Remarks

The meeting opened with the FXC Chair welcoming the GFXC Chair and a representative from the U.S. Treasury. The Chair noted the departure of the FXC member from JPMorgan Chase and thanked her for her contributions and service to the FXC.

## 2. Preparation for the GFXC Meeting

An overview of the GFXC's December 2020 meeting agenda was provided, which focused largely on the upcoming three-year review of the [FX Global Code](#) and a Refinitiv presentation on WM/R benchmarks. FXC working group members provided status updates on the five workstreams that comprise the three-year review: Buy-side Outreach, Anonymous Trading, Disclosures, Algorithmic Trading & Total Cost Analysis, and Execution Principles.

Members exchanged thoughts and feedback when reviewing working group progress on the Execution Principles workstreams. On the concept of Riskless Principle (Principle 8) the working group lead shared a proposal which includes (i) a drafted glossary entry for inclusion of the term into the Code and (ii) two new examples illustrating both good and bad conduct. On the topic of Pre-hedging (Principle 11), the working group prepared a background paper illustrating the role that pre-hedging plays in managing market risk and whether the paper should examine pre-hedging as it applies to "Request for Quotes" (RFQs) and other order types. On the topic of Last Look (Principle 17), working group members prepared a white paper, which details the existing arguments for the application of last look. Early feedback suggests that increased transparency through the use of disclosures should be examined further.

Members then moved to discuss progress on the Disclosures working group. The proposal evaluated the importance of standardizing key disclosures so that market participants can better assess practices among dealers. One way to accomplish this is through the introduction of a cover sheet that accompanies a firm's Statement of Commitment. For example, the coversheet would highlight certain concepts such as whether a dealer is acting in the capacity of principal or agent, engages in pre-hedging and applies last look.

Completion of the three-year review of the FX Global Code is anticipated by mid-2021.

## 3. FX Settlement update

The GFXC Chair shared a brief update on the topic of FX settlement risk, including the GFXC's initiative to strengthen settlement related language in the FX Global Code—primarily Principles 35, 50 and 53. Members were encouraged to share further feedback on the topic with the GFXC prior to year-end.

## 4. Work from Home & Return to Work

Members offered views on progress in the work-from-home (WFH) environment during the COVID-19 pandemic. One member noted that although operations were working in the remote arrangement, there remains concern about a gradual degradation in work quality as the posture continues, especially for junior staff in terms of training and effective networking. Questions also remained as to how best to ensure compliance with company protocols in a remote setting. There was recognition that a return to work post-COVID will likely have a heightened emphasis on flexibility in the future workplace.

## 5. Markets Discussion

FXC members noted that the U.S. elections and development of COVID-19 vaccines have been the two overarching themes in FX markets. Taken together, these developments have led to an overall risk-positive reaction across financial markets, with the U.S. dollar continuing to depreciate broadly (notably against EM currencies), the S&P 500 reaching all-time highs, and intermediate-to-longer dated U.S. Treasury yields increasing moderately since September. In FX markets, FXC members discussed these developments in the context of declining volatility, which may have further encouraged allocation from the U.S. dollar toward higher-yielding currencies. Overall FX market liquidity conditions have continued to improve since the notable strains experienced earlier in the year.

The next FXC meeting is scheduled for February 10, 2021.