

Committee Relationships with Other Organizations

THE GLOBAL TRADING COMMUNITY BENEFITS GREATLY FROM EFFECTIVE communication and interaction among its various international organizations and industry associations, including the Foreign Exchange Committee. Indeed, a primary focus of the Committee over the years has been to foster camaraderie and collaboration within the foreign exchange market. Of course, our success in these efforts depends heavily on international support. In 2000, the Committee worked with a number of industry groups on a variety of initiatives to strengthen existing relationships and forge new ones.

JOINT EFFORTS ON A DAILY BASIS

On a regular basis, the Committee works with the Financial Markets Lawyers Group (FMLG), specifically on legal issues. The FMLG, in turn, often coordinates work on its projects with other organizations, such as the Bond Market Association, the British Bankers' Association, the International Swaps and Derivatives Association, and the European Financial Markets Lawyers Group.

In addition, the Foreign Exchange Committee often interacts with the Financial Markets Association—USA, whose president holds a seat on the Committee. We also anticipate increasingly close involvement with the CLS (Continuous Linked Settlement) Bank as the start-up of its new system approaches.

COORDINATING WITH THE SINGAPORE FOREIGN EXCHANGE MARKET COMMITTEE

The Foreign Exchange Committee values its close relationship with the Singapore Foreign Exchange Market Committee. Both groups are committed to improving market efficiencies and reducing global settlement risk by disseminating information and recommending best practices.

On November 2, 2000, the committees met in New York for their fourth annual combined session. The agenda included the following issues of mutual interest:

- a review by the Singapore Committee of the growth and recent changes in Singapore's debt and foreign exchange markets,
- an agreement by both committees to send a letter to SWIFT proposing stricter guidelines for trade documentation,
- a critique of the latest version of the New York Committee's *Guidelines for Foreign Exchange Trading Activities*, and
- a discussion of an acceptable Monday morning market opening time in Sydney.

The Committee also routinely exchanges minutes and agendas with the Canadian Foreign Exchange Committee, the Foreign Exchange Joint Standing Committee, the European Central Bank Foreign Exchange Market Contact Group, and the Tokyo Foreign Exchange Market Practices Committee.

SUPPORTING EMTA'S EFFORTS

In recent years, the Emerging Markets Traders Association (EMTA) has spearheaded international efforts to improve documentation in the nondeliverable forwards (NDF) market. The group's initial work focused on Latin American currencies, but in 2000 EMTA spent considerable time addressing NDF documentation needs in Asian markets.

The Foreign Exchange Committee has supported EMTA in its recent efforts. A number of the region's industry associations have also supported EMTA, including the Singapore Foreign Exchange Market Committee, the Financial Markets Association, and the Tokyo Foreign Exchange Market Practices Committee.

The Committee is aware of the special efforts and close review required to write specific currency templates for the NDF market and has strongly endorsed EMTA's work by encouraging the use of

these templates by all market participants.

The Committee also provides a link on its web site to Annex A of the 1998 *FX and Currency Option Definitions*, a document that supplements the Committee's master agreements. Annex A contains currency and currency spot rate definitions as well as other related definitions and provisions—a useful tool for traders in emerging market currencies.

NEW COLLABORATIONS

The Foreign Exchange Committee is now working with the Securities Industry Association on its long-term project to encourage and facilitate a change in securities settlement from three days to one.