The Foreign Exchange Committee published its first version of the Guidelines for Foreign Exchange Trading Activities in 1979. As the industry evolves and trading processes change, the Committee periodically updates this paper. In 2002, the changes indicated below have been introduced into the Guidelines. The most recent version of the Guidelines can always be found on the Foreign Exchange Committee's public website: www.newyorkfed.org/fxc.

1. Introduction
Amend the last paragraph of the Introduction to read, “The Committee published its first version of the Guidelines in 1979. As the industry evolved and trading processes changed, the Committee periodically updated the paper. The latest version, the Committee’s fifth, revises a 1996 document and supersedes previous versions.

2. Trading

− Be aware of confidentiality requirements – Paragraph 2 shall read: Staff should not pass on confidential and nonpublic information outside of their institution. Such information includes discussions with unrelated parties concerning their trades, their trading positions, or the firm's position. It is also inappropriate to disclose, or to request others to disclose, information relating to a counterparty’s involvement in a transaction except to the extent required by law. Institutions should develop policies and procedures governing the internal distribution of confidential information.


− Stop-loss Orders – Revise footnote 5 to read: For detailed information on best practices and procedures for stop-loss orders, please visit the Committee’s web site and view the Guide to the International Currency Options Market Master Agreement. This agreement was published in 1995 and was followed by a February 2000 revision to the barrier options guidelines and a new stop-loss template that was posted on the Committee’s web site in September 2000. The Committee offered additional recommendations in its 1997 letter: Handling stop-loss orders in an electronic trading environment.

− Amend Resolution section to read: Care must be taken that informal dispute resolutions are achieved through good faith, arm's-length negotiation. Differences should routinely be referred to senior management for resolution, a process that effectively shifts the dispute from the trading level to the institution. In addition, maintaining records of trades conducted through automated dealing systems or executed over the telephone can aid in resolving disputed transactions.
4. Ethics

- *Entertainment and gifts* Edit the second paragraph to read: Management should make certain that the institution’s general guidelines on entertaining and the exchange of gifts address the particular circumstances of their employees. Special attention should be given to the style, frequency, and cost of entertainment afforded trading desks. The institution’s general guidelines on entertaining and the exchange of gifts should also address the appropriate scope for offering gifts and entertainment to customers recognizing the risks associated with excessive giving.

7. Operations

- Trade Confirmations. Introduce a new paragraph before the section “The risks of Third-party payments”: Trades with clients, counterparties or intermediaries, whether spot, forward or derivative transactions, should be confirmed as soon as possible after the terms of the trade are agreed. Same-day telephone confirmations should be followed with written confirmations in a timely manner using SWIFT messaging, fax transmissions, or secure electronic means. Prompt and efficient confirmation procedures are a deterrent to unauthorized dealing. In addition, the sooner a trade problem in identified, the easier and often less expensive it is to resolve.

10. Addendum A

- Pesettlement risk- add the following footnote: Additional information on presettlement risk can be found in the Committee’s 1992 paper, “Measuring Pre-Settlement Credit Exposures with “Loan-Equivalent Risk.”