

COMMITTEE RELATIONSHIPS WITH OTHER INDUSTRY BODIES

In its effort to enhance the efficiency of the global financial market, the Foreign Exchange Committee benefited greatly from frequent interaction with industry groups in 1999. Industry representatives and Committee members communicated well on a number of pressing issues, including the preparation for Y2K. In addition, by coordinating with other organizations, the Committee was able to take important steps toward limiting the effects of trading disruptions and reducing overall foreign exchange settlement risk.

The global development of electronic communication simplified the exchange of information in 1999. The Committee and its related organizations increasingly turned to e-mail to transmit documents across continents. International associations were able to use their web sites as an efficient means of disseminating reports and recommendations to market users. Easy access to global resources and information on the Internet also enhanced the quality of many projects undertaken by the Committee and its partner organizations.

COORDINATING PROJECTS

The broadest interaction of the Committee with other groups involved the Y2K project. The Financial Markets Lawyers Group led this effort and drew in members of the Committee and the Operations Managers Working Group to compose *Y2K: Best Practices in the Foreign Exchange Market*. Draft copies of the document were electronically circulated to a large number of industry groups, including ACI—the Financial Markets Association, the Australian Foreign Exchange Committee, the British Bankers Association, the Canadian Foreign Exchange Committee, the FX Joint Standing Committee, the Hong Kong Foreign Exchange Committee, the Singapore Foreign Exchange Market Committee and the Tokyo Foreign Exchange Market Committee. The support of these groups ensured the effective global distribution of the report.

The force majeure project, also led by the Financial Markets Lawyers Group, required consultation with various market participants, including trading, legal, and operations staff at a large number of institutions. In addition, the Committee solicited comments and endorsements for a new set of best practices in the barrier options market from the British Bankers Association and the Canadian Bankers Association, organizations that had been involved in writing earlier guidelines for the options market.

COLLABORATING AT MEETINGS

The Committee continued its close relationship with the Singapore Committee by holding a joint meeting for the third consecutive year. Although the two committees communicate frequently through the year, the face-to-face meeting in Singapore on November 4 provided a welcome opportunity to pursue issues of importance to both groups and to coordinate policies for increased efficiency in the global foreign exchange community.

At the meeting, the committees exchanged views on market developments, including the improvement in the Asian economies. The Singapore Committee provided a briefing on Singapore's preparation for Y2K. The Committee shared its own Y2K concerns and reported on its preparations. Other topics discussed included the recent work on barrier options and force majeure and a recently released Basel Committee paper, *Supervisory Guidance for Managing Settlement Risk in Foreign Exchange Transactions*. The committees ended the meeting by

scheduling their next joint session for November 2000 in New York.

At other meetings in 1999, the Committee welcomed observers from the FX Joint Standing Committee in London, the Canadian Foreign Exchange Committee, and the Tokyo Foreign Exchange Market Committee. The Committee also exchanged agendas and other meeting information with the newly formed European Central Bank Foreign Exchange Contact Group