



FX Global Code - shaping a better future.

Refinitiv Webinar – 27 June 2019



FX Global Code - shaping a better future



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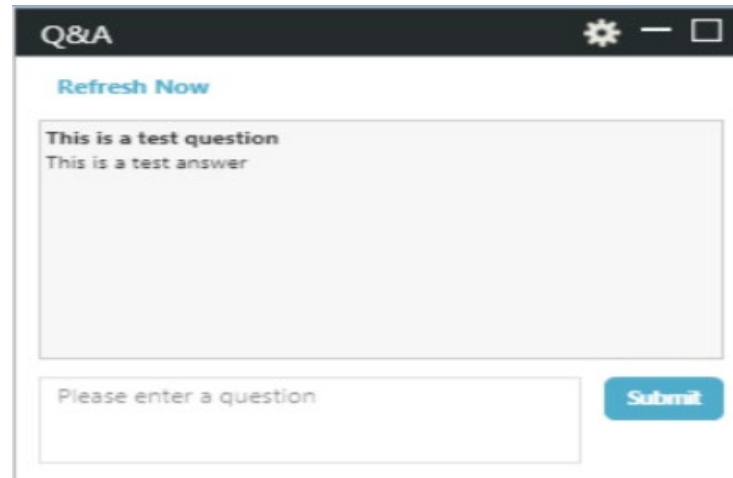


Richard de Roos

Head of Foreign Exchange at Standard Bank and
Deputy Chair of the South African FX Committee

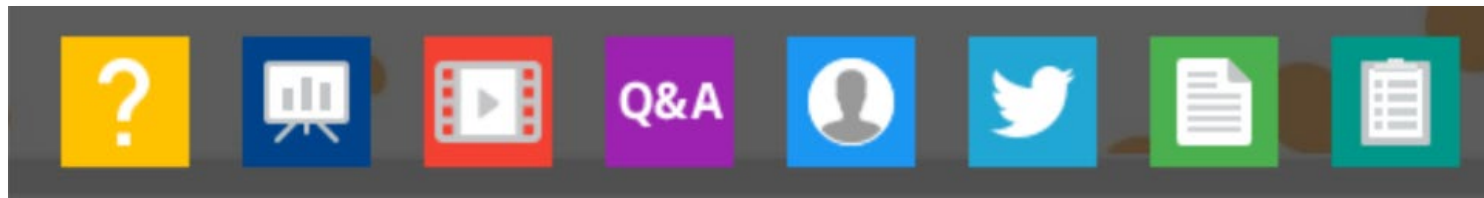
This is a listen-in only webinar and you can use your laptop/PC voice controls to manage volume.

- Use the widgets at the bottom to discover the platform features
- Vote via the interactive polling questions
- Submit questions via the Q&A chat box



The screenshot shows a window titled "Q&A" with a settings gear icon and window controls. Inside, there is a "Refresh Now" link. A text area contains "This is a test question" and "This is a test answer". Below this is a text input field with the placeholder "Please enter a question" and a blue "Submit" button.

- Please fill out the pop-up survey at the end to provide feedback
- Slide deck and recording will be circulated soon after the webinar



The FX Global Code

Introduction



- 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.



The FX Global Code

Key Principles



The FX Global Code

Key Principles



Based on [6 Leading Principles](#). Articulated in less than 80 pages.

Applies [globally](#) to [all FX Market Participants](#)

Market Participants can post their [Statement of Commitment](#) into a [Public Register](#)

The GFXC hosts a [Global Index of Public Registers](#) collecting data from all public registers.

Adherence to the code can be a source of [competitive advantage](#) and [differentiation](#).

It's a [live document](#) since [May 2017](#) and is periodically updated.

FX Global Code replaces the [ACI Model Code](#).

Available in English, German, Chinese, Italian, Japanese, Portuguese, Russian, Spanish.

Where do you stand on the FX Global Code adoption journey?

- My organisation is currently reviewing its strategy in adopting FX Global Code
- My organisation has already adopted the FX Global Code
- My organisations has not got a position yet on the FX Global Code.



Andries Tshishonga

Manager of Foreign Exchange Trading
South African Reserve Bank - **SARB**

The South African Reserve Bank's (SARB) leadership in the formation of the South African foreign exchange Committee (SAFXC)

- The formation of the FX Working Group
- Structure, purpose and functions of the SAFXC
- SAFXC progress in promoting the FX Global Code (Code)
- Why is it important for market participants to adhere to the Code – SARBs perspective

The SARB's leading role in the formation of the SAFXC

- In May 2017, South Africa became a member of the Global Foreign Exchange Committee (GFXC)
- Consultation with broader FX market participants
- The SARB established the FX Working Group in January 2018
- The SARB conducted its business review and a gap analysis.

The SARB's leading role in the formation of the SAFXC

- The SAFXC was established on 13 March 2018 under the sponsorship and leadership of the SARB.
- It is a forum representing industry-wide key market professionals involved in the wholesale FX market
- The SARB endorsed the Code and published the SoC
- All members committed to endorse the Code and publish their SoCs.

Structure, purpose and functions

- Provide guidance in the FX market by endorsing and upholding the Code with the intention of promoting a fair and more transparent FX market, as well as compliance with international best practice.
- Functions amongst others includes:
 - to endorse, actively promote and uphold the Code, and contribute to its updating;
 - to promote compliance with international best practice;
 - to discuss the functioning of the SA FX market and propose ways to improve its efficiency

SAFXC progress in promoting the FX Global Code

- All SARBs FX counterparties have publically endorsed the Code and published their SoCs
- All SAFXC members have published the statement of commitments (SoCs) to the Code.

Outreach program

- Promotion of the Code to the buy-side of the market
- Promotion of the Code to the SADC region

The importance of adhering to the Code – SARB's perspective

- Encourage a dialogue with FX market participants to collectively agree and adhere voluntarily to principles of the Code and market standards.
- SARB's commitment in partnership with FX market participants to work towards the promotion of the global best practices and processes in the domestic FX market
- Contribute towards the integrity and strengthening the effectiveness and efficiency of the local wholesale FX market.



David Woolcock

Chair of ACIFMA Committee for Professionalism and
Member of the Global FX Committee Disclosures Working Group

- Two years after its release, significant progress has been made on global adherence to FX Global Code
- ACIFMA participated in the creation of the FX Global Code and believes it is an excellent framework for adherence to good market practices
- Over 900 Market Participants have now published their Statement of Commitment
 - Strong push in Europe and Asia, other continents following through
 - Strong awareness and embedding for Sell Side, further push needed for Buy Side

- 2017 and 2018 Surveys from Global FX Committee
 - What steps taken or planned to take to embed and monitor the FX Global Code?
 - Top answer in both: “**Staff training and education programme**” (70% in 2017, 69% in 2018)
- Question 17 on 2018 Survey: “Which areas of your firm have been involved in your firm's implementation of the Global Code? (Choose all that apply)”
 - 1st answer with 82% of responses: Trading functions
 - 4th answer with 68%: Compliance functions
 - 8th placed answer with 17%: **Human Resource functions**

- *“By familiarising with and adhering to the Code, a firm is better prepared and can engage in a much more qualified dialogue with counterparties on best practices (education)”*

Roswitha Hutter, Secretary of FX Contract Group, European Central Bank, 14 Nov 2018

- How to embed Code and verify adherence of individuals?
 - **Ongoing training and certification** (CPD - continuing professional development)
 - Improves ethical behaviour and market integrity, allows proof of adherence
- *“Education is the art of making man ethical”*

by Georg Wilhelm Friedrich Hegel, philosopher

- **ACIFMA is a leader on the provision of education tools for market ethical conduct and best practices**
- **ACIFMA ELAC Portal** (E-Learning, Attestation and Certification), from the industry to the industry
 - ✓ Regularly updated with actual and up to date scenarios created by Market Participants
 - ✓ **Linking the principles of the code with “real life” and concrete examples**
- **ACIFMA Online FX Global Code Exam**
 - ✓ Portable certification, can be taken anywhere
 - ✓ Testing your continuous knowledge of the 55 principles of the Code

Do you think the FX Global Code is effective in contributing to a safer, transparent and more efficient FX market on a long-term basis ?

- Highly effective
- Somewhat effective
- Not at all effective

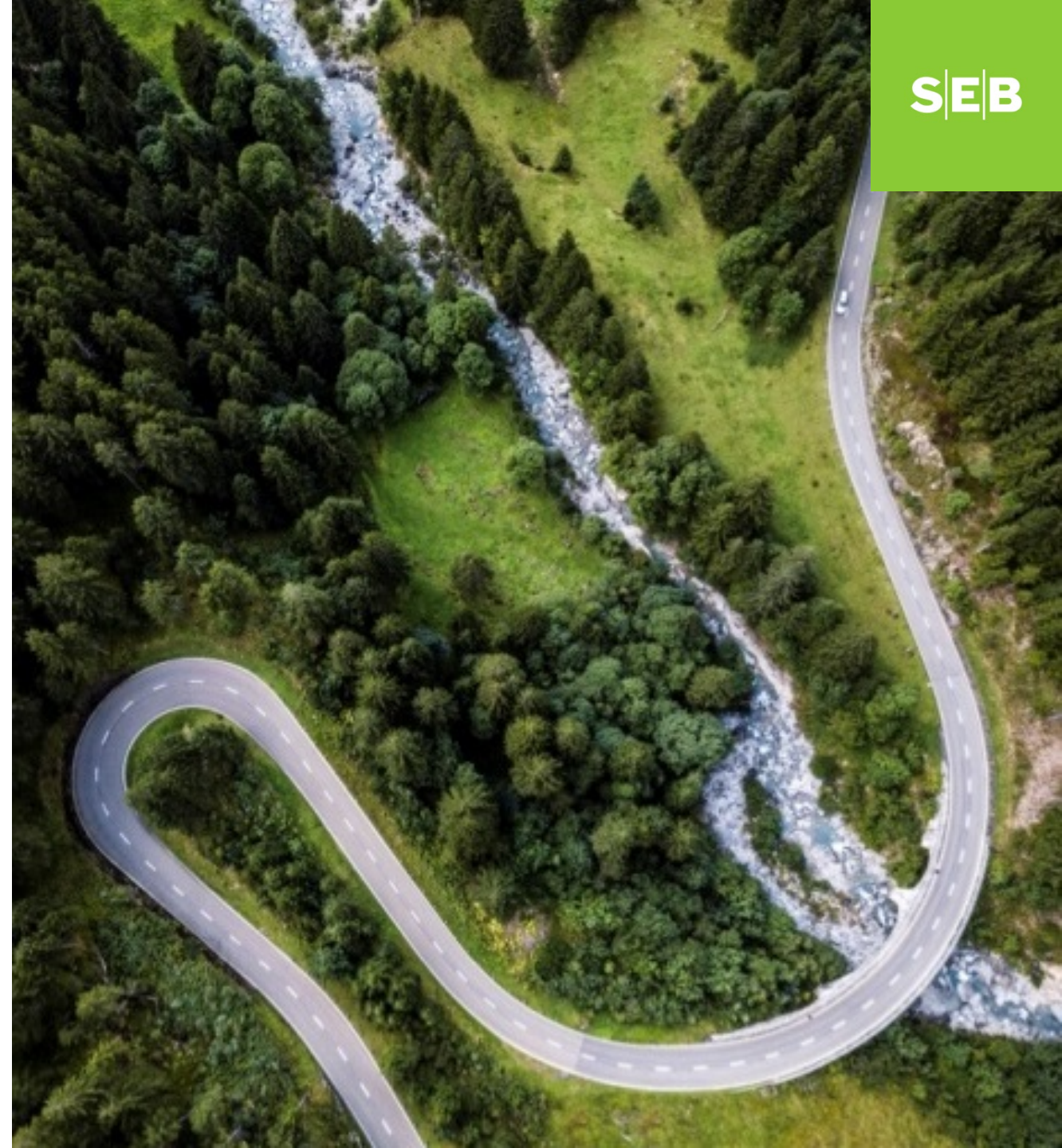


Svante Hedin

Global Head of FX & Commodities - SEB

SEB and the FX Global Code

- We believe the **FX Global Code fills a very important gap in the market**, and is unique in its approach.
 - Could be a starting point for similar work across other asset classes in the future.
- Crystal clear alignment with sustainable finance.
- SEB participated in the private sector Market Participants Group through the drafting of the code...
- ... and worked closely with Sveriges Riksbank on the Examples Annex and on other content.
- SEB signed Statement of Commitment in May 2018.



Statement of Commitment – SEB's journey

1. Review of internal procedures; gap analysis, updating procedures manuals.
2. Staff training, front to back (sales, trading, operations).
3. Set and implement policies that are communicated to clients (e.g. mark-up, last-look etc).
4. Make Statement of Commitment publicly available and searchable on the public register.



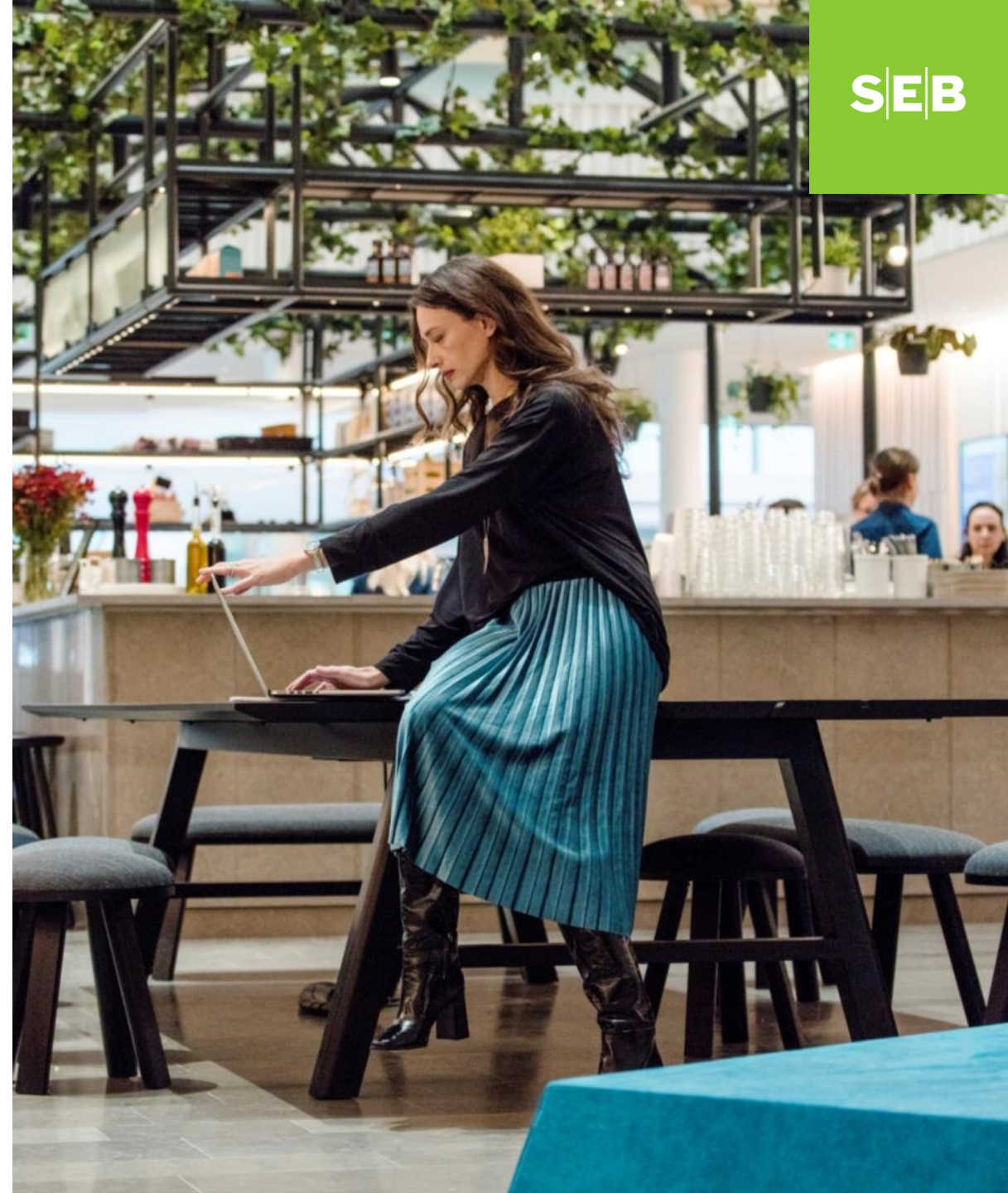
Obvious benefits



- Useful cross-reference of internal procedures vs market best practise.
- Useful baseline for staff training, particularly those new into the market. Promotes professionalism.
- *Principles based* and not prescriptive; explains some of the *intent* behind MiFID etc, which simplifies their interpretation and implementation.
- Very clear link to sustainability.

Key learnings from implementation

- The Examples Annex was very useful for staff training and to drive internal discussion.
- Most questions from staff consistently related to information sharing and level of disclosure.
- Implementation is not a one-off; consider continuous training, attestation, etc.
- Business practices including last-look were already aligned with the code, however documentation and public disclosures were updated.





Richard de Roos

Head of Foreign Exchange and Deputy Chair of the South African FX Committee
Standard Bank

- The Global FX code was finalised by the Bank of International Settlements in May 2017, with updates being published in December 2017. The code has no force of law, but wholesale market participants are encouraged to sign a Statement of Commitment to the Code to publicly demonstrate their recognition of, and commitment to adopting the good practices set forth in the Code.
- The first version of the Global FX Code was completed in May 2017. The South African Reserve Bank has endorsed the Global FX Code (GFX Code) and required that South African market participants sign the Statement of Commitment no later than 1 September 2018. The expectation is that South African market participants will commit to progressive realisation of compliance with the Code. We anticipate that, in time, the Code will be given force of law through the publication of conduct standards pursuant to Twin Peaks.
- In early 2018, Standard Bank made the decision to publicly evidence our adherence to the Code. This decision was made in line with the principles of the Code and with the commitment to progressively realise the aims in the Code.
- Prior to making this decision, we formally constituted a project team to review the code, analyse its provisions and prepare a gap analysis against our current operations to ensure that we would be able to evidence our good faith efforts undertaken to satisfy the aims of the Code. This project team was also tasked with determining the training needs of the FX business and rolling out relevant training to ensure that impacted staff members (in the FX business) understand the GFX Code, its impacts on business, the required conduct and any relevant policies and procedures.
- Our high-level project approach and key tasks and deliverables is set out on the next slide.

FX Global Code

Standard Bank journey to compliance



Deliverable	Tasks
Review GFX Code with a view to determining priority areas for remediation	<ul style="list-style-type: none">• Review of GFX Code• Determining priority principles for remediation
Adhere to the GFX Code	<ul style="list-style-type: none">• Determine appropriate individual to sign the statement of commitment on behalf of SBSA• Get statement of commitment signed and published on a recognised public register
Prepare gap analysis	<ul style="list-style-type: none">• Prepare gap analysis of principles set out in the GFX Code against the practices of SBSA, according to priority• Determine relevant legal documentation and applicable policies to review and analyse gaps• Identify appropriate steps that could be taken to mitigate gaps• Take decisions in respect of recommended remedial action and assign tasks to responsible person/areas
Remediate identified gaps	<ul style="list-style-type: none">• Prepare implementation plans to remediate identified gaps – distinguish internal requirements (eg amendment to policies and new policies required) from external requirements which will require client communication/disclosure• Preparation or amendment of legal documents, policies and procedures• Prepare and sign off of client disclosures• Prepare flight plan for sending out disclosures and amended legal documents as necessary• Send out disclosures• Project manager sign-off that remediation is sufficient to remedy identified gaps
On-going review and support to Africa Regions	<ul style="list-style-type: none">• Ensure that SBSA is kept up to date in respect of developments to the GFX Code and are able to amend disclosures / policies / processes as required• Socialise the GFX Code with Africa Regions entities – the aim will be general awareness and equipping in-country teams to start discussions with local regulators
Training	<ul style="list-style-type: none">• Provide training to all FX staff in respect of the Code as well as any amended policies and procedures• Consider attestation requirements
Phase 2: Africa jurisdictions	<ul style="list-style-type: none">• Work with in-country teams with a view to assessing when these jurisdictions will be in a position to adhere to the Code



Key learnings and takeaways

- In general, we found that, even prior to any regulatory requirement to adhere to the Code, there was market pressure from our offshore counterparts to do so. Some market participants will no longer do business with a counterparty who has not evidenced commitment to the Code
- Although our business practices largely aligned to the Code, we were lagging in our disclosures to clients
- The Code prompted an analysis of the way we utilized economic checks like last look. We now report these statistics to internal governance structures
- In some instances, there may be local peculiarities (like liquidity constraints) to be considered in determining an effective, proportionate response to the Code
- The Code is continually evolving and as such market participants need to keep close to these developments. Compliance programmes need to be robust enough to respond to changes
- Staff training should provide real-life examples and equip staff to act appropriately in “grey” areas
- The principles set out in the Code have applicability in other areas and it could be used as a starting point to develop statements of good conduct across multiple asset classes/an entire trading floor



Vincenzo Dimase

Market Development Director, Trading EMEA - **Refinitiv**

The Refinitiv experience

Offering Market Participants with the right tools to align with the Code



- **Refinitiv signed a statement of commitment to the FX Global Code - Nov 2017**

- **We played an active role in the development of the Code**

- Membership of the Market Participants Group
- Participation in regional FX Committees
- Neill Penney appointed Co-Vice Chair of the Global Foreign Exchange Committee (GFXC)

Global Index of Public Registers

The GFXC has established a Global Index of Public Registers ("Global Index"). The Global Index acts as a central location that links the various Participating Public Registers, providing a more comprehensive view of market participants' commitment to good practices.

Refinitiv x Search in Global Index x

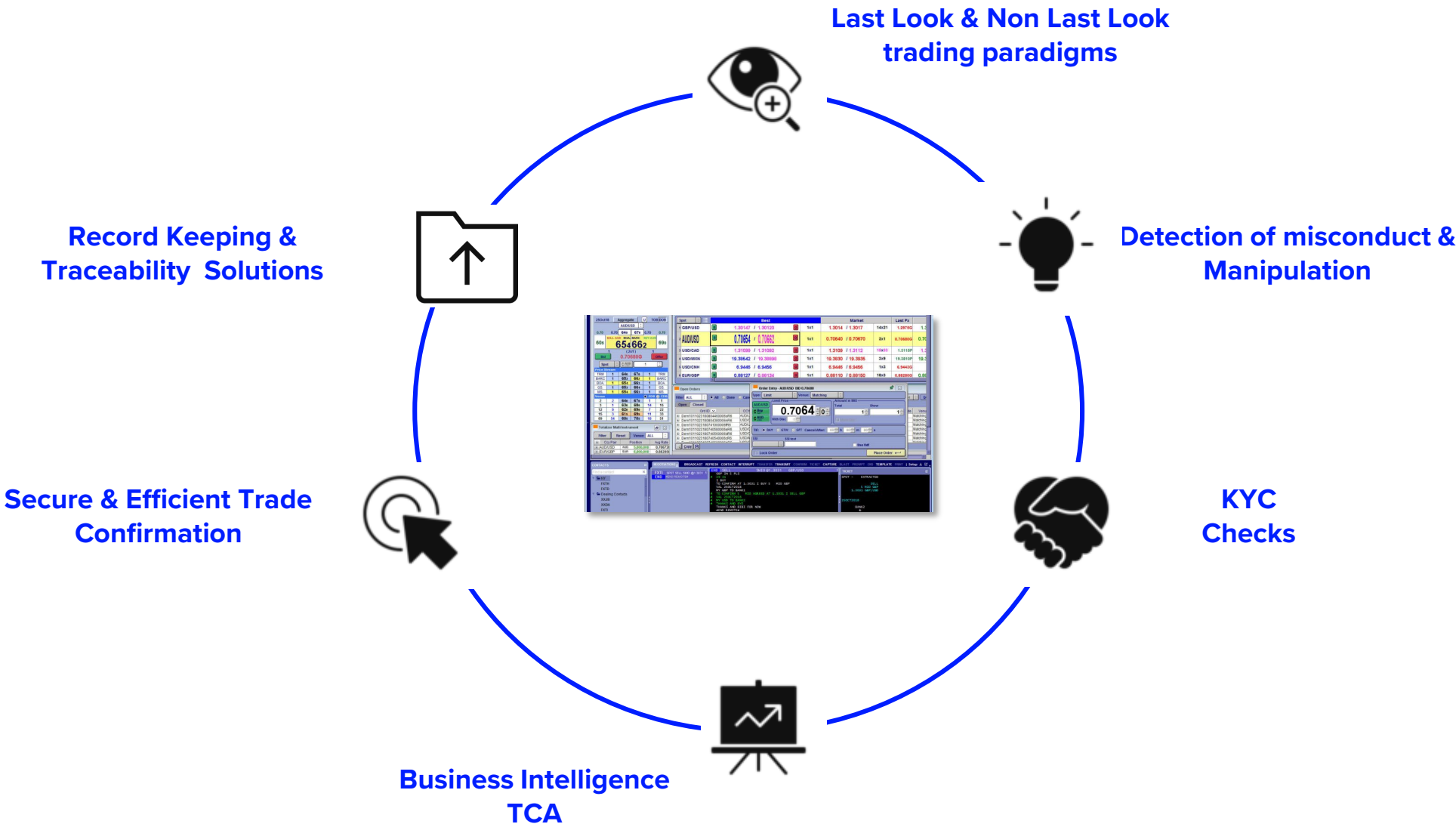
Showing 1 to 2 of 2 entries (filtered from 563 total entries)

Market participant name	Date of admission	Date of statement	Public register	Type of Market participant
Refinitiv	2018-10	2018-10-02	MFXC	E-trading platform
Refinitiv	2018-10	2017-10-02	CLS	Infrastructure or technology provider

- **We committed to promoting the Code to our clients and wider industry on both sell & Buy Side**

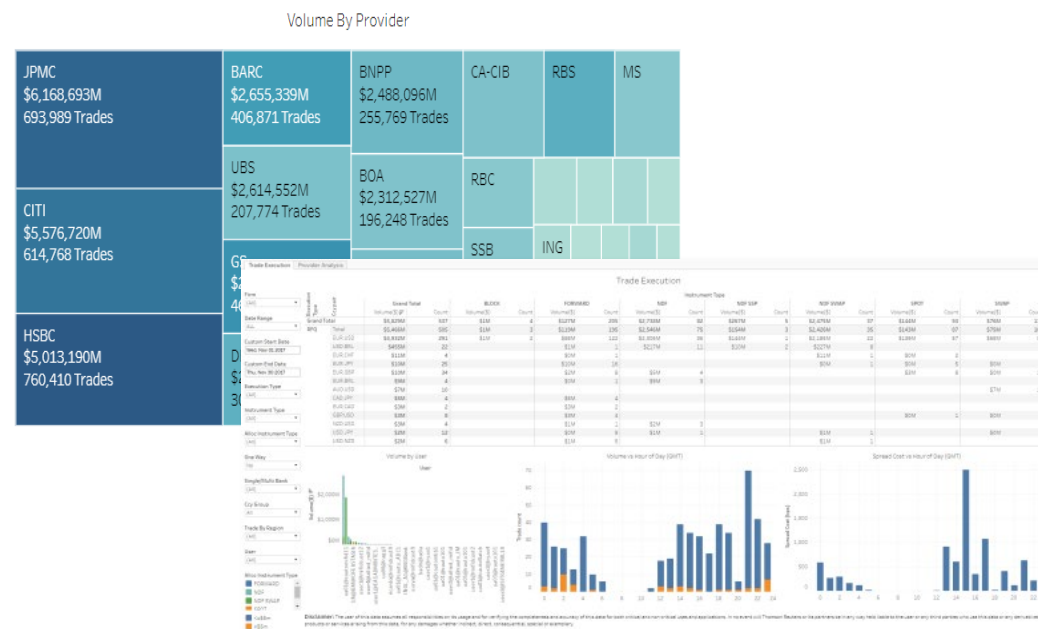
The Refinitiv Experience

Offering Market Participants with the right tools to align with the Code





Best Execution Transaction Cost Analysis Fxall Trade Performance Analytics



FX Global Code - EIKON

FX Global Code & Refinitiv : EIKON Landing Page



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FX Global Code | Refinitiv and the FX Global Code

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FX GLOBAL CODE

FX Market ContentFX Global CodeRefinitiv and the FX Global CodeCode Principles & RefinitivRefinitiv & Regulation

REFINITIV AND THE FX GLOBAL CODE

Use this section to discover more about Refinitiv's commitment to the FX Global Code.

On this page you will find how Refinitiv's solutions help market participants to comply with some of the FX Global Code's most important principles. You will also find online training, webinars and useful links.

Refinitiv is fully supportive of the FX Global Code and has signed a statement of commitment formally pledging adherence to the Code's standards to promote integrity, fairness, transparency and the effective functioning of the global foreign exchange markets. Read more about our commitment [here](#).

FEATURED ARTICLE

ALTERNATIVE SOURCES OF LIQUIDITY

Smarter ways to trade FX in 2019

Jan 31, 20196 min

ONLINE TRAINING & ACI WEBINAR

ONLINE TRAINING

FX Global Code of Conduct

The purpose of this FX Global Code of Conduct course is to create awareness and generate adherence around the 6 themes and 55 principles set out in the Code, assess its application across countries and institutions, understand its practical application with real life scenarios and identify some market best practices.

FX Global Code | Education & Adherence

USEFUL LINKS & BLOGS

BIS Triennial Survey of FX & OTC Derivatives

Brexit App

Refinitiv's MTF homepage

Refinitiv Trading Solutions - Training

FX Global Code Training

CONTACT US

REFINITIVWelcome to MyRefinitiv

RECORD KEEPING & INFO SHA...

SOLUTIONS: DEAL TRACKER & DEAL TRACKER AS A SERVICE

Learn More about Deal Tracker & Deal Tracker as a Service

Supports Principle 23: Record Keeping & Info Sharing

Capture every FX trade deal on all major foreign exchange platforms around the world. Take control of your conversational deals, confirmed tickets, and post-trade notifications before, during, and after trading.

CONFIRMATION & SETTLEMENT

SOLUTION: RTN (REFINITIV TRADE NOTIFICATION)

Learn More about Refinitiv Trade Notification

Supports Principle 46: Confirmation & Settlement

Trade Notification supports all our FX trading venues, including FXall, Dealing, and Matching. The service connects to top single dealer, multi-dealer, and voice broker platforms and powers genuine straight-through processing (STP).

RECORD KEEPING & TIMESTA...

SOLUTION: CONVERSATION CAPTURE RECORD (CCR) VIA FIX.

Learn More about Post Trade Solutions

Principles 25 & 36: Record Keeping & Timestamping

Comply with record keeping requirements leveraging our complete and granular timestamps solution for Conversational Dealing, down to milliseconds.

BEST EXECUTION & TCA

SOLUTIONS: FXALL TCA & ELECTRONIC TRADING PLATFORM

Learn More about FXall

Supports Code Principle 9: Best Execution & TCA

Streamline your pre- through post-trade process execute efficiently via hundreds of liquidity providers. Full trade decision support and post-trade functionality, confirmations, settlement and TCA reporting.

BENCHMARK PROVIDERS

SOLUTION: WMR & REFINITIV BENCHMARKS & FIXINGS

Learn More about WMR & Refinitiv Benchmarks

Supports Principles set out in Code Foreword Section II

The most timely, transparent, and reliable forward and spot rates covering 150+ currencies. Our published and transparent calculation methodology is fully aligned with the IOSCO Principles for Financial Benchmarks.

REFINITIV

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EUR=TRB

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FX GLOBAL CODE

FX Market Content

FX Global Code

Refinitiv and the FX Global Code

Code Principles & Refinitiv

Refinitiv & Regulation

FX GLOBAL CODE HOMEPAGE

Launch the FX Global Code Home Page

Local language versions available in Chinese (中文) , Français, Deutsche, Italiano, Japanese (日本) and Español.

FX GLOBAL CODE

A set of global principles of good practice in the foreign exchange market

ACIFMA FINANCIAL MARKETS ASSOCIATION PORTAL & HOMEPAGE

Launch the ACIFMA Content Portal

As longstanding proponents of ethical conduct in financial markets, the ACI is proud to have participated in the creation of the FX Global Code and believes it provides a excellent framework for ethical conduct that will be enhanced and refined as market circumstances demand.

Influencing industry behaviour, supporting market practice

MEMBERSHIP - EDUCATION - ETHICAL CONDUCT

ACI

ELAC - E-LEARNING, ATTESTATION AND CERTIFICATION PORTAL

Launch the ELAC Portal

ELAC is the ACI online portal providing continuous training and certification for industry codes (such as the FX Global Code), contextualised for industry sectors and financial markets participants, whilst being relevant to their role and experience level.

ACI

ELAC - E-Learning, Attestation and Certification Portal

ACI ELAC - Bring Codes of Conduct to Life

GLOBAL FX COMMITTEE - PRESS RELEASES

GFXC Publishes Reports on Disclosures and Cover and Deal, Shares Survey Results, Announces Next Meeting

GFXC Meets in Paris to Discuss Ongoing Efforts on Priority Areas

FX GLOBAL CODE DOCUMENTATION LINKS

FX Global Code Official Documentation

Global Index of Public Registers

List & Links to each Public Register

ASSOCIATION OF CORPORATE TREASURERS PORTAL & HOMEPAGE

Launch ACT Homepage

Discover Association of Corporate Treasurers content and resources supporting the FX Global Code and its principles. Understand how

REFINITIV

Sensitivity: Confidential

Quick Recap

- ✓ FX Global Code Overview
- ✓ Role of the SARB for the SA market
- ✓ Education is essential - ELAC
- ✓ Review & update of processes and policies
- ✓ Principle based and not prescriptive
- ✓ Key Learnings & Benefits



What makes the FX Global 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 review along 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.

Are you aware of what proportionality means to your organization?

- Yes
- No

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Q&A





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Thank You

