

Global FXC Code - Adherence

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GLOBAL FXC MEETING

**25 MAY 2016
NEW YORK**

Session agenda

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- Introduction
- Background & ‘Guiding Principles’
- Phase 1: Adherence mechanisms
- Phase 2: Next steps

Background

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- **Purpose of adherence work-stream**
 - To establish a framework, and where appropriate a set of tools, that will promote adherence to the Code by market participants.
- **Why is this important?**
 - Code will only have value if market participants adhere to it
 - Previous codes existed but not necessarily adhered to
 - Publication of the Code by itself cannot be expected to change behaviour overnight

Guiding Principles

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- **Universal:** *The Global FX Code will apply to all wholesale foreign exchange market participants, based on the activities they undertake and subject to compliance with any applicable regulations.*
- **Proportionate:** *How wholesale FX market participants adhere, and demonstrate their adherence, to the Code should be proportionate and appropriate to the type of participant and the context of the local financial markets.*
- **Transparent:** *The mode of adherence should be transparent, to enable monitoring and market discipline.*

Phase 1: Adherence mechanisms

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- Initial consideration of the full spectrum of potential adherence mechanisms
- For phase 1, more in depth analysis of
 - Role of FXCs
 - Role of market infrastructure providers
 - Central bank actions

Phase 2: Next steps

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- Engage closely with market participants to identify and develop market-based adherence mechanisms;
- Exploring the role of market infrastructure providers in promulgating the Code and promoting adherence to their members;
- Further work on the role of FXCs in promoting adherence.

Questions?

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