

China's Interbank FX Market and China FX Committee

November, 2018



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Developments in China's Interbank FX Market

 CFETS founded in 1994, providing an integrated e-trading platform

 Continuous Growth of Market Size

 Expanding of Market Participants

 Diversification of Products

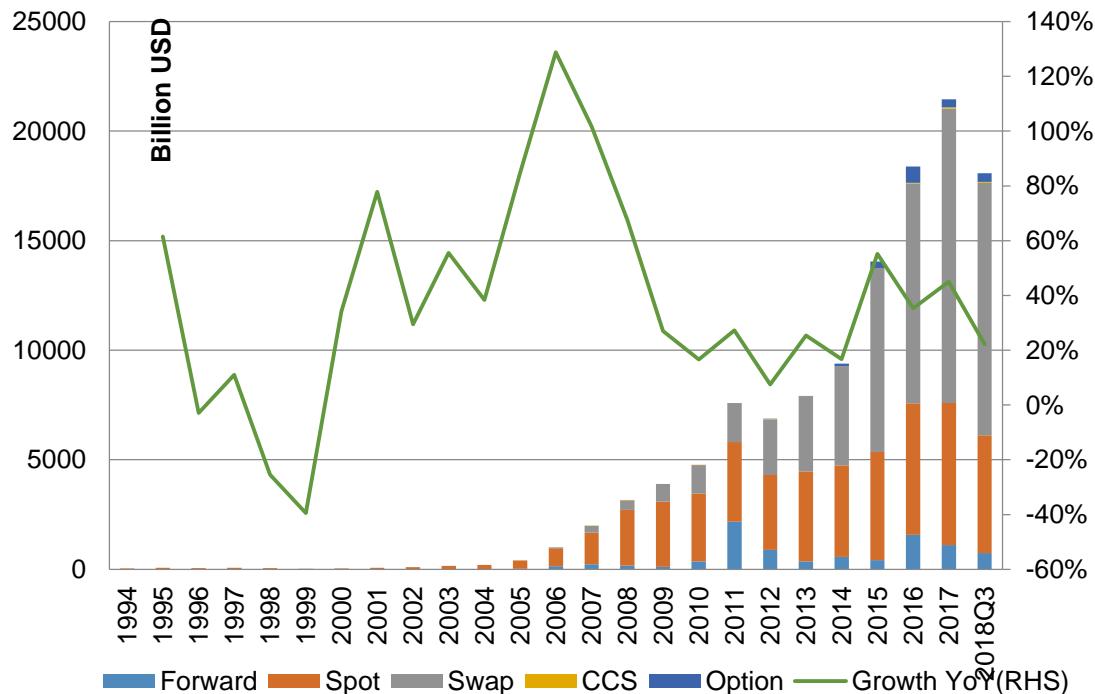
 Improvement of Trading Mechanisms

 Opening Up of the Market

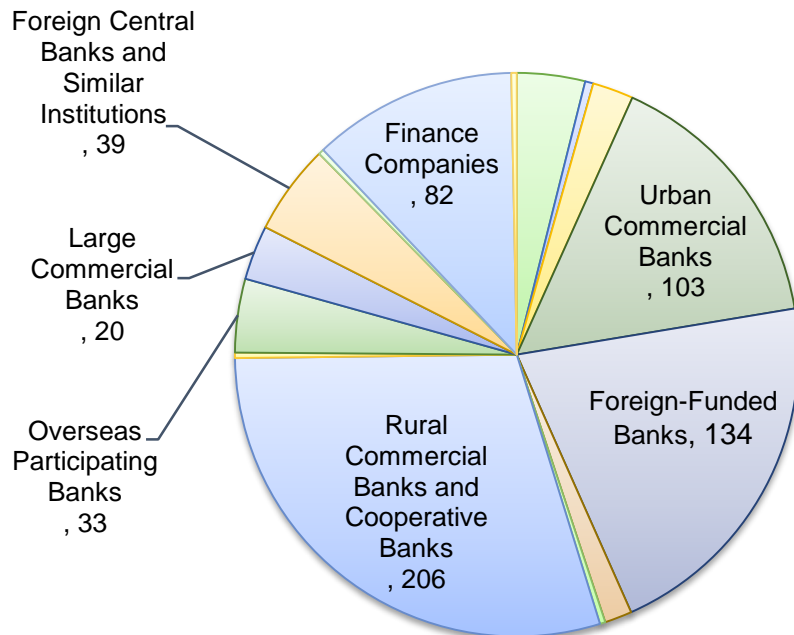


Continuous Growth of Market Size

- Average annual growth rate of over 30% since 1994.
- Trading volume reaches 20.4 trillion USD in 2017 and 17.4 trillion USD, in the first three quarters of 2018
- Daily average turnover: 100 billion USD.



Expanding of Market Participants



Institution Type	Number
Rural Commercial Banks and Cooperative Banks	206
Foreign-Funded Banks	134
Urban Commercial Banks	103
Finance Companies	82
Foreign Central Banks and Similar Institutions	39
Overseas Participating Banks	33
Overseas RMB Clearing Banks	21
Large Commercial Banks	20
Shareholding Commercial Banks	15
Rural Credit Cooperatives	10
Policy Banks	3
Village Banks	2
Fund & Securities companies	2
Private Banks	2
Enterprise Groups	2
Total: 673 members	

By Sep. 30th .2018

Diversification of Products

RMB/FX Market

Trading Instrument

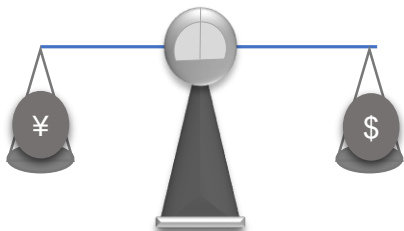
Spot/Forward/Swap/Currency
Swap/Option

27 Currency Pairs

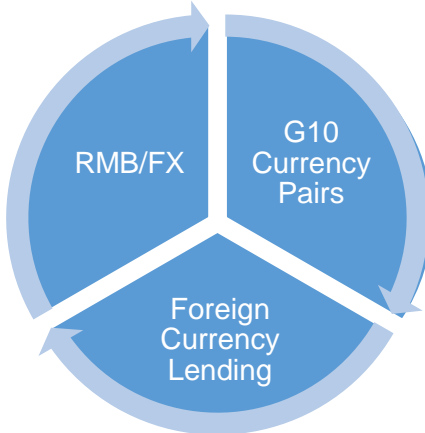
USD/CNY, EUR/CNY, JPY/CNY,
etc.

Trading hours:

9:30 – 23:30



Interbank FX Market



G10 Currency Pair Market

Trading Instrument

Spot/Forward/Swap/CCS/IRS

11 Currency Pairs

EUR/JPY, EUR/USD, GBP/USD,
etc.

Trading hours:

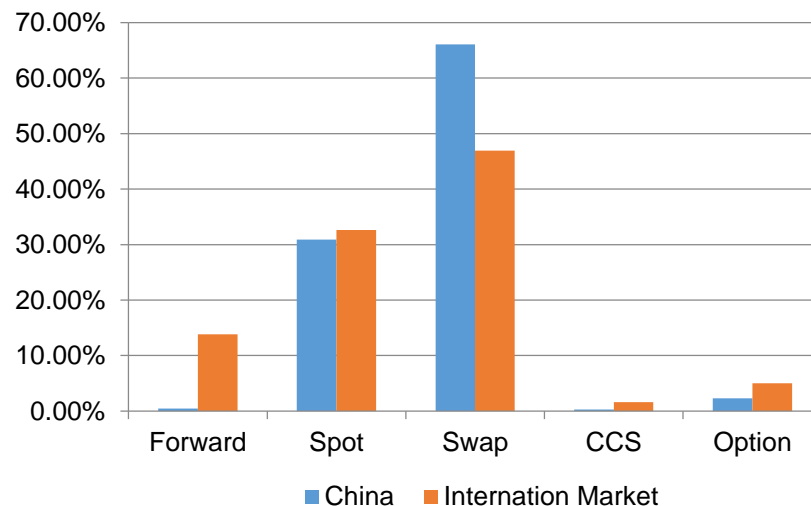
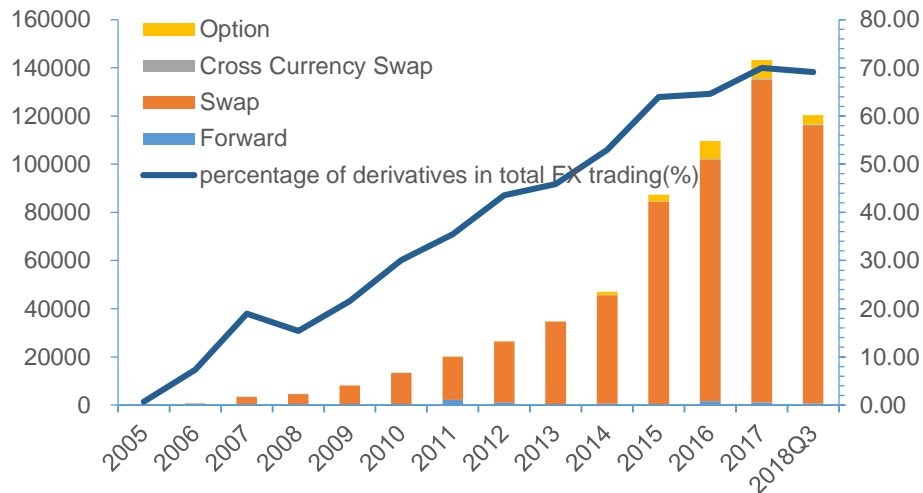
7:00 – 23:30



Foreign Currency Lending Market

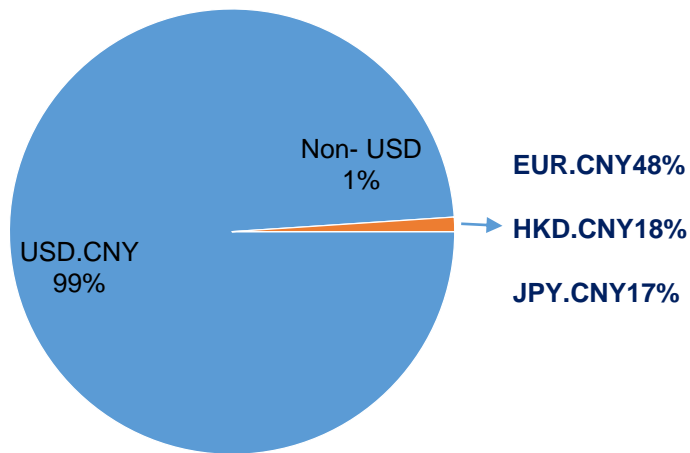
- **7 Currencies:**
USD;EUR;HKD;JPY;AUD;CAD;GBP
- **Trading hours:**
7:00 – 23:30

FX Derivatives Market

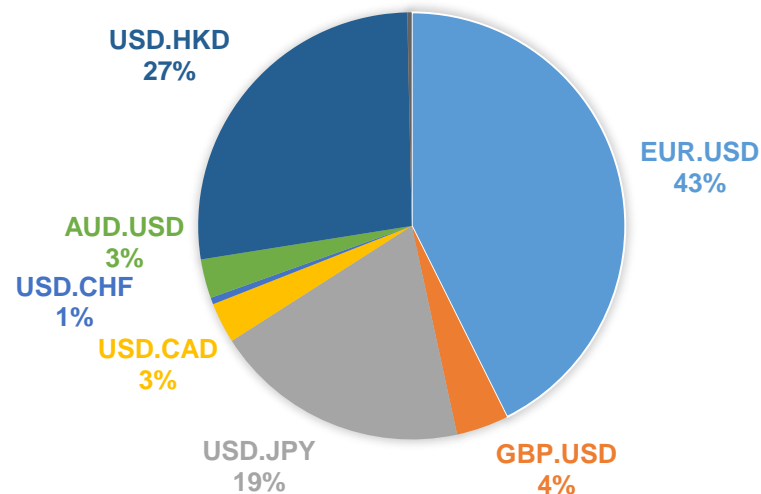


Data sources: BIS 2016 Triennial Report, CFETS

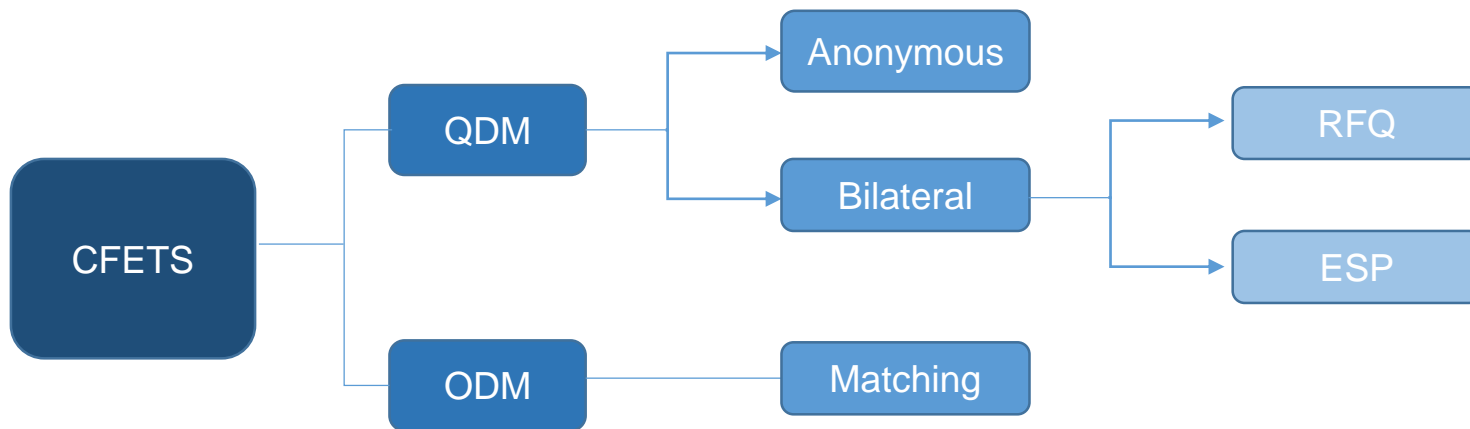
Currency Pairs in RMB/FX Market



Currency Pairs in G10 Market



Improvement of Trading Mechanisms



Opening up of China's FX Market

Sep, 2015

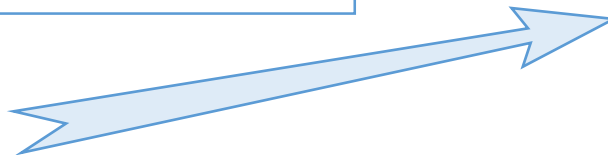
Foreign central banks, sovereign wealth funds and international financial institutions could trade all listing CNY related products without any limitation.

Dec, 2015

Qualified offshore banks participating in RMB purchases and sales business could trade all listing CNY related products with a trade background.

July, 2017

The scope of RMB purchases and sales expanded to cover cross bond investment to support Bond Connect.



Overseas Participation

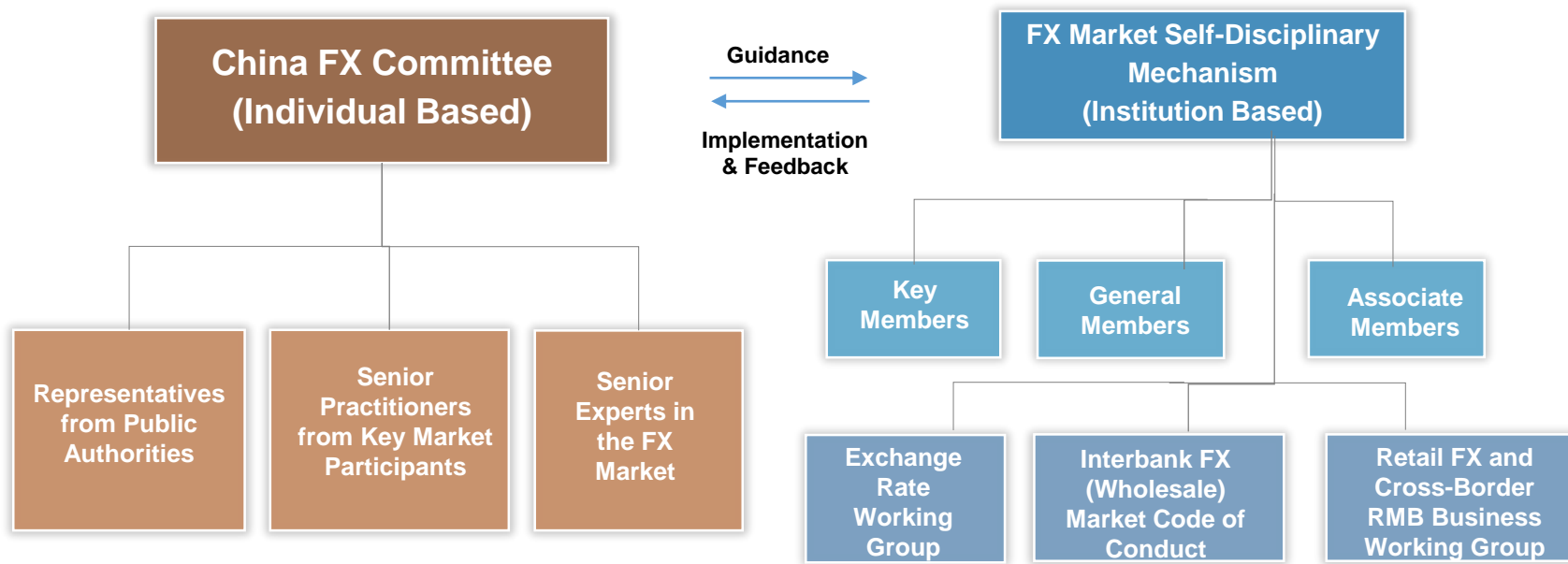
- **Number: 93 offshore members,**
 - 39 foreign central banks and similar institutions
 - 21 offshore RMB clearing banks
 - 33 offshore Participating banks
- **Turnover: ¥ 992 bn in the first three quarters of 2018, ↑ 209.5% YoY**



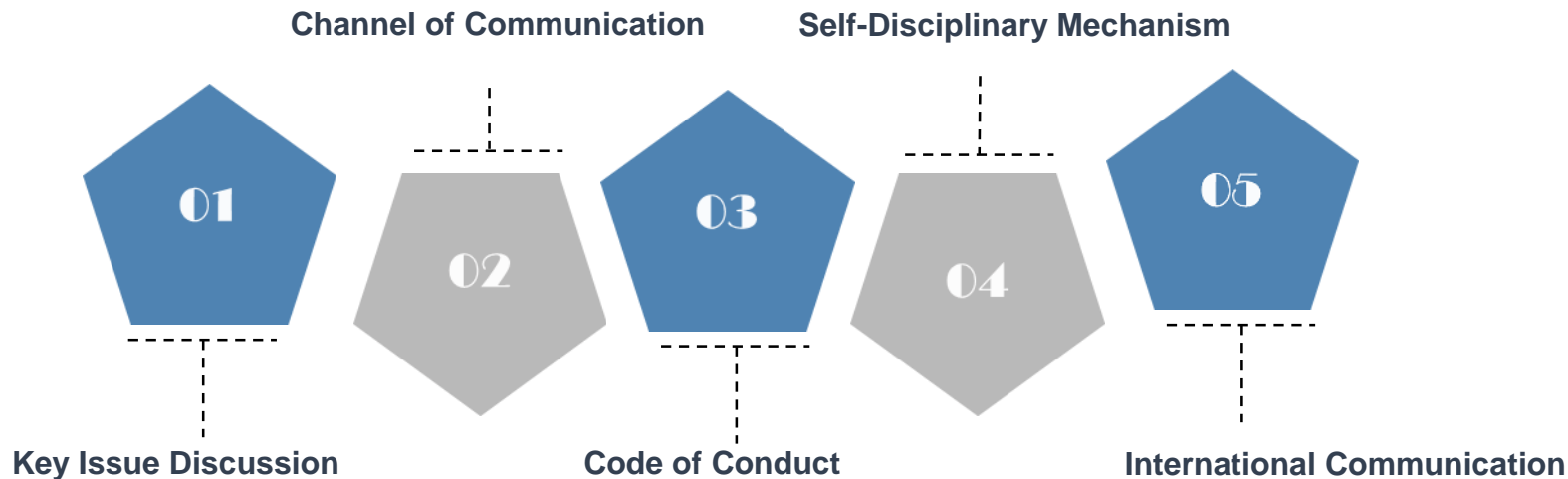
PART/ 2

China FX Committee

A Double-Layered Structure



CFXC – Objectives and Functions



PART/ 3

Promoting Code Adherence

Adherence demonstrated via the Statement of Commitment

CHINA FX COMMITTEE

- About Us
- News
- Members
- Code of Conduct
- Meetings
- Public Registry**
- GFXC
- Self-Disciplinary Mechanism

Public Registry

The FX Global Code and the China FX Code
 To promote the integrity and effective functioning of the wholesale FX market, the Global Foreign Exchange Committee ("GFXC") published the FX Global Code ("Global Code") in May 2017 to provide a single set of global principles of good practice for the FX market. Market participants could sign the Statement of Commitment ("Statement") to demonstrate their recognition of, and commitment to adopting the good practices set forth in the Global Code.

As one of the GFXC members, the China FX Committee ("CFXC"), along with the Self-Disciplinary Mechanism, developed the China FX Code ("China Code") based on the principles of the Global Code, taking into account of the prevailing practices in China's FX market. The China Code is more detailed and complementary compared with the Global Code, which may facilitate the implementation of China's market participants. Market participants in China's FX market are encouraged to adopt both the Global Code and the China...

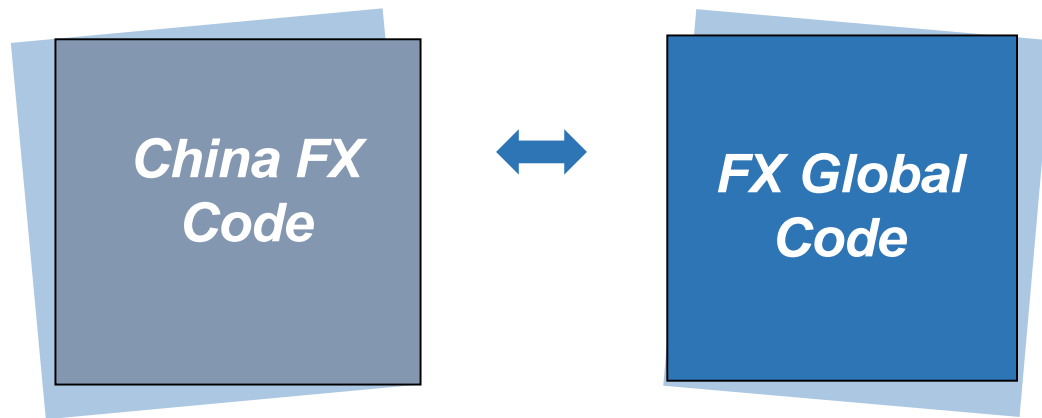
[more »](#)

List of Market Participants and their Statements >

Public Register	Market Participant	Type	Statement	Statement Date	Admission Date
	Industrial and Commercial Bank of China	Bank		2018-05-30	2018-05
	Agricultural Bank of China	Bank		2018-05-30	2018-05
	Bank of China	Bank		2018-05-22	2018-05
	China Construction Bank	Bank		2018-05-28	2018-05
	Bank of Communications	Bank		2018-05-09	2018-05
	China Citic Bank	Bank		2018-05-25	2018-05
	China Merchants Bank	Bank		2018-05-30	2018-05
	Shanghai Pudong Development Bank	Bank		2018-05-28	2018-05
	Industrial Bank	Bank		2018-05-23	2018-05

- The double-layered structure is leveraged to promote Code adherence among a broad range of wholesale FX market participants in China.
- 42 market participants have signed a Statement of Commitment, covering all of the institutions of CFXC members.
- CFETS Public Register

More Detailed China FX Code to Further Implement the Code



- ❑ Local annex to the Global Code, more detailed
- ❑ “Not contradictory and not substandard”
- ❑ Global Code and the China Code are two parts that form a whole, to be promoted in China

Mechanisms to Promote Adherence

- Education and training
- Illustrative examples, Q&A and Experiences sharing
- Publicity



- Assessment on Code implementation
- Dispute resolution mechanism
- Regulatory Incentives

Thanks

A Better FX Market for All.

