



The FX Global Code

The impact of shared market principles



What is the FX Global Code

The FX Global Code ('Code') is a common set of guidelines developed jointly by Central Banks and Market Participants from 16 global jurisdictions.

The Code is built around six leading principles and 55 supporting principles that set out standards of good conduct with the aim of enhancing overall integrity and effective functioning of the FX Market.

The Code is expected to apply to a wide range of firms that participate within the FX market. This includes both sell-side and buy-side firms, non-bank liquidity providers, operators of e-trading platforms, as well as firms who provide brokerage, execution, and settlement services for FX.

Leading principles have been outlined below:



What do firms need to do?

The Code acts as a supplement to local laws, rules and regulations, therefore firms will still be expected to:

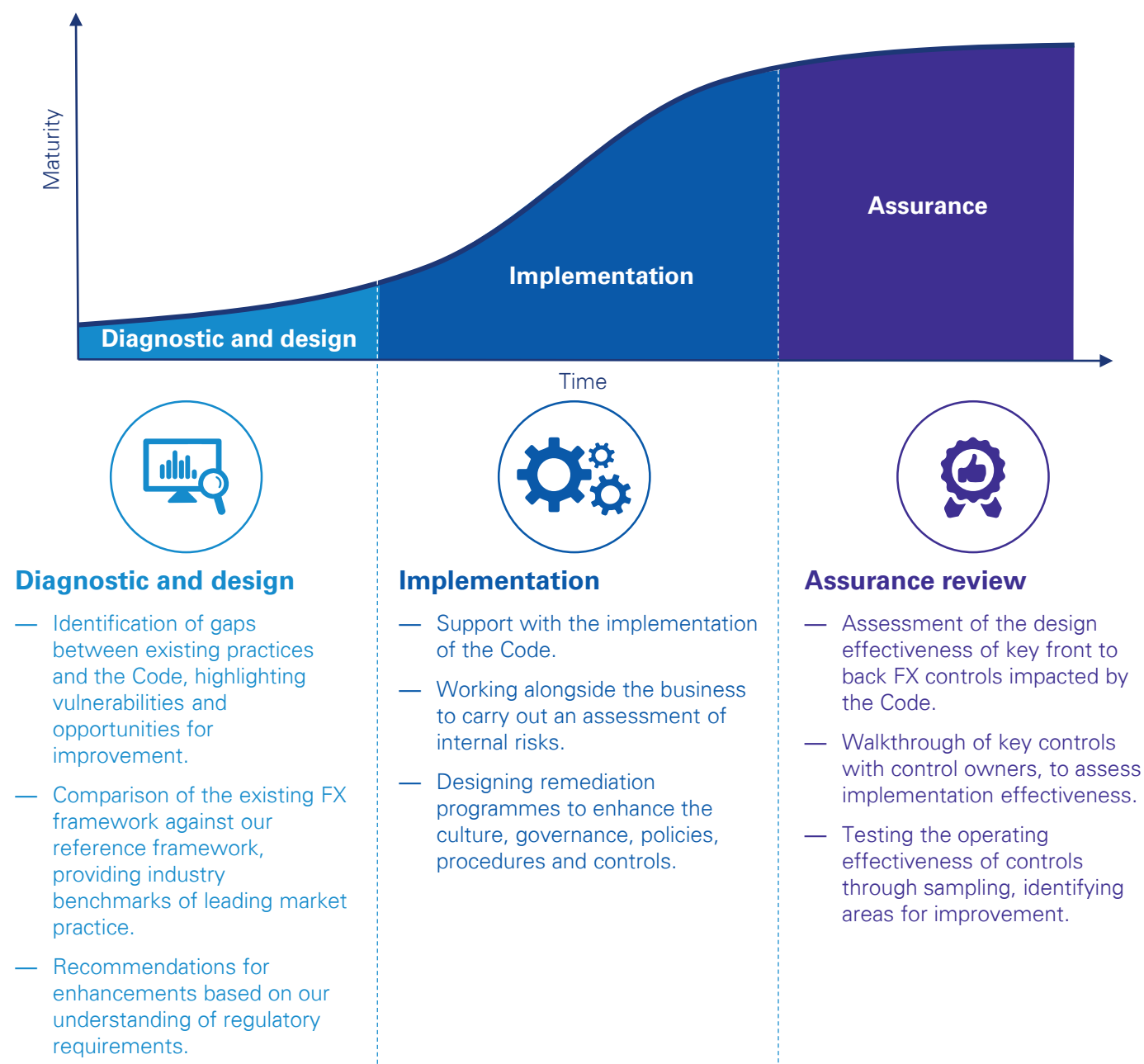
- Understand and comply with laws, rules and regulations in jurisdictions where FX business is undertaken; and
- Ensure internal policies and procedures are in place and are designed to comply with applicable laws.

Firms are encouraged to publish a voluntary 'Statement of Commitment' to the Code. In order to be able to do this, firms should consider the following:



How can KPMG support firms?

There are a number of ways in which KPMG can help provide support to firms to ensure they are adhering to the Code. We have developed effective tools and methodologies in relation to FX conduct and can also perform industry benchmarking to help firms understand their market position.



Common challenges facing the FX market:

Scope	Consistent adherence to the Code across a range of different FX businesses (G10, EM, Voice, Electronic)
Conflicts	Identifying and managing conflicts of interest in a complex trading environment - principal trading, order handling, co-existence of electronic and voice channels
Last look and algos	Achieving the right outcomes in configuration of last look and design of algo trading strategies
Order execution	Effective order handling and execution in principal and agency capacity
Client outcome	Ensuring clients receive good outcomes and value for money

KPMG capability and contacts



Skilled and experienced team: we are a skilled and experienced team delivering a number of FX conduct engagements within wholesale markets over the past few years. Our team members have been involved in supporting investigations and assisting in remediation, implementation and reviews of controls related to FX trading conduct.



Strong track record: we have supported a number of leading wholesale banks in meeting the requirements of the FCA led FX remediation programme and carried out multiple best execution reviews covering FX.



Regulatory insight: we have invested in a regulatory Centre of Excellence which has allowed us to build relationships with global regulators, providing us with an insight into regulatory expectations.



Established frameworks: through our extensive experience in wholesale conduct engagements over a number of years, we have developed tools, methodologies and reference standards which can be readily deployed on FX conduct projects and incorporate our view of good market practice and understanding of regulatory standards.



Industry comparison: we can bring market insight and peer group comparison as part of our review. Our reviews not only identify gaps in processes and controls but are also useful to our client's understanding of their position in the wider market.



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