



April 17, 2019

## FOREIGN EXCHANGE COMMITTEE CHARTER

Effective Date: April 17, 2019

The Foreign Exchange Committee (“FXC”) is a private-sector organization sponsored by the Federal Reserve Bank of New York (“New York Fed”).

### Objectives

The FXC is a group of market professionals expected primarily to support the integrity, efficiency, and resiliency of the global foreign exchange market and to provide guidance and leadership to this market through the development and implementation of best market practices; through enhancing the broader public’s knowledge and understanding of the foreign exchange market via publications and other efforts; through close collaboration with comparable committees sponsored by central banks and monetary authorities outside the United States and including the participation in the Global Foreign Exchange Committee. Another role of the FXC is to provide insight to the New York Fed on FX market conditions.

### Membership and Governance

The New York Fed will have sole discretion to appoint and remove members. The FXC is intended to be constituted in such a manner as to ensure fair representation and consideration of all points of view and interests in the wholesale market at all times. The composition of the FXC can include banks, other dealers, foreign exchange brokerage firms, other financial entities who transact in the foreign exchange market, key market infrastructure providers, and representatives of the New York Fed who serve as *ex officio* members. In addition, the FXC aims to include professionals who can provide expertise in areas such as trading, operations, law, and compliance. A list of members is available on the FXC’s website.<sup>1</sup> The FXC will generally consist of no more than twenty-five members.

In general:

1. Members are chosen with regard to the firm for which they work, their job responsibilities within that firm, their market stature, and their ongoing role in the market. Members should have a broad knowledge of the foreign exchange market and should be in a position to speak for their respective institutions. Selection of participants remains flexible to reflect changes as they occur in the foreign exchange market.

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<sup>1</sup> See [http://www.newyorkfed.org/fxc/members/members\\_current.html](http://www.newyorkfed.org/fxc/members/members_current.html)

2. The membership term is two calendar years. A member may be renominated for additional terms; however, an effort will be made to maximize participation in the FXC by including individuals from a range of institutions eligible for membership.
3. If a member wishes to resign from the FXC or depart from his or her organization, then the member shall inform the FXC Chair and secretariat as soon as practicable. In case of a departure, the New York Fed may either terminate the member or consider the member for membership in the FXC as a representative of his or her new employer.
4. In choosing members of the FXC, the New York Fed takes into account whether a member's firm has taken or plans to take appropriate steps, based on the size and complexity of its activities and the nature of its engagement in the FX market, to adopt the principles of the FX Global Code.

The FXC will have a chair and a secretariat. The New York Fed will designate the FXC's chair, who will not be a New York Fed employee, and who will have a normal term of no more than three years. The chair will be responsible for leading FXC meetings and representing the views of the FXC as whole in consultation with the secretariat.

The secretariat will be staffed by the New York Fed, with several responsibilities including maintaining the official repository of FXC documents, including agendas, minutes and public communications. A member of the New York Fed's Legal Group will attend all FXC meetings.

### **Member Responsibilities**

The FXC is composed of individuals from institutions that participate actively in the foreign exchange markets as well as other financial markets worldwide. As senior officers of such institutions, FXC members have achieved stature within both their own institutions and the marketplace and have acquired expertise that is invaluable to attaining the FXC's objectives. In joining the FXC, these individuals expand their focus beyond their own institutions to encompass the entire market. The members' continuous communication with the markets worldwide generates information that is necessary to the FXC's deliberations on market issues or problems. Each member must be an effective communicator and problem solver with a commitment to raise and, when possible, resolve market and industry issues. Effective individual participation is critical if the collective effort is to be successful.

Each member is expected to:

1. attend all meetings in person; alternates cannot be sent to meetings.
2. function as a communicator to the FXC and to the marketplace on matters of mutual interest, bringing issues and information to the FXC, contributing to discussion and research, and sounding out colleagues on issues of concern to the FXC;

3. present the concerns of his or her own institution to the FXC; in addition, to reflect the concerns of a market professional as well as the constituency from which his or her institution is drawn or the professional organization on which he or she serves;
4. recognize and support opportunities to improve the efficiency and integrity of the marketplace; to build support for the FX Global Code and the development of new or revised recommendations and publications by engaging with his or her member firm's executive management and colleagues; and
5. participate in FXC work and to volunteer the resources of his or her institution to support the FXC's projects and general needs; in addition, sell-side members will be assessed periodically, to cover outside legal counsel, accountant, bank account or similar fees as arise in connection with FXC projects.

Additionally, everyone who participates in the FXC (including non-member participants), a subcommittee or a working group must (i) conduct themselves according to the spirit and the letter of state and federal antitrust laws, (ii) adhere to the terms of this Charter and any Antitrust Guidelines supplied by the New York Fed, and (iii) review and acknowledge the Charter and Antitrust Guidelines at least annually.

### **Procedures**

#### Meetings:

1. The FXC will meet approximately six times per year. In addition to regularly scheduled meetings, a meeting of the FXC may be requested at any time by five or more members. Meetings of the FXC will be held either at the New York Fed or at other member institutions, or elsewhere as agreed by the FXC.
2. The secretariat will prepare and circulate meeting agendas to members prior to each meeting. Agendas will be published on the FXC website.
3. The secretariat will keep minutes of each meeting to include, at a minimum: (i) a list of attendees; (ii) a brief description of the topics discussed; and (iii) resolutions or other decisions reached, as necessary. Draft minutes will be circulated to members as soon as practicable following each meeting. Members may register objections to the draft minutes by notifying the secretariat. The FXC will adopt final minutes after addressing any objections that have

been raised. The secretariat shall keep a copy of all adopted minutes, and shall publish final minutes on the FXC website generally no later than 30 days after each meeting.<sup>2</sup>

#### Working Groups:

1. Standing working groups may include an Operations Managers Working Group and other groups as needed. These working groups will be composed of market participants with an interest and expertise in projects assigned by the FXC. The New York Fed will have sole discretion to appoint and remove working group members. Meeting agendas and minutes will be posted to the FXC website for any standing working groups by the relevant secretariat.
2. FXC members will be designated as working group liaisons. The liaison's role is primarily one of providing guidance to the working group members and fostering effective communication between the working group and the FXC. In addition, a New York Fed representative will be assigned as an advisor to each working group.
3. The FXC may designate additional *ad hoc* or standing working groups to focus on specific issues. Depending on the agenda of items to be discussed, the FXC may choose to invite other institutions to participate in working groups and otherwise in discussions and deliberations.

#### Recommendations and Publications:

Any recommendation the FXC wishes to make on market-related topics will be discussed and decided upon by the FXC. Any recommendation or issue paper agreed to by the FXC will be distributed not only to member institutions, but also to the broader public, via the FXC's website or other means.

#### **Federal Reserve Conduct Rules**<sup>3</sup>

New York Fed staff participating in the FXC are subject to the Code of Conduct and Communicating with the Publish Policy and Federal Open Market Committee's Policy on External Communications of the Federal Reserve System. New York Fed staff are prohibited from discussing material non-publish or confidential supervisory information with member of the Group. Opinions expressed or statements made by New York Fed staff in the course of the FXC's activities are solely those of the participant and do not necessarily reflect the views of the New York Fed or the Federal Reserve System.

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<sup>2</sup> See <http://www.ny.frb.org/fxc/meetingagenda/>

<sup>3</sup> For purposes of this section, the term "Committee" shall also encompass any subcommittees and working group that the Committee may establish.

Statements published by the FXC do not reflect the views of the New York Fed or the Federal Reserve System.