



Media Statement

Tuesday, 13 March 2018

The South African Reserve Bank announces the establishment of the South African Foreign Exchange Committee

The South African Reserve Bank (SARB) has today announced the establishment of the South African Foreign Exchange Committee (SAFXC).

The SAFXC is a forum consisting of key professionals and associations in the domestic wholesale foreign exchange (FX) market, such as Authorised Dealers, the Association of Corporate Treasurers of South Africa (ACTSA), the FX interdealer broker community, Association Cambiste International (ACI) South Africa, the Banking Association of South Africa (BASA), the Association for Savings and Investment South Africa (ASISA) as well as a representative of the Financial Services Board.

The SAFXC will be chaired by Mr Zafar Parker, Head: Market Intelligence and Operations, SARB, while Mr David Gracey, Head: Currency & Derivatives Trading, Investec Bank Ltd, has been elected as Deputy Chair. Both the chair and deputy chair will represent SAFXC at the Global Foreign Exchange Committee (GFXC)¹.

The SAFXC seeks to guide and encourage market participants to adhere to the FX Global Code² (the Global Code) to promote a fair and more transparent FX market as well as adherence to international best practice.

The Global Code sets out the principles of good practice for wholesale FX markets and provides a set of guidelines for promoting a fair and more transparent, liquid, open and

¹ The Global Foreign Exchange Committee was established in May 2017 as a forum bringing together central banks and private sector participants with the aim to promote a robust, fair, liquid, open, and appropriately transparent Foreign Exchange (FX) market in which a diverse set of participants, supported by resilient infrastructure, are able to confidently and effectively transact at competitive prices that reflect available information and in a manner that conforms to acceptable standards of behaviour. (source: www.globalfxc.org)

² FX Global Code is a set of global principles of good practice in the foreign exchange market, developed under the auspices of the Markets Committee of Bank for International Settlements to provide a common set of guidelines to promote the integrity and effective functioning of the wholesale foreign exchange market.

robust market. It serves as a supplement to existing local laws, regulations and rules by identifying and promoting global best practice in the domestic FX market.

The processes to establish the SAFXC commenced after South Africa became a member of the Global Foreign Exchange Committee in May 2017 and endorsed the Global Code. The SAFXC, as an independent local FX committee, replaces the Foreign Exchange Subcommittee of the Financial Markets Liaison Group.

The decision to form the SAFXC reflects not only South Africa's continuous efforts to enhance the effective and efficient functioning of the local FX market, but also the commitment to work towards the promotion of practices in the local FX market that are consistent with the principles outlined in the Global Code. To this end, the SARB has not only endorsed the Global Code but demonstrated its commitment by publishing a Statement of Commitment on the SARB's website today, to coincide with the launch of the SAFXC. This practice is in line with other central banks such as, the Bank of England, the European Central Bank, Bank of Canada and the Reserve Bank of Australia.

The SARB expects its counterparties in the FX market to adhere to the Global Code and to demonstrate their commitment by publishing their own Statements of Commitment in support of the integrity, effectiveness and efficiency of the domestic FX market. With effect from 1 September 2018 the SARB will only conduct FX transactions with those market participants that have publicly endorsed the Global Code through their own Statement of Commitment.

The SAFXC web page will be hosted on the SARB's website and will be launched on the 14th March 2018. http://resbank.co.za/Markets/South_African_Foreign_Exchange_Committee

The SARB welcomes the launching of the SAFXC as an initiative that will contribute towards strengthening the integrity, effectiveness and efficiency of the domestic wholesale FX market.

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