EUROPEAN CENTRAL BANK

EUROSYSTEM

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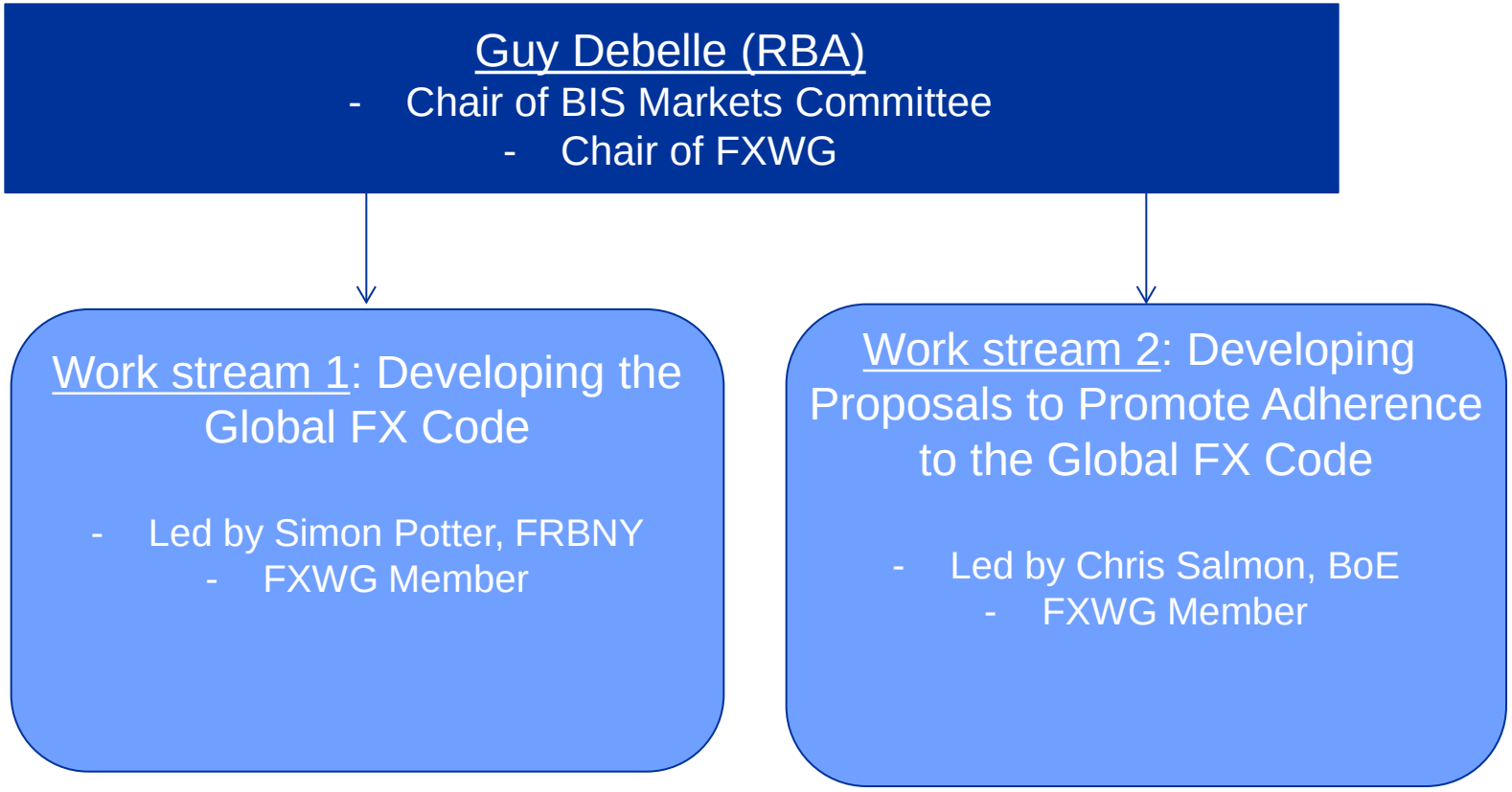
Update on Single Code

Frankfurt am Main, 8 March 2016

Topics

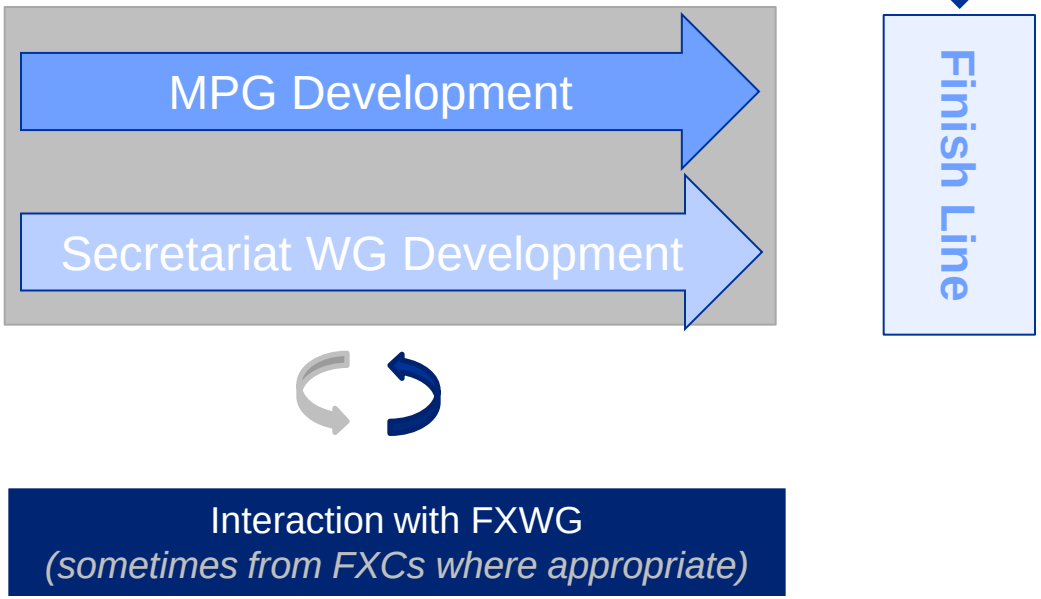
1. **FX Working Group overview**
2. **First review**
3. **Second review**

FXWG and Work Stream 1 & 2



Developing the Global FX Code and Adherence : A Road Map

May 2017
Final Publication and Adoption by FXCs



2- First review within FXWG (11-28 December)

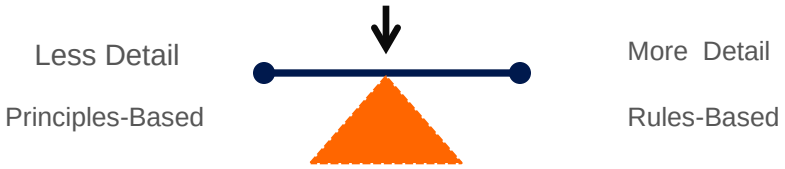
- Feedback received from a dozen central banks as well as the MPG
- 700+ individual comments
  - 4% general
  - 55% ethics
  - 32% execution
  - 9% post trade
- Roughly even mix of style comments versus content comments
- FXWG and MPG feedback somewhat consistent, FXWG more focused on brevity

2- First review within FXWG (11-28 December)

Revisiting Style Points

- **Central Guidance when developing the Code** (From September Meeting)
  - The Code should establish principles and, where appropriate, provide examples.
  - The Code should be as succinct and clear as possible.
  - The Code should be organized in such a way to encourage ease of use and adherence by market participants.

- **Targeted level of detail** (From November Meeting)



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3- Second review (3-12 February 2016)

- Feedbacks received from OMCG,FXCG, ESCB Committee (MOC)

- 211 individual comments
  - 3% introduction
  - 2% ethics
  - 8% info sharing
  - 44% execution
  - 40% confirmation and settlement
  - 3% general

3- Second review (3-12 February)

- General comments
  - Less legalistic, mindful of terms with legalistic definitions (e.g. *duty of care*)
  - Clear and consistent language (principal/agent/intermediaries, use *should* instead of *must*)
  - Focus on high level principles, reinforce balanced approach for level of detail
  - More details in some area(market colour, pre-hedging, mark-ups…)
  - Move some examples to annex, develop examples after principles have been defined