

**foreign exchange committee**



**Minutes of the Foreign Exchange Committee Meeting**

Meeting: April 14, 2021

Host: Video Conference Meeting

FXC Attendees

Chris Taendler (Barclays)  
Anthony Bisegna (State Street)  
Yudhveer Chaudhry (Blackrock)  
Natalia Chefer (DE Shaw)  
Chris Chattaway (Goldman Sachs)  
Jose Luis Daza (QFR Capital)  
Maria Douvas (Morgan Stanley)  
Chris Vogel (TD Securities) - Chair

Anna Faustini (Societe Generale)  
Hari Hariharan (NWI Mgmt)  
Robert Kim (JPMorgan Chase)  
Ben Klixbull (XTX Markets)  
Jeffrey Knapp (Coca-Cola)  
Marisa Kurk (Northern Trust)  
Russell Lascala (Deutsche Bank)  
Jessica Sohl (HC Tech) - Vice Chair

Dan Lennon (CLS)  
Neill Penney (Refinitiv)  
Jodi Schenck (Citibank)  
Bob Tull (Fifth Third)  
Sean Tully (CME Group)  
Adam Vos (BNY Mellon)

Federal Reserve Bank of New York (FRBNY)

Lorie Logan  
Anna Nordstrom  
Michelle Ezer  
Robert Lerman  
Alex Cohen

Sanja Peros  
Thomas Noone  
Shawei Wang  
John Clark  
Dan Reichgott

Matthew Raskin  
Nicholas Becka  
Carolyn Shen  
Kathleen Ramirez  
Sardi Geza

Federal Reserve Board of Governors

Alain Chaboud  
Stephanie Curcuru

U.S. Dept. of Treasury

Max Harris  
Leslie Hull

The Chair opened the meeting and thanked departing member Michael O'Brien of Eaton Vance for his longstanding contribution to the Committee. He also welcomed new member Robert Kim of JPMorgan Chase to the Committee.

### **1. Global Foreign Exchange Committee (GFXC) Meeting Update**

The FXC heard a summary of the GFXC's March 2021 meeting, which focused largely on the three-year review of the [FX Global Code \(the Code\)](#). The GFXC working group members provided an overview of the proposed enhancements to the Code's principles, concentrated on the following five workstreams: Anonymous Trading, Algorithmic Trading & Total Cost Analysis, Disclosures, FX Settlement, and Riskless Principal. Updates were also provided on the Execution Principles workstreams, which cover pre-hedging and last look. Working group leads presented on the current status of white papers, emphasizing that these materials are designed to enhance knowledge and understanding of particular aspects of the FX market and highlight how they relate to the Code's principles of good practice in the areas of pre-hedging and last look.

A [public request for feedback](#) on the proposed Code enhancements was launched on April 8 and runs through May 7. Additionally, the white papers on pre-hedging and last look will be made available for public comment on the GFXC website in early May. The next GFXC meeting is scheduled for June 22, at which time the three-year review of the Code is expected to be completed.

### **2. Broadening Buy-side Code Adoption in the U.S.**

The Vice Chair shared an update from the GFXC buy-side working group, highlighting that further engagement with the buy-side remains a priority. The working group had identified local foreign exchange committee outreach as a key instrument to encourage buy-side adherence to the Code. FRBNY staff also noted that they will continue to engage independently with buy-side firms and industry associations to raise awareness of best practices and Code adoption.

### **3. Markets Discussion**

FXC Members then transitioned to a discussion of market developments since the prior FXC meeting in February. Key market drivers continued to include (i) optimism regarding COVID-19 developments and improving global growth, and (ii) stimulative fiscal and monetary policy in the U.S. It was noted that March saw an increase in global sovereign yields, increasing equities prices, and a slight rise in the U.S. dollar from recent lows.

Members discussed the outlook for the U.S. dollar, with some noting expectations for medium-term depreciation, citing drivers such as improved growth outlooks abroad, expectations for ongoing accommodative U.S. monetary policy, and the eventual fading impulse of the recent U.S. fiscal stimulus, among others. It was also noted that FX volatility expectations remained low, though the gap between FX and rates volatility was the largest it has been in some time.

Regarding interest rates, members discussed the potential for longer-term rates to continue to rise amid significant fiscal stimulus, whereas shorter-term rates were expected to remain low for the foreseeable future.

Members expressed a somewhat mixed view on the emerging market (EM) outlook in this environment, with the biggest risks cited as being more idiosyncratic than systemic, and largely dependent on how countries manage the pandemic. While it was noted that external vulnerabilities across most EM countries have improved over recent years, fiscal burdens have increased (driven by rising pandemic-related spending and lower tax revenues) while a potential further rise in U.S. yields could prove to be challenging. Some members also expressed some uncertainty over ongoing geopolitical risks.

The next FXC meeting is rescheduled for June 3, 2021, to coincide with the distribution of the GFXC working group materials.