



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Single Code & Adherence: Way forward

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Overview

1 Work Stream 1: Single Code

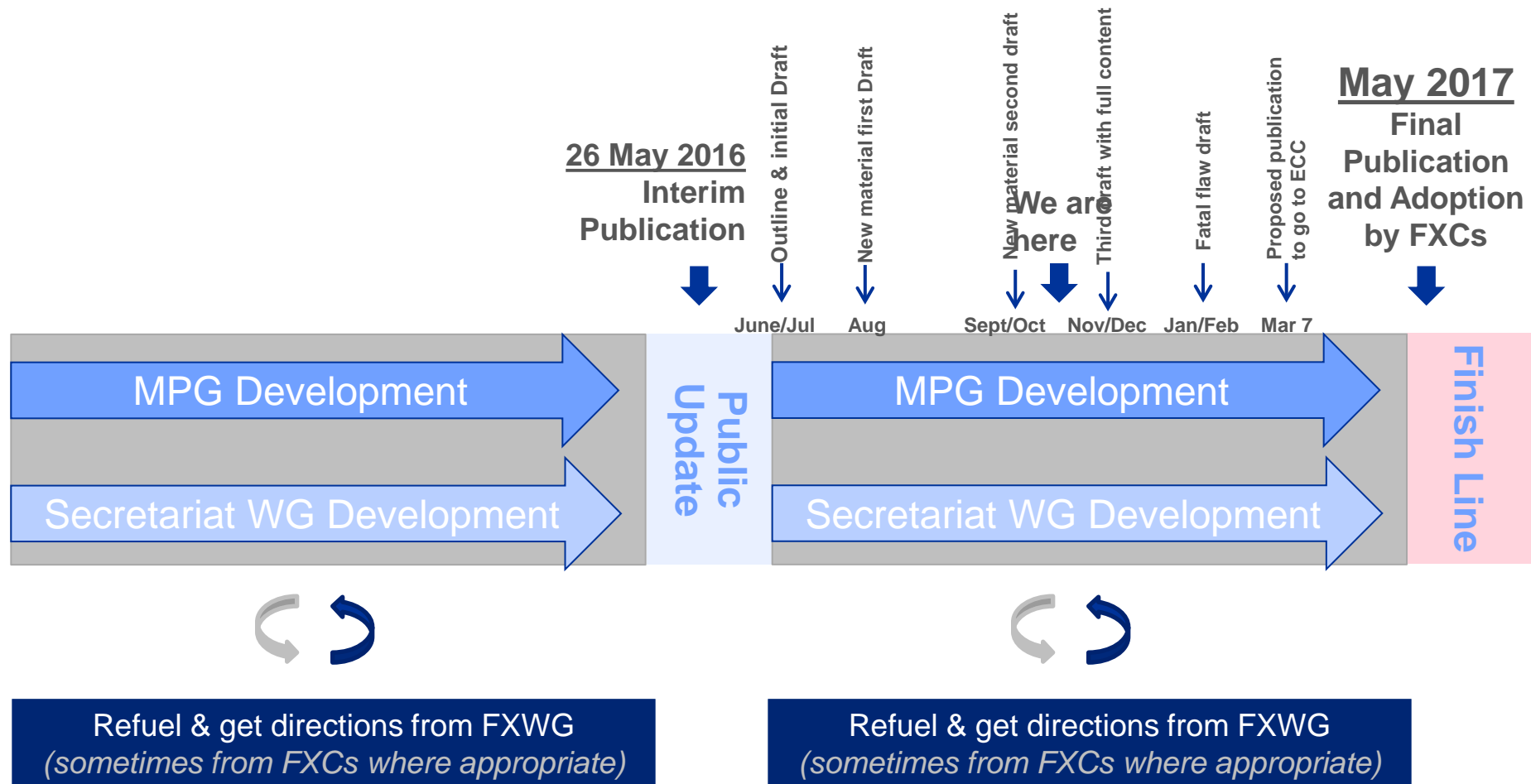
2 Work Stream 2: Adherence

Overview

1 **Work Stream 1: Single Code**

2 Work Stream 2: Adherence

Developing the Global FX Code: A Road Map



General feedback

- **Significant overlap**
 - Phase 1-Phase 2
 - Governance-Ethics-RM&C
- **Execution material has broader applicability**
 - Content applicable beyond Prime Brokers, E-trading, Interbank Dealers and Brokers, etc.
- **Emphasis mostly on large banks (sell-side)**
- **Inconsistent granularity**
- **Some missing content noted**
 - FX Options, Forwards, Swaps, NDF
 - Business Continuity
 - Cyber topics

Examples: summary of feedback

- **Summary of feedback**
 - Focus each example to address just one issue
 - Sharpen the distinction between acceptable and unacceptable behaviours
 - Less jargon
 - Clarify the principal/agent roles examples
 - Few comments from the MPG
- **No example for all principles but overproduce**
- **Greater engagement with market participants**

NEXT STEPS

- Consolidate Phase 1 and Phase 2 material into single text
- Feedback on draft to be focused on new material
- FRBNY circulate draft to FXWG, MPG, CB Lawyers Group (Oct 3)
- ECB to circulate to MOC and to FXCs (Oct 3-18)

Overview

1 Work Stream 1: Single Code

2 Work Stream 2: Adherence

Adherence work-streams:

- CB Lawyers group
- FXC working group
- Central bank own adherence
- Central bank counterparty expectations
- Outreach (Associations and Infrastructure)
- Engagement with MPG – AWG and market-based mechanisms

FXC WC – Attestation key proposals

- All FXCs should establish a public link between adherence to the Code and FXC membership
- Attestation: “commitment to adhere” rather than statement of adherence
- Create a single, high level form
- Signatory: appropriate senior individual
- Status of affiliates (e.g. corporate)
- Coverage of sub-committees: left to local FXC
- Regular updates: frequency left to local FXC
- Central banks will not verify the attestations

Outreach – Associations & Platforms

- **Deliverable: briefing pack**

- Final work plan, background document and set of questions to be used in outreach to associations and platforms/infrastructure providers.

- **Progress**

- Most FXWG members provided list of associations in their jurisdiction in table
- Similar table to be circulated to FXWG on platforms/infrastructure providers

- **Key points / proposals for discussion**

- Each FXWG members to reach out to associations/platforms/infrastructure providers located/headquartered in their jurisdiction
- MAS/ECB to reach out to platforms/infrastructure providers within MPG (CLS, EBS, Reuters) and coordinate for platforms outside FXWG jurisdictions
- Briefing pack serves to support FXWG members' outreach efforts

- **Next steps**

- Tables to be circulated ahead of FXWG meetings for updates on outreach
- Regular updates provided at FXWG meetings

Thank you for your attention!