

Contact: Lynn Mansfield
Telephone: 617.664.1148

Foreign Exchange Committee Releases FX Volume Survey Results

New York, January 23, 2006 – The Foreign Exchange Committee today released the results of its third Survey of North American Foreign Exchange Volume. For the October 2005 reporting period, key findings include:

- average daily volume in traditional foreign exchange instruments (spot transactions, outright forwards, and foreign exchange swaps) totaled \$440 billion; and
- average daily volume in over-the-counter foreign exchange options totaled \$37 billion.

The combined total average daily volume of traditional foreign exchange instruments and options increased 28.4 percent over that of October 2004, led by a rise in forward transactions. The October 2005 combined total average daily volume also increased 7.7 percent over that of April 2005.

"These survey results provide our first year-on-year comparison of foreign exchange market volume, and the significant increases that we've seen since the inaugural survey in October 2004 illustrate the strong growth in foreign exchange market volume," said Mark Snyder, Chair of the Foreign Exchange Committee. "This survey, together with the related market share report, can be used by market participants to monitor developing foreign exchange industry trends and to allocate their resources accordingly."

This new survey was developed in order to provide the market with frequent information on the size and structure of foreign exchange activity in North America. To achieve a representative survey, the Committee invited thirty-one leading financial institutions active in the North American foreign exchange market to contribute data on the level of turnover during the month of October 2005. The Committee also collaborated with the United Kingdom's Foreign Exchange Joint Standing Committee (FXJSC) and the Singapore Foreign Exchange Market

Committee (SFEMC), which conducted similar surveys for the U.K. and Singapore markets, respectively, over the same time period. The FXJSC and the SFEMC are also releasing their survey results today.

For the purposes of the survey, turnover is defined as the gross value of all new deals entered into during the reporting period and is measured in terms of the notional amount of the contracts. Survey data is broken out by four foreign exchange instruments, thirteen currency pairs, four counterparty types, and five execution method categories and is reported both in terms of daily average and total monthly volume. The reporting basis for the survey is the location of the price-setting dealer. While similar in nature, the survey is not comparable to the Bank for International Settlements' Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity, given differences in the reporting methodology.

The Foreign Exchange Committee includes representatives of major domestic and foreign commercial and investment banks engaged in foreign exchange transactions in the United States, as well as foreign exchange brokers. The Committee's objectives include 1) serving as a forum for the discussion of best practices and technical issues in the foreign exchange market, 2) fostering improvements in risk management in the foreign exchange market by offering recommendations and guidelines, and 3) enhancing the legal certainty of foreign exchange contracts through the development of standard documentation. The Committee was formed in 1978 under the sponsorship of the Federal Reserve Bank of New York.

The results of this survey, together with the list of reporting dealers and explanatory notes, are available online at <www.newyorkfed.org/fxc/volumesurvey>. The results of the Foreign Exchange Joint Standing Committee's survey for the U.K. market can be found at <www.bankofengland.co.uk/markets/forex/fxjsc/index.htm>. The results of the Singapore Foreign Exchange Market Committee's survey for the Singapore market can be found at <<http://www.sfemc.org/>>.

Mark Snyder, Chair of the Foreign Exchange Committee, will host a teleconference call for members of the media at 10:30 a.m. EST today to discuss the results of the survey. Interested media must call Lynn Mansfield at 617.664.1148 to register.