



**Minutes of the Foreign Exchange Committee Meeting**

Meeting: April 14, 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 CHAUDRY	Blackrock
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  
DAN REICHGOTT  
SHAWEI WANG

**U.S. Department of Treasury Attendee:**

DANIEL HALL

The FXC Chair provided opening remarks to the Committee and introduced Guy Debelle, Deputy Governor of the Reserve Bank of Australia and Chair of the Global Foreign Exchange Committee (GFXC), who joined the meeting to provide an update on the GFXC's work plan.

### **1. Remarks by Guy Debelle, GFXC Chair**

Mr. Debelle reported on the upcoming three-year review of the FX Global Code. It was noted that all associated work streams have been put on hold due to the global pandemic and are anticipated to restart in approximately three months. The June GFXC meeting, which will be held via videoconference, will now focus on respective FX market updates from the local foreign exchange committee. It was reiterated that on March 26, the GFXC issued a [statement on FX market conditions](#), encouraging market participants to act in accordance with best practices ahead of the month-end and quarter-end date, given the potential for outsized volatility.

### **2. Markets Discussion**

The markets discussion began with Lorie Logan, Executive Vice President and SOMA Manager, providing an update on recent actions taken by the Federal Reserve. For transparency, her comments were [posted](#) on the FXC's public website at the same time.

The discussion followed with members reviewing conditions in U.S. dollar funding markets, with a particular focus on the impact of numerous Federal Reserve liquidity facilities. The expansion of the central bank liquidity swap lines was specifically cited as an important factor contributing to the alleviation of dollar funding market pressures, specifically the decision to move from weekly to daily frequency for 7-day auctions, as well as the introduction of the 84-day operation. The announcement of the Foreign and International Monetary Authorities (FIMA) repo facility was also noted as an important development for the Treasury market. Despite the improvements discussed, a number of members cautioned that market conditions were still susceptible to potential bouts of volatility.

The discussion then turned to the FX spot market, where members described spot FX liquidity conditions as continuing to show signs of improvement overall, though they emphasized that conditions outside the G3 currencies still remained fragile at times, and that depth of market remained thinner than usual. Commodity-sensitive and emerging market currencies in particular remained susceptible to notable bouts of volatility. Market conditions over the quarter-end turn were described by members as surprisingly resilient, with the exception of the notable volatility seen in some currency pairs during the Asian trading session.

With regard to electronic execution, daily volumes were noted as being above average, though with somewhat smaller average trade sizes.

Members closed out the markets discussion by reviewing global macroeconomic risks. In light of increased fiscal spending amid the current health crisis, some expressed concern over the potential contagion risk from emerging markets and parts of Europe. Some members expected that China would be the first to emerge from the current economic downturn, as it was about two months ahead of the

U.S. and Europe in terms of virus containment, though they noted that the ongoing global recession would likely be a drag on China's growth. There was also discussion on how the pandemic would ultimately affect the future of global trade, as the global supply chain disruptions gain even greater focus.

### **3. Contingency & Resiliency Planning**

The discussion then turned to challenges associated with operating in a contingency environment. Despite the inherent difficulties with operating a business from decentralized locations, members were generally encouraged by the resiliency of the overall FX ecosystem, including aspects such as Prime Brokerage operations, offshore back-office operations, and the overall capacity for home internet connectivity. Members agreed that further discussion of operating in a contingency environment for a potentially prolonged period of time is warranted.

### **4. Other Business**

The discussion then turned to an update on the FXC's next steps in conducting a "lessons learned" discussion on last year's developments in the Argentine peso market. The Financial Markets Lawyers Group (FMLG) has hired external antitrust counsel to assist the FXC in developing its discussion, which is expected to take place at a future meeting. An update was also provided on the Operation Managers Working Group's (OMWG) March 26, 2020 meeting.

The next FXC meeting is scheduled for May 13, 2020.