



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Global Code of Conduct: Future governance and progress on adherence

Frankfurt, 11 July 2017

A) FX Global Code

1. Global Code: content
2. Global Foreign Exchange Committee (GFXC): Governance
3. GFXC Consultation and way forward
4. Support to the Code

B) Adherence

1. Adherence: Central Banks communication
2. GFXC website
3. Adherence tools

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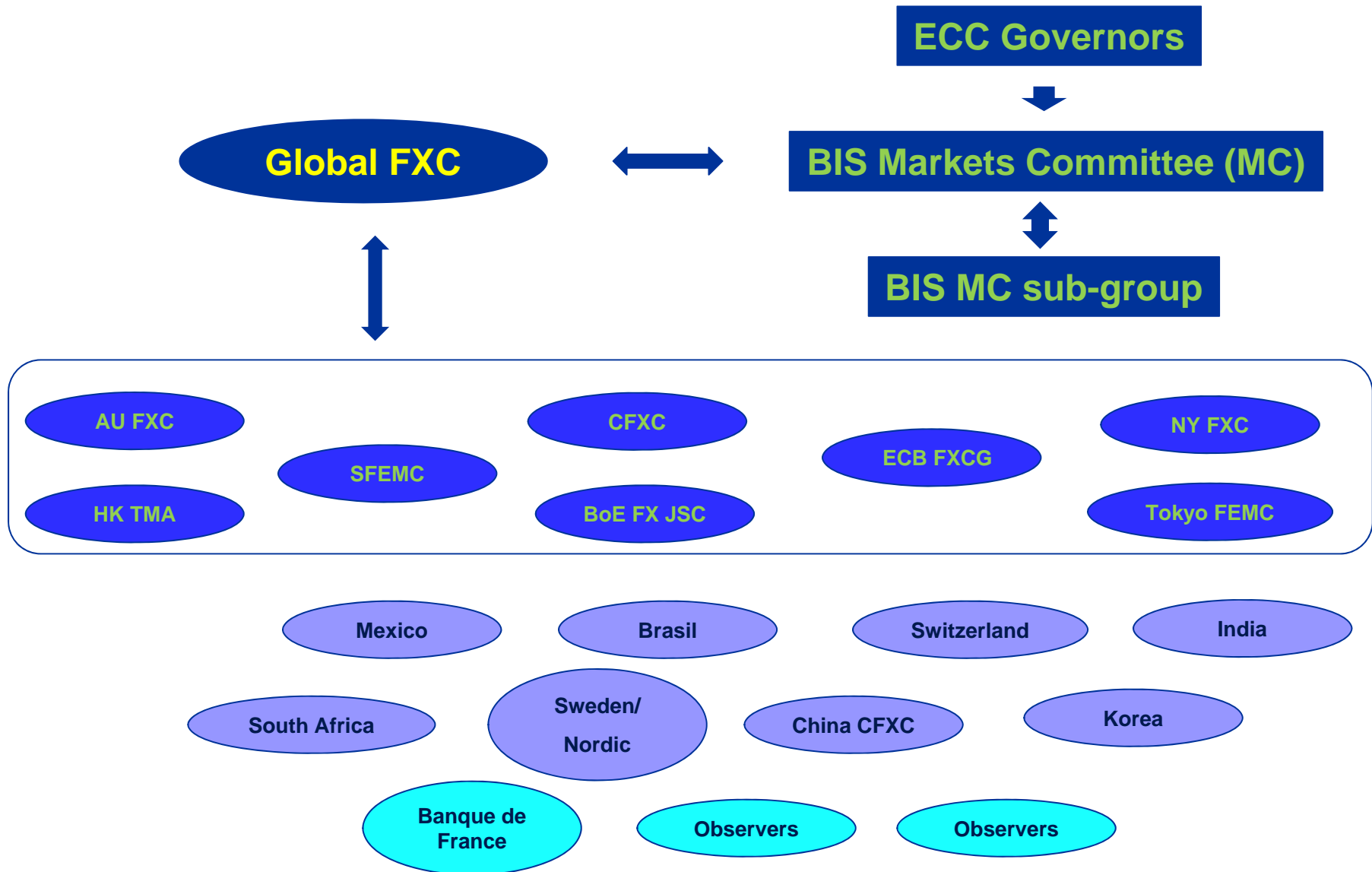
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Future governance of the Code

Global Foreign Exchange Committee - endorsed by ECC*

- **Formal launch:**
with the release of the Code
- **Responsibility:**
future governance of the Code
- **Governance:**
rotation of GFXC Chair
permanent GFXC Secretariat
- **Membership:**
 - FX committees (ECB FXCG for euro area)
 - 1 central bank representative and
 - 1 private sector representative (Call for interest)
- **Observers**
 - Banque de France for euro area

A2) GFXC Governance



A3) GFXC: consultation and way forward

1. Request for feedback on Last Look practices
 - (next item)

2. Public Register
 - Multiple private registers
 - Global Index of Registers

3. Code Survey
 - Launch end of September

A4) Support to the Code

- BIS Global Economic Meeting & ESCB press release
- Asian Central banks (BOK, HKMA, MAS, RBA, RBI) joint press release
- Associations support (ACI, GFMA, EACT...)
- Supervisors, regulators (European Banking Authority, ESMA, UK FCA)
 - **EBA:** *“The Code's guidelines for responsible participation in the FX market are **in line with the EBA's work aimed at fostering financial institutions' effective governance** and enhanced consumer protection in all areas of financial products and services.”*
 - **ESMA:** *“The ultimate objective of supervisory convergence is to ensure that market practices meet the required standards and support the well-known regulatory objectives. However, I do not consider this an exclusive role for regulators. In that context, I should mention that I very much support the recently published Foreign Exchange Global Code of Conduct”* (Steven Maijor, Speech Looking to the Future, 7 June)
 - **FCA:** *“We expect firms, **Senior Managers**, certified individuals and other relevant persons to take responsibility for and be able to demonstrate their own adherence with standards of market conduct. Our supervision of the SMCR rules supports this.”*

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B1) Adherence: Central Banks communication

ECC* and GEM** Governors provided adherence guidance to the Code in May 2017

- *Central banks are strongly committed to supporting and promoting adherence to the Code. They confirm that they are committed to adhering to the principles of the Code and will **expect the same of their regular FX counterparties**, except where this would inhibit the discharge of their policy functions. Additionally, members of central bank sponsored foreign exchange committees will be expected to adhere to the Code.*

Rationale

- Receive more fair, transparent and effective execution from counterparties that adhere to the Code
- Reinforce good practices among market participants

* Economic Consultative Committee

** Global Economy Meeting

B1) Adherence: Central Bank Communication

ESCB Central Banks welcome the publication of Foreign Exchange Global Code of Conduct

*The ESCB central banks are strongly committed to supporting and promoting adherence to the Code in their jurisdictions, which together play a key role in the global FX market. To that end, they are committed to adhering to the principles of the Code when acting as FX market participants and likewise **expect their regular FX trading counterparties to adhere to the Code.***

*The ESCB central banks also **encourage FX market participants in their jurisdictions to evolve their practices in such a way that they are consistent with the principles of the Code and to demonstrate their commitment by endorsing the Statement of Commitment annexed to the Code.** The ESCB central banks look forward to witnessing the evolution of practices accordingly.*



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* Economic Consultative Committee

** Global Economy Meeting

B2) GFXC website: visit <http://www.globalfxc.org>

GLOBAL FOREIGN EXCHANGE COMMITTEE

[About GFXC](#)[FX Global Code](#)[Meetings](#)[Press Releases](#)

The Global Foreign Exchange Committee was established in May 2017 as a forum bringing together central banks and private sector participants with the aim to promote a robust, fair, liquid, open, and appropriately transparent Foreign Exchange (FX) market in which a diverse set of participants, supported by resilient infrastructure, are able to confidently and effectively transact at competitive prices that reflect available information and in a manner that conforms to acceptable standards of behaviour.



The FX Global Code is a set of global principles of good practice in the foreign exchange market... [READ MORE](#)

[Download the FX Global Code May 2017 PDF](#)



Widespread adoption of the FX Global Code across the diverse and broad spectrum of market participants is vital... [READ MORE](#)

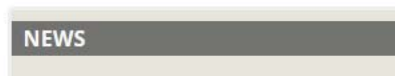
[Download the Public Report on Adherence, May 2017 PDF](#)

[Download Statement of Commitment](#)



The GFXC is seeking feedback on "last look" practices in the foreign exchange market.

[Download the Request for Feedback](#)



The GFXC was formally launched on May 24, 2017 [Read the Press Release](#)

Global code of conduct sets out good foreign exchange market practice [Read the Press Release](#)

[Press conference audio](#)

[Press conference opening remarks video](#)