



Document of Organization

The Foreign Exchange Committee is an industry group that has provided guidance and leadership to the global foreign exchange market since the Committee's founding in 1978. The Committee is an independent body sponsored by the Federal Reserve Bank of New York. The Federal Reserve Bank of New York views the Committee as an advisory group that provides insight on market conditions, identifies market-related problems, and suggests solutions or next steps.

Committee Objectives

The Foreign Exchange Committee's objectives are:

- to provide a forum for discussing issues in the foreign exchange and related international financial markets;
- to serve as a channel of communication between these markets and the Federal Reserve System and, where appropriate, other official institutions in the United States and abroad;
- to enhance knowledge and understanding of the foreign exchange and related international financial markets, in practice and in theory;
- to foster improvements in the quality of risk management in these markets;
- to develop recommendations and prepare papers on market issues and practices with a view toward improving the functioning of the foreign exchange markets; and
- to work with the other organizations representing participants in relevant financial markets.

Committee Composition

The Committee strives to ensure fair presentation and consideration of all points of view and interests in the market at all times. The composition of the Committee can include New York-headquartered banks, other U.S.-headquartered banks, foreign banks, dealers, foreign exchange brokerage firms, other financial entities that transact in the foreign

exchange market, and the Federal Reserve Bank of New York (ex officio). In general:

- The Committee consists of no more than thirty members.
- Institutions participating in the Committee are chosen in consideration of: a) their participation in the foreign exchange market and b) their importance. Selection of participants remains flexible to reflect changes as they occur in the foreign exchange market.
- Members are chosen with regard to their firm, 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;
- The membership term is four calendar years. A member may be renominated for additional terms; however, an effort will be made to maximize participation in the Committee by institutions eligible for membership. The normal term of the Committee's Chair, who will not be a Federal Reserve Bank of New York official, is no more than three years.
- Responsibility for choosing member institutions rests with the Federal Reserve Bank of New York. The Membership Subcommittee, chaired by a Federal Reserve Bank official, advises the Federal Reserve on membership issues.

Committee Procedures

Meetings

- The Committee will meet at least six times per year. The meetings will follow a specified agenda; however, the format of the discussions will be informal. In addition to regularly scheduled meetings, a meeting of the Committee may be requested at any time by five or more members.
- Members are expected to attend all meetings in person. Alternates cannot be sent.



- Meetings of the Committee will be held either at the Federal Reserve Bank of New York or at other member institutions. Meetings may be held elsewhere, as agreed by the Committee.

Input from Buy-Side Firms

- A Buy-Side Subcommittee was established in 2008 to provide a forum for discussing matters of mutual concern to dealers and nondealers in the foreign exchange market. This group is intended to broaden the dialogue on foreign exchange and supplementary best practice efforts conducted under the sponsorship of the Foreign Exchange Committee.
- The Buy-Side Subcommittee is composed of selected members of the Foreign Exchange Committee and selected members representing nondealer firms active in the foreign exchange market.
- The Buy-Side Subcommittee meets roughly four times per year.

Working Groups

- Standing working groups may include an Operations Managers Working Group and a Chief Dealers Working Group. These groups will be composed of market participants with an interest and expertise in projects assigned by the Committee, but membership decisions rest with the Federal Reserve of New York.
- Committee 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 Committee. In addition, a representative of the Federal Reserve Bank of New York will be assigned as an advisor to each working group.
- The Committee may designate additional ad hoc or standing working groups to focus on specific issues. Depending on the agenda of items to be discussed, the Committee may choose to invite other institutions to participate in working groups and otherwise in discussions and deliberations.

Recommendations and Publications

- Any recommendation the Committee wishes to make on market-related topics will be discussed

and decided upon by the Committee. Any recommendation or issue paper agreed to by the Committee will be distributed not only to member institutions, but also to institutions that participate in the foreign exchange market via the Committee's website or other means.

- The Committee will also publish an annual report, which will be made available on the Foreign Exchange Committee's website (<http://www.newyorkfed.org/fxc/>).

Membership Responsibilities

The Foreign Exchange Committee is composed of individuals from institutions that participate actively in the foreign exchange market as well as other financial markets worldwide. As senior officers of such institutions, Committee members have achieved stature in their own organizations and the marketplace, and have acquired expertise that is invaluable to attaining the Committee's objectives. In joining the Committee, these individuals expand their focus beyond their own institutions to encompass the entire market.

A member's ongoing communication with the markets worldwide generates information that is necessary to the Committee'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 for the collective effort to succeed.

The responsibilities of membership apply equally to all Committee members and are:

- to attend all meetings in person;
- to function as a communicator to the Committee and to the marketplace on matters of mutual interest, bringing issues and information to the Committee, contributing to discussion and research, and sounding out colleagues on issues of concern to the Committee;
- to present the concerns of his or her own institution to the Committee; 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; and



- to participate in Committee work and to volunteer the resources of his or her institution to support the Committee's projects and general needs.

Membership Subcommittee

The Membership Subcommittee manages the organization of the Committee by selecting new members, assigning duties, assessing the participation of the current membership, and changing, if needed, the composition of the Committee. The Federal Reserve Bank of New York representative on the Committee chairs the Membership Subcommittee. Subcommittee members (see next page for 2009 and 2010 membership) include the Committee's Chair as well as several long-standing and respected members of the Committee.

Much of the subcommittee's work occurs during October and November as the Committee prepares for the upcoming year. In its first conference call, the subcommittee:

- reviews the current Committee membership, taking account of meeting attendance and project participation over the past year;
- notes members whose four-year terms expire at year-end; and
- lists members who resigned or intend to resign prior to the end of their term because of developments at their institution such as retirement, resignation, reassignment, or merger activity.

In planning for the new year and considering new individuals for membership, the Committee may reduce or increase its size while recognizing that the Document of Organization caps the number of members at thirty.

Members whose terms are expiring may be invited to renew for an additional four-year term. The Committee's core group of long-standing members, whose terms have been renewed several times, benefits the entire group by providing a consistency of objectives and an enhanced knowledge of the Committee's history. Members who have been unable to meet the expectations for attendance and project participation may be asked to either step down or recommend others within their organization who might provide the Committee with more active and consistent support.

When discussing new members, the subcommittee considers each candidate's caliber, position, and recognition in the marketplace, as well as the degree of importance the candidate's institution has in the foreign exchange arena. The subcommittee considers individuals who have contacted the Committee directly. In addition, members of the Committee, the subcommittee, or other market participants may nominate an individual who they feel will benefit the Committee's mission.

The subcommittee also weighs the institutional composition of the Committee in its membership decisions on the theory that membership should reflect the overall composition of the actual market. During 2010, the Committee's membership will include individuals from commercial and investment banks and from interdealer brokers.

Finally, the subcommittee designates appropriate members to function as liaisons to facilitate communication between the Committee and its existing working groups. The liaisons for 2009 and 2010 for the two existing working groups are identified on the next page.



Foreign Exchange Committee Member Assignments, 2009 and 2010

2009

Committee Chair
Richard Mahoney

Liaisons for Working Groups
Chief Dealers
Russell LaScala
Jamie Thorsen

Operations Managers
Robert Catalanello
Peter Connolly

Membership Subcommittee
Jeff Feig
Richard Mahoney
Patricia Mosser (Chair)
Jamie Thorsen

Risk Management and Compliance Subcommittee
Peter Connolly
Jamie Thorsen

2010

Committee Chair
Jeff Feig

Liaisons for Working Groups
Chief Dealers
Robert Catalanello
Jamie Thorsen

Operations Managers
Peter Connolly

Membership Subcommittee
Jeff Feig
Patricia Mosser (Chair)
Jamie Thorsen

Risk Management and Compliance Subcommittee
Peter Connolly
Jamie Thorsen