

GFXC Secretariat
Global Foreign Exchange Committee

25th October 2024

To whom it may concern,

RE: GFXC Request for Feedback on Amendments to the FX Global Code and Disclosure Cover Sheets

I am writing to you on behalf of The Investment Association (the IA). The Investment Association champions UK investment management, a world-leading industry which helps millions of households save for the future while supporting businesses and economic growth in the UK and abroad. Our 250 members range from smaller, specialist UK firms to European and global investment managers with a UK base. Collectively, they manage £9.1 trillion for savers and institutions in the UK and beyond. The UK asset management industry is the largest in Europe and the second largest globally.

The Global FX Code is vital for asset managers, as it establishes thorough principles that foster the integrity and effective functioning of the wholesale foreign exchange (FX) market. Asset managers depend on the reliability and efficiency of the FX market to carry out trades and manage risks effectively. Hence, the industry is actively involved in reviewing the Code to ensure that the revisions improve market practices and maintain top standards of the wholesale FX market.

The IA appreciates the holistic review conducted by the GFXC, and the asset managers find the proposed amendments both thorough and reasonable. The suggested changes align well with the evolving needs of the market, especially regarding the global markets' moves towards accelerated settlement cycles. We have some small remarks regarding the suggested principles:

Principles 9 & 10: The IA members recognise the rationale behind the decision regarding the suggested changes to reflect the evolving FX market. We agree with the proposed changes to the principles to enhance transparency and comparability.

In the case of principle 10, we welcome the suggested change detailing the mechanics of custodian standing instruction FX programs. Instances of incorrect timestamps continue to occur, which has a detrimental impact on assessing the quality of execution received from the custodian. The proposed changes should, we believe, reinforce the point that to assess the quality of execution, the execution timestamps received should be correct.

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The IA members find the suggested changes in relation to settlement risk sensible since T+1 has been implemented in North America now. By the time of the next review of the Global Code, T+1 will either have been implemented or will be close to implementation in several other countries.

Principles 35 & 50: The IA members find the suggested changes to Principles 35 and 50 sensible. However, the asset managers are also aware of the challenge in getting participants to recognise the benefits of implementing netting and adopting such an approach. Given we are seeing an increasing number of markets implementing accelerated settlement cycles, the IA suggests there is scope to strengthen language around this area in the proposed changes – particularly in Principle 35 – to further encourage the uptake of netting.

We appreciate the GFXC's effort in taking up the complex task of reviewing the FX Global Code. We would be happy to discuss further with the GFXC in case the Committee is keen to seek further views from the investment management industry.

Yours sincerely,



Kenix Lee

Policy Lead, Capital Markets