



Minutes of the Foreign Exchange Committee Meeting

Meeting: March 27, 2020

Host: Video Conference Meeting

FXC Attendees:

JENS ANDERSEN	Standard Chartered
ANTHONY BISEGNA	State Street
MARK BRUCE	Jump Trading
NATALIA CHAFER	DE Shaw
CHRISTOPHER CHATTAWAY	Goldman Sachs
YUDHVEER CHAUDHRY	BlackRock
JOSE LUIS DAZA	QFR
MARIA DOUVAS	Morgan Stanley
MICHAEL O'BRIEN	Eaton Vance
ANNA FAUSTINI	Societe Generale
HARI HARIHARAN	NWI Management
BENJAMIN KLIXBULL	XTX Markets
RUSSEL LASCALA	Deutsche Bank
DANIEL LENNON	CLS
ANDREW MAACK	Vanguard
CLAUDIA JURY	J.P. Morgan Chase
JODI SCHENCK	Citi
JESSICA SOHL	HC Tech
ROBERT TULL	Fifth Third Bank
ADAM VOS	BNY Mellon
CHRISTOPHER VOGEL (Chair)	TD Securities

Federal Reserve Bank of New York (FRBNY) Attendees:

ALAIN CHABOUD
ALEX COHEN
MICHELLE EZER
COLLEEN KEEGAN
LORIE LOGAN
TOM NOONE
ANNA NORDSTROM
SANJA PEROS
MATT RASKIN
DAN REICHGOTT
SHAWEI WANG

U.S. Department of Treasury Attendee:

DANIEL HALL

The Foreign Exchange Committee (FXC) Chair provided opening remarks to the Committee, which was meeting outside its normal schedule to discuss current FX market conditions, given the extreme market volatility driven by the world-wide spread of the novel coronavirus (COVID-19).

1. Review of Antitrust Guidelines

Members reviewed the Committee's Antitrust Guidelines for the [Federal Reserve Bank of New York's Advisory and Sponsored Groups](#) ("Guidelines"). FRBNY counsel instructed the members to review the Guidelines and share them with colleagues from their institutions who also work on FXC matters. He also highlighted the appropriate role of best practices and market conduct recommendations, addressed anticompetitive conduct that could cause legal or reputational risk to the FXC and the FRBNY, and directed Committee members to reach out with questions about anything they find unclear in the policy.

2. Markets Discussion

The markets discussion focused on FX spot and forward trading conditions in the wake of the spread of COVID-19. Members noted that in spite of the significant increase in FX volatility and deterioration of liquidity conditions, spot FX continued to function, especially compared to other asset classes. Members reported that trading conditions had gradually improved over the week, as risk assets had demonstrated signs of stabilization. However, it was noted that conditions varied based on currency pair, with particular emerging market and oil-sensitive currencies having experienced more acute bouts of stress at times.

Members also discussed the significant strains in onshore and offshore dollar funding markets, including FX swaps and forwards. Factors cited as exacerbating the demand for dollars included corporate credit drawdowns, margin calls, and the fact that many credit support annexes are denominated in dollars. It was noted that while pressures remained, some signs of easing were emerging, due in large part to the various Federal Reserve facilities, including the expanded tenor, frequency, and scope of the dollar liquidity swap operations with other central banks.

Discussion then turned to expected trading conditions ahead of the upcoming month- and quarter-end fixing date, where a significant amount of volume was expected to go through the market. While members noted that uncertainty over trading conditions on month-end was high, it was suggested that some market participants were taking steps to mitigate the need to transact at the fix. These included proactive rolling of hedges to different tenors, and the potential increased use of buy-side to buy-side trading activity.

Finally, members discussed the challenges of adjusting to operating in a widespread contingency environment, including managing risk from decentralized locations and varying internet speeds. Some members cited concerns about possible operational/trade processing impairments following the announced lockdown in India, where a lot of back-office infrastructure is located. However, while this may have caused some minor difficulties, members did not report any systemic issues. Overall it was noted that given the circumstances, the FX ecosystem had remained resilient.

3. GFXC matters

The meeting concluded with a brief update on Global Foreign Exchange Committee (GFXC) matters. One member highlighted the GFXC's recently issued [statement on FX market conditions](#), which encouraged market participants to take appropriate steps to reduce the potential impact of volatility on market functioning at the month-end. It was also noted that, at the request of GFXC Chair Guy Debelle, work surrounding the three-year review of the FX Global Code would be paused for the next few months to allow GFXC members to focus on current business needs. The next in-person GFXC meeting, which was scheduled for June in Zurich, Switzerland, will be replaced with a teleconference.

The next FXC meeting is scheduled for April 14, 2020.