



The evolving FX industry – FX Global Code

Treasury & Finance Forum Day 2018



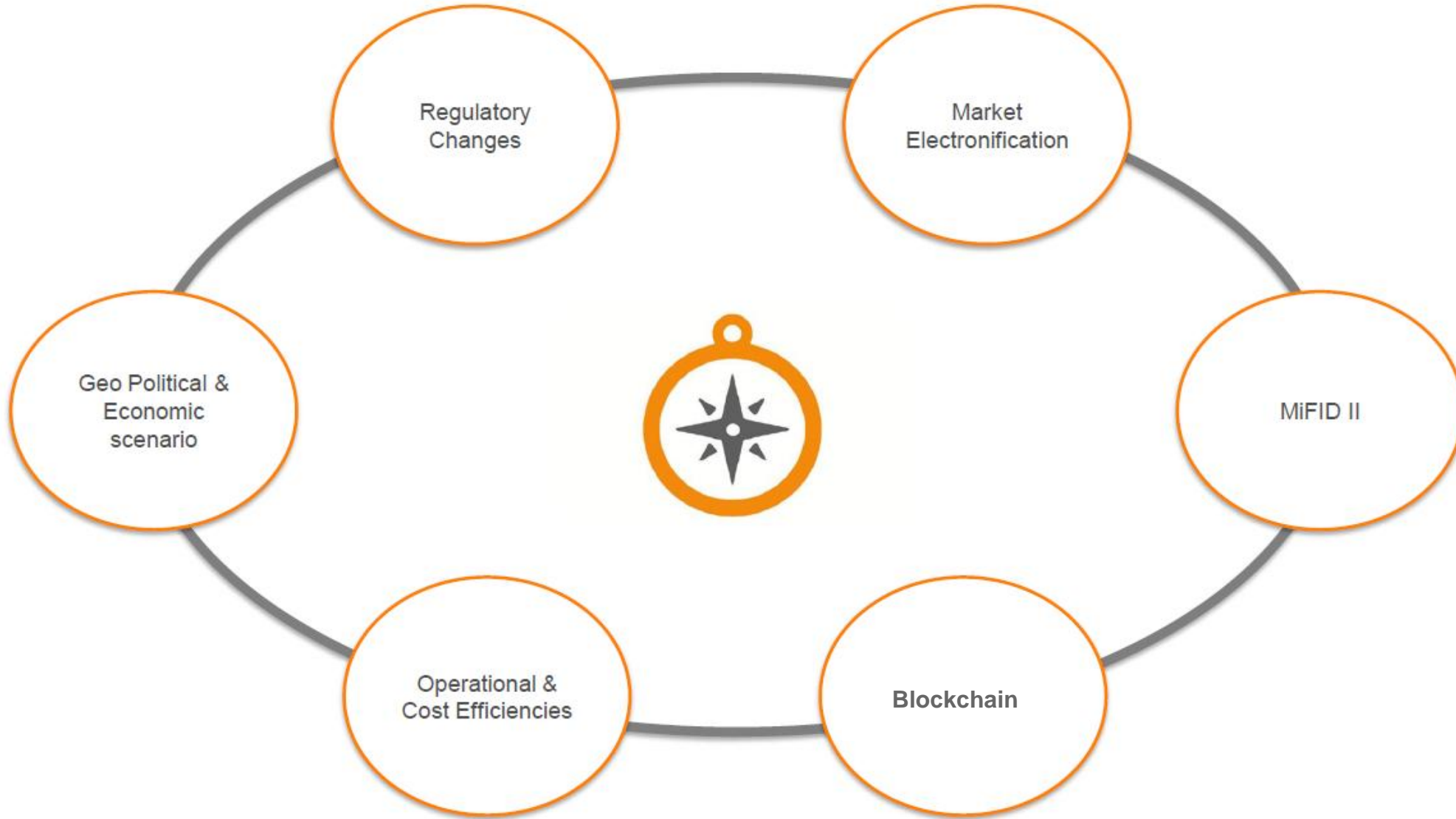
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MARKET CHALLENGES



FX GLOBAL CODE

PRINCIPLES VS RULES

What is the FX Global Code ?

A **set of global principles of good practice in the foreign exchange market** developed to provide a common group of guidelines to promote the integrity and effective functioning of the wholesale foreign exchange market.

It is intended to promote a robust, fair, liquid, open, and appropriately transparent market.

The Global Code does not impose legal or regulatory obligations on Market Participants nor does it substitute for regulation, but rather it is intended to serve as a supplement to any and all local laws, rules, and regulation by identifying global good practices and processes. https://www.globalfx.org/docs/fx_global.pdf

Who developed the Code ?

The Global Code was developed by a partnership of central banks & market participants from 16 jurisdictions at global level.

•On the central bank side, the **Foreign Exchange Working Group (FXWG)** was established in July 2015 to facilitate the creation of the Global Code and to promote its adoption. It operates under the auspices of the Markets Committee, which is composed of senior officials responsible for market operations in 21 central banks representing the largest currency areas.

•On the private sector side, the FXWG formed a **Market Participants Group (MPG)**, to help coordinate across the regional foreign exchange committees (FXCs) and representatives of the FX Market in other regions, in order to engage a broad and diverse set of Market Participants in the process of developing and promoting the Code.



FX Working Group
Senior Reps from 21
Central Banks

Market Part. Group
Reps from FX market
participants (i.e. TR)

FX GLOBAL CODE

GROWING RELEVANCE OF ETHICS



FX GLOBAL CODE

WHAT MAKES THE CODE UNIQUE

Principles-based: the FX Global Code is built on principles universally recognized as best practices that were defined through the collaboration of public and private sectors. Such principles are less exposed to obsolescence compared with quantitative rules.

Interpretation: compared with directives and regulations, the code needs to be interpreted and applied to each market participant's characteristics. This requires implementation of learning paths and procedures affecting the full value chain, not just trading desks.

Proportionality: market participants adopt the code in line with their level of engagement in the FX market and with the size and complexity of their operations.

Global: the FX Global Code applies globally to all FX market participants, with very few exceptions (i.e. retail).

Simplicity: the code is written in clear and simple language. It is relatively short and provides illustrative examples.

Evolution: the code has a precise schedule and rhythm to make sure it is regularly reviewed in order that it can evolve and encompass all new market requirements. An annual review is followed by a deeper review every three years.



[Blog Post: How will the FX Global Code illuminate foreign exchange?](#)



@vinedimase
#SmarterTRading

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PRINCIPLE 9 - EXECUTION

“Market Participants should handle orders fairly and with transparency in line with capacities in which they act”

“... Market Participants acting as Clients should regularly evaluate the execution they receive.”



Best Execution
Transaction Cost Analysis

FX GLOBAL CODE

SUPPORTING THE DIVERSE FX ECOSYSTEM

15 Market Participant Category Types allowed


- ✓ Bank
- ✓ Quasi-Sovereign or supranational Institution
- ✓ Asset Manager
- ✓ Sovereign Wealth Fund
- ✓ Hedge Fund
- ✓ Pension Fund
- ✓ Insurance Company
- ✓ Non-Bank Liquidity Provider
- ✓ **Corporate Treasury Department**
- ✓ Broker or Investment Adviser
- ✓ E-trading platform
- ✓ Infrastructure or Technology Provider
- ✓ Affirmation and/or Settlement Platform
- ✓ Government Agency
- ✓ Other

Market Participants Categories	Market Participants	Market Participants % Coverage
Asset Manager	17	5%
Bank	262	72%
Broker or investment adviser	20	5%
Central Bank	10	3%
Corporate Treasury Department	9	2%
E-Trading Platform	13	4%
Infrastructure or technology provider	10	3%
Non-bank liquidity provider	6	2%
Pension Fund	2	1%
Other	14	4%
Quasi-Sovereign or supranational inst.	1	0%
Total	364	100%

Fonte: Global Index of Public Registers https://www.globalfx.org/global_index.htm, 27 Jul 18

FX GLOBAL CODE

EACT PUBLIC REGISTER

 THE EUROPEAN ASSOCIATION OF CORPORATE TREASURERS

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FX GLOBAL CODE

The EACT has welcomed and strongly supported the [FX Global Code](#) for the wholesale foreign exchange market since its launch in May 2017. This initiative is strengthening the integrity and effectiveness of the FX market.









A number of associations, members of the EACT, support adherence to the Code by the FX market and are promoting the Code to their members, by encouraging them to evolve their institutions' FX practices to be consistent with the principles in the Code.

The EACT has now established a registry to allow non-financial corporations to register their adherence to the code, you will find their record of adherence below.

View our [FX Global Code maintenance process](#).

Join the register

Search by Market participant name

Name of the Market Participant	Date of admission to the EACT register	View statement	Date Signed	Market participant type
Air Liquide Finance SA	26 Jul 2018		20 Jul 2018	Corporate treasury department
Airbus	11 Jul 2018		18 May 2018	Corporate treasury department
Financière Rémy Cointreau S.A.	13 Jul 2018		13 Jul 2018	Corporate treasury department
RTL Group SA	29 Jun 2018		28 Jun 2018	Corporate treasury department
Shell Treasury Centre Limited	26 Jun 2018		13 Mar 2018	Corporate treasury department
Siemens AG	02 Jul 2018		14 Jul 2017	Corporate treasury department
SITA SCRL	31 Jul 2018		31 Jul 2018	Corporate treasury department
Total S.A.	26 Jun 2018		03 May 2018	Corporate treasury department



Group Financing & Treasury Department

Paris, 20/07/2018

Air Liquide Finance SA ("Institution") has reviewed the content of the FX Global Code ("Code") and acknowledges that the Code represents a set of principles generally recognised as good practice in the wholesale foreign exchange market ("FX Market"). The Institution confirms that it acts as a Market Participant as defined by the Code, and is committed to conducting its FX Market activities ("Activities") in a manner consistent with the principles of the Code. To this end, the Institution has taken appropriate steps, based on the size and complexity of its Activities, and the nature of its engagement in the FX Market, to align its Activities with the principles of the Code.


Jacques Molgo

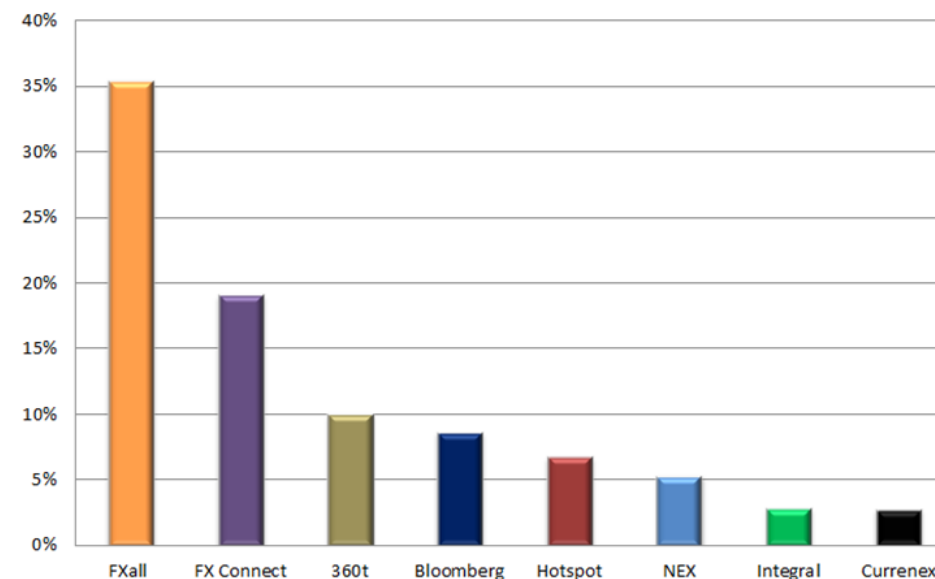
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THOMSON REUTERS APPROACH

- ✓ We have signed a statement of commitment to the [FX Global Code of Conduct](#) (the Global Code), formally pledging adherence to the code's standards to promote integrity, fairness, transparency and the effective functioning of the global foreign exchange markets.
- ✓ We have played an active role in the development of the FX Global Code through our membership of the Market Participants Group and through participation in regional committees
- ✓ Our venues facilitate an average of more than \$400 billion per day in FX trading across all major currencies for market participants in over 120 countries. **Fxall:**

- Top-ranked industry platform by Euromoney, Profit & Loss, Inside Market Data
- Deep liquidity from 180+ providers and 2,000+ institutional clients
- **Fxall** is operated as MTF (Multilateral trading Facility) under MiFIDII
- Superior data, news and analytics **EIKON**
- Access to Liquidity Pool & Community – **Messenger**
- Post Trade & Full STP
- Introducing a brand new **Trade Performance Analysis** Tool

- E-learning Courses on FX Global Code



Source: [Euromoney](#) 2018

FX GLOBAL CODE

THOMSON REUTERS SOLUTIONS – FXALL & EIKON

The screenshot displays the Eikon interface for the Euro/US Dollar FX Spot Rate. The top window shows a line chart of the spot rate from 2005 to 2015, with a current price of 1.1139. Below the chart is the 'FX Top of Book' window, which provides real-time market data and multi-variable charting for various currency pairs including EUR/USD, GBP/USD, and USD/JPY.

Monitor indicative quotes for price

Real-time market data

View your full transactions history

Multi-variable charting

The screenshot shows the 'Swap Points and Outrights' calculator in Eikon. It is configured for Euro/U.S. Dollar with a trade date of August 20, 2015. The calculator displays a table of calculation parameters, including standard periods, forward dates, and swap points. A 'Trade Execution' window is also visible, showing provider analysis and trade details.

Input over 500 currency pairs in the Swap Points & Outrights calculator

Calculate indicative swap and forward rates for any standard or broken date

The screenshot displays the 'Trade Execution' analysis window, which includes a table of trade execution data and three charts: 'Volume by User', 'Volume vs Hour of Day (GMT)', and 'Spread Cost vs Hour of Day (GMT)'. The table shows trade volume by instrument type and user, while the charts provide visual insights into trading patterns and costs.

Instrument Type	BLOCK		FORWARD		NDF		NDF SSP		NDF SWAP		SPOT		SWAP	
	Volume(\$)	Count	Volume(\$)	Count	Volume(\$)	Count	Volume(\$)	Count	Volume(\$)	Count	Volume(\$)	Count	Volume(\$)	Count
Total	\$5,829M	537	\$127M	205	\$2,738M	82	\$267M	5	\$2,475M	37	\$144M	93	\$76M	111
EUR USD	\$5,465M	505	\$119M	195	\$2,546M	75	\$154M	3	\$2,392M	35	\$143M	87	\$75M	107
USD USD	\$4,932M	291	\$89M	122	\$2,356M	36	\$141M	1	\$2,215M	22	\$139M	57	\$68M	51
EUR JPY	\$455M	4	\$0M	1	\$217M	11	\$10M	2	\$227M	8	\$0M	2	\$0M	3
EUR CHF	\$11M	4	\$0M	1	\$0M	1	\$0M	1	\$0M	1	\$0M	2	\$0M	3
EUR GBP	\$10M	25	\$10M	16	\$0M	1	\$0M	1	\$0M	1	\$0M	6	\$0M	3
EUR BRL	\$10M	34	\$0M	8	\$5M	4	\$0M	1	\$0M	1	\$0M	8	\$0M	14
AUD USD	\$7M	10	\$0M	1	\$9M	3	\$0M	1	\$0M	1	\$0M	8	\$0M	14
CAD JPY	\$5M	4	\$5M	4	\$0M	1	\$0M	1	\$0M	1	\$0M	1	\$0M	3
EUR CAD	\$3M	2	\$3M	2	\$0M	1	\$0M	1	\$0M	1	\$0M	1	\$0M	3
GBP USD	\$3M	8	\$3M	4	\$0M	1	\$0M	1	\$0M	1	\$0M	1	\$0M	3
NZD USD	\$3M	4	\$3M	4	\$2M	3	\$0M	1	\$0M	1	\$0M	1	\$0M	3
USD JPY	\$2M	12	\$0M	9	\$1M	1	\$0M	1	\$0M	1	\$0M	1	\$0M	3
USD NZD	\$2M	6	\$1M	5	\$0M	1	\$1M	1	\$1M	1	\$0M	1	\$0M	3

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