



Minutes of the Foreign Exchange Committee

Meeting: June 4, 2025

Host: London Stock Exchange Group

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)
Anna Faustini (Societe Generale)

Bimbola Fawehinmi (UBS)
Andrew Haning (Jump Trading)
Akiko Hayata (Payden & Rygel)
Paul Houston (CME)
Dan Lennon (CLS)
Yan Pu (Vanguard)
Ankit Sahni (Element Capital)

Jodi Schenck (Citibank)
David Silberman (JPMorgan)
Chris Taendler (Barclays)
Bob Tull (Fifth Third)
Raphael Vives (Banque de France)
Garrett Wilson (Alphabet)

Federal Reserve Bank of New York

(New York Fed)

Anna Nordstrom
Lisa Chung
Sanja Peros
Shawei Wang

Pertshuhi Torosyan
Dan Reichgott
Daniella Faura
Kyle Schultz

FRS Board of Governors

Alain Chaboud

1. Preparation for the Global Foreign Exchange Committee (GFXC) Meeting

The meeting opened with an overview of key agenda topics for the upcoming GFXC meeting scheduled to take place in July in Singapore. Members received a status update on GFXC working groups' proposed deliverables ahead of the July GFXC meeting, which focused on FX settlement risk reporting, FX data availability for derivatives transactions, and FX Global Code (Code) adherence initiatives. The July GFXC meeting will also include panel discussions dedicated to FX market topics, including FX liquidity, FX benchmark availability, and the International Organization of Securities Commission's (IOSCO) consultation paper on proposed pre-hedging recommendations. The GFXC will also discuss market conditions among local foreign exchange committees and review recent Code outreach efforts.

2. IOSCO Recommendations on Pre-Hedging and the FX Global Code

The meeting then transitioned to a discussion of IOSCO's [consultation report](#) on [pre-hedging](#) which was released for public comment in November 2024. The report provides proposed recommendations on the use of pre-hedging practices in financial markets. Committee members discussed how the proposed IOSCO recommendations compare to the pre-hedging principle found in the [FX Global Code](#) and pre-hedging [guidance paper](#). Members expressed their view that certain aspects of IOSCO's recommendations are more prescriptive than the existing guidance in the Code's principles which, if adopted by regulators, could lead to challenges. In addition, they noted that there may be inconsistent adoption across regulators in various jurisdictions, potentially leading to a fragmented regulatory landscape.

3. Discussion of Recent Market Developments

The meeting then turned to a discussion of market developments since the April FXC meeting. The discussion focused on members' views on the outlook for U.S. domestic growth and inflation, the U.S. dollar outlook, the market's response to changes in U.S. trade policy, FX market conditions, and global market developments.

- Committee members noted that there are several countervailing factors that could impact the U.S. growth outlook, such as general policy uncertainty, which poses challenges to projecting a U.S. economic growth forecast with high conviction. Members considered the U.S. administration's plans for deregulation and the tax and spending bill to improve the U.S.'s potential growth prospects in the short-run. However, it was noted that if general trade policy uncertainty remains persistent, it could have an overall negative effect on the U.S. growth outlook going forward.
- In terms of the U.S. dollar outlook, members suggested that the dollar could further depreciate due to either the dollar continuing to be overvalued or the possibility of increased long dollar carry trade unwinds. Some members also added that if the dollar's risk premium is perceived as underpriced by the market, it could apply further downward pressure on the dollar. As it relates to the evolution of foreign demand for U.S. assets and its impact on the dollar, members acknowledged continued strength and active participation in the U.S. equity market. Members also noted that they expect the U.S. dollar to maintain its status as the leading reserve currency in the short-run due to the perceived lack of alternatives. That said, members highlighted that, given U.S. trade policy uncertainty, clients' asset allocations could be adjusted to lower their U.S. asset exposures in the long term.

- Members then discussed FX market conditions, specifically FX volatility. Members noted that the subdued levels of implied volatility do not necessarily reflect market sentiment as the market has been challenged to properly price tariff headlines due to heightened uncertainty.
- Members concluded the discussion by reflecting on developments in international markets. For Europe, growth prospects were perceived as positive, with many market participants remaining optimistic regarding the EU's commitment toward increasing defense spending. While euro-area growth prospects were perceived as positive by committee members, they noted that there could be risks stemming from global trade dynamics. Members discussed how the euro area's industrial sector could be vulnerable given potential redirection of Asian exports to the Eurozone. Members also discussed growth dynamics in China in light of global trade developments, with some members noting that China may need to consider leaning against currency appreciation pressures in order to maintain advantages for its manufacturing sector and manage effects of potential U.S. trade policy.

4. **Other Business**

The next regularly scheduled FXC meeting will be held on September 24, 2025.