



## Minutes of the Foreign Exchange Committee

Meeting, January 16, 2013

Host: Federal Reserve Bank of New York

### Committee attendees:

ADNAN AKANT	Fischer Francis Trees & Watts
ZAR AMROLIA	Deutsche Bank AG
ANTHONY BISEGNA	State Street Corporation
ROBERT BOGUCKI	Barclays
ERIC BUSAY	CalPERS
TIM CARRINGTON	RBS
ROBERT CATALANELLO	Credit Agricole CIB
LYNN CHALLENGER	Mellon Capital
STEVEN CHO	Goldman Sachs
PETER CONNOLLY	Wells Fargo
JOSE LUIS DAZA	QFR Capital Management
JEFF FEIG	Citigroup
TOM GILLIE	Bank of America Merrill Lynch
DANIEL GLEIZER	Banco Itau BBA
MOTI JUNGREIS	TD Bank
TAHREEM KAMPTON	Microsoft
GIL MANDELZIS	EBS
DAVID PUTH	CLS
TROY ROHRBAUGH	JP Morgan Chase
DANIEL SILBER	HSBC
KOICHI TAKENAKA	Mizuho
JOHN TAYLOR	FX Concepts
CHRIS VOGEL	Blackrock
PHIL WEISBERG	FXall

### Federal Reserve Attendees

Lorie Logan  
Patricia Mosser  
Anna Nordstrom  
Jamie Pfeifer  
Simon Potter  
Michael Nelson, Counsel



### **Welcome to New Members**

The Chair welcomed new FXC members including Jose Luis Daza of QFR Capital Management, David Puth of CLS, and Koichi Takenaka of Mizuho Corporate Bank.

In addition, Simon Potter introduced a new member from the Federal Reserve Bank of New York--Lorie Logan, a Senior Vice President who co-heads the Market Operations Monitoring and Analysis division of the Markets Group. Lorie will join as a member and serve as Simon Potter's deputy when required.

### **Antitrust Guidelines Review and Renewal of FXC Charter for 2013**

Counsel circulated and discussed the Committee's antitrust guidelines. Counsel highlighted particular behaviors that are inappropriate and unlawful for the Committee—such as efforts to set prices or to limit access to the market. He noted, however, that it is appropriate for the Committee to work together in support of best practices, but that these practices should not be designed to decrease competition in the FX market. Members were directed to review the guidelines and to reach out to the Committee Counsel or to their own firm's internal counsel should they have any questions. Members were encouraged to share the document with those in their organization that may assist in Committee efforts.

The Secretary reviewed the Committee Charter, which was to be adopted for 2013. The revised Charter reflected one change from the prior year to note that Buy Side members are now expected to attend all, rather than a sub-set, of the FXC meetings.

### **Market Discussion**

The Chair facilitated a discussion of recent market developments and conditions.

Members reported an increased focus on developments in Japan following the political changes in the region and the sharper price action witnessed in the Japanese yen against other currencies. Members noted the steady depreciation of the Japanese yen against other currencies since the last meeting in November and highlighted expectations for the new government to support more aggressive fiscal and monetary easing measures. There were mixed views about the outlook for further yen depreciation with some suggesting that, despite the significant steady depreciation, positioning is not extended, suggesting scope for further depreciation. In contrast, others suggested that the move has been outsized and may be reversed somewhat if upcoming policy announcements are not as aggressive as expected.

Members noted that monetary and fiscal policy developments in the U.S. continue to be an area of focus. Members expressed surprise at the scope of the market reaction to the recent FOMC minutes release and indicated that the minutes did not suggest a significant change in Fed policy, but rather greater insight into the Fed's reaction function going forward. Looking ahead, most members anticipated that policy tightening via rate increases would occur only after the completion of asset purchases.

Members were also attuned to developments in Europe and cited perceived progress toward fiscal improvements. However, members suggested that more work would be required to address



competitive differences. In addition, members noted that European political developments would continue to garner attention.

Members reported that market volumes had increased since the start of the year amid a general rise in market volatility.

### **2013 Topics of Focus**

The Secretary reviewed work continuing from 2012 into 2013, including updates to the Sixty Best Practices, background work on Foreign Exchange Prime Brokerage processes, and on trends in electronic trading. Additionally, members discussed various topics and initiatives that the Committee could pursue in the year ahead. Many of those initiatives related to clarifying and communicating the impact of the Dodd-Frank Act on the foreign exchange market and on further opportunities to reduce risk further in foreign exchange transaction execution and settlement.

### **Other Business**

- The next meeting for the FXC is scheduled for Wednesday March 6th at 4:00 PM and will be hosted by Barclays.