

The Foreign Exchange Committee

33 Liberty Street, 9th Floor

New York, New York 10045

www.newyorkfed.org/fxc

Contact: Lynn Mansfield
Telephone: 617.664.1148

Foreign Exchange Committee Releases FX Volume Survey Results

New York, January 24, 2005 – The Foreign Exchange Committee (“FXC”) today released the results of its inaugural semi-annual FX Volume Survey for North America. This new survey was conducted in order to provide the market with frequent information on the size and structure of foreign exchange activity in North America. Key findings include:

- Average daily volume in traditional foreign exchange instruments (spot transactions, outright forwards, and foreign exchange swaps) totaled \$335 billion, and
- Average daily volume in over-the-counter foreign exchange options totaled \$36 billion.

“Our goal in launching this survey is to help market participants identify emerging trends in foreign exchange”, said Mark Snyder, Chair, of the Foreign Exchange Committee. “Moreover, we hope that this information will enable market participants to measure and effectively manage the risks associated with this high volume and rapidly evolving industry.”

To achieve a representative survey, the FXC invited 31 leading financial institutions active in the North American foreign exchange market to contribute data on the level of turnover during the month of October 2004. The FXC also collaborated with the United Kingdom’s Foreign Exchange Joint Standing Committee (“JSC”), which conducted a similar survey for the U.K. market over the same time period. The Federal Reserve Bank of New York provided technical support in collecting the data and administering the FXC survey.

For the purposes of the survey, turnover is defined as the gross value of all new deals entered into during the reporting period, and is measured in terms of the notional amount of the contracts. Survey data is broken out by four FX instruments, 13 currency pairs, four counterparty types, and five execution method categories and is reported both in terms of daily

average and total monthly volume. The reporting basis for the survey is the location of the price-setting dealer. While similar in nature, the survey is not comparable to the Bank of International Settlements' Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity given differences in the reporting methodology.

The FXC includes representatives of major domestic and foreign commercial and investment banks engaged in foreign exchange transactions in the United States, as well as foreign exchange brokers. The FXC's objectives include 1) providing a forum for the discussion of best practices and technical issues in the foreign exchange market, 2) fostering improvements in risk management in the foreign exchange market by offering recommendations and guidelines, and 3) supporting actions that facilitate greater contractual certainties for all parties active in foreign exchange. The FXC was formed in 1978 under the sponsorship of the Federal Reserve Bank of New York.

The results of this survey, together with the list of reporting dealers and explanatory notes, are available online at www.newyorkfed.org/fxc. The results of the JSC's survey for the U.K. market can be found on their website at www.bankofengland.co.uk/markets/forex/fxjisc/.

The FX Volume Survey will be conducted semi-annually in April and October.