



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/15C

17 December 2021

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Global Code of Conduct Standards and Practices for the Wholesale Foreign Exchange Market (the “FX Global Code”)

I am writing to provide guidance on steps for Authorized Institutions (“AIs”) to follow the latest version of the FX Global Code published by the Global Foreign Exchange Committee (“GFXC”)¹ on 15 July 2021.

The FX Global Code² was first published on 25 May 2017. It represents a single set of global principles of good practices for the wholesale FX market, and is the product of efforts by market participants from the public and private sectors globally. Since its publication and further to my letter to all AIs on the same subject dated 28 September 2017³, most in-scope AIs or the banking groups they belong have issued a Statement of Commitment to the FX Global Code⁴.

You may be aware that the GFXC published an updated version of the FX Global Code in July 2021, following its periodic review of the Code and an extensive process of review and public consultation. The updates have strengthened the guidance on areas including anonymous trading, algorithmic trading and transaction cost analysis, disclosures and settlement risk.

The GFXC is encouraging market participants to align their relevant practices with the updated FX Global Code, and renew their respective Statement of Commitment to the FX Global Code. The TMA, after consulting its Market Practices Committee, is fully supportive of the aforesaid renewal of the Statement of Commitment.

¹ The GFXC was established in May 2017 as a forum bringing together central banks and private sector participants with the aim to promote a robust, liquid, open, and appropriately transparent FX market. Hong Kong is a member of the GFXC, with the Hong Kong Monetary Authority and the Treasury Markets Association as the representatives.

² www.globalfx.org/fx_global_code.htm

³ <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2017/20170928e1.pdf>

⁴ The list of AIs which have provided a Statement of Commitment to the Treasury Markets Association can be found on the Association’s website (https://www.tma.org.hk/en_fxglobalcode.aspx).

In accordance with HKMA Supervisory Policy Manual module CG-6 “Competence and Ethical Behaviour”, AIs should, among other things, maintain adequate systems of control to ensure that their staff members observe any codes of conduct or standards issued by professional bodies of which they are members or associates, including the TMA Code of Conduct and Practice (the “TMA Code”). Since the FX Global Code has been incorporated (including its latest update) as part of the TMA Code since 2017, we expect all AIs to take appropriate steps to:

- (i) review their practices in light of the updated FX Global Code and ensure that they maintain adequate systems of control to support their observance of the FX Global Code; and
- (ii) demonstrate such status by issuing or renewing the Statement of Commitment as provided in Annex 3 of the FX Global Code and providing it to the TMA⁵ at fxglobalcode@tma.org.hk on or before 15 July 2022.

I also encourage your institution to promote the updated FX Global Code to counterparties and customers to which the FX Global Code should apply. Should you have any questions about this circular, you may contact Mr Kim-hung Li at khli@hkma.gov.hk or Ms Jessica Wang at jwang@hkma.gov.hk.

Yours faithfully,

Arthur Yuen
Deputy Chief Executive

c.c. The Chairperson, The Hong Kong Association of Banks
The Chairperson, The DTC Association
FSTB (Attn: Justin To)

⁵ The TMA serves as a local register for financial institutions in Hong Kong that have issued and provided the TMA with the Statement of Commitment.