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SOUTH AFRICAN RESERVE BANK

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## Record of proceedings of the South African Foreign Exchange Committee virtual meeting held on Thursday, 28 July 2022, from 14:00 to 15:30

### Record of proceedings no. 03/2022

Members in attendance	Apologies
<p>Zafar Parker (Chairperson), SARB</p> <p>Richard de Roos (Deputy Chairperson), Standard Bank</p> <p>Lucy Mabuza (Secretariat of the SAFXC), SARB</p> <p>Mpumi Ngwenya (Secretariat of the SAFXC), SARB</p> <p>Chris Tsotsa (Secretariat of the SAFXC), SARB</p> <p>Andries Tshishonga, SARB</p> <p>Samantha Springfield, SARB</p> <p>Lesego Malehopo, SARB</p> <p>Chris Paizis (Authorised Dealer), ABSA Bank</p> <p>Mark Schwartz, ACTSA</p> <p>Gary Haylett, BASA</p> <p>Steven Panos, Capitec Bank</p> <p>Paul Wilson (Interdealer Broker), ICAP</p> <p>Brice Parise (Authorised Dealer), JP Morgan</p> <p>Elaine Mabiletsa (Exchange), JSE Limited</p> <p>Carlos Martins, SAATA</p>	<p>Michael Galatis, ACI South Africa</p> <p>Gill Raine, ASISA</p> <p>Marius de Jongh (an observer), FSCA</p>

## 1. Overview

The South African Foreign Exchange Committee (SAFXC) discussed:

- 1.1 feedback from SAFXC members.

## 2. Summary of discussions

- 2.1 The Global Foreign Exchange Committee (GFXC) aimed to review the FX Global Code (Code) after three years, with the focus on the outreach to the buy-side sector and platforms across many jurisdictions.
- 2.2 Market participants were expected to renew the statement of commitment (SoC) following the review cycle of the Code. Central banks would provide further guidance on the renewal of the SoC to all foreign exchange (FX) market participants within their jurisdictions. The South African Reserve Bank (SARB) would provide guidance to local FX market participants on the renewal of the SoC to the Code.
- 2.3 The GFXC and SAFXC representatives held a virtual webinar on 13 June 2022 titled 'Introduction to the FX Global Code' with the Financial Markets Subcommittee of the Committee of Central Bank Governors (CCBG) as part of the SAFXC outreach to the Southern African Development Community (SADC) region. ACI Botswana, an affiliate of the ACI Financial Markets Association, invited the SAFXC to present on the Code to the domestic market on 5 August 2022.
- 2.4 The SAFXC buy-side outreach initiative would be broadened to include the hedge-fund community, given its growing role in the domestic FX market in terms of the flow of funds. The Association of Corporate Treasurers of Southern Africa (ACTSA), the Association for Savings and Investment South Africa (ASISA) and the South African Association of Treasury Advisors (SAATA) were encouraged to support proper governance and alignment of FX business activities to the principles of best execution and price transparency in the buy-side sector, aimed at promoting fairness in the market.
- 2.5 The SAFXC outreach programme would also include raising governance awareness to broader FX market participants, including the buy-side sector such as South African corporate companies. The work of the GFXC corporate stream would be

beneficial to the SAFXC's outreach to the buy-side sector, particularly the local corporate sector.

- 2.6 It was highlighted that market practices of some offshore market participants (including international brokers) appeared to be misaligned with the principles of the Code. These practices were more prevalent in highly illiquid markets such as the African and South American markets.
- 2.7 The GFXC established a working group to explore how the Code could play a more visible role in market participants' good corporate governance, by linking the Code adherence to the governance (G) in the broader ESG (environmental, social and governance) global campaign.
- 2.8 Crypto currency/assets had received global prominence, which include attracting South African regulations. The SARB was planning to develop a regulatory framework for the exchanges to allow for crypto listing, which would include traditional banking regulation and exchange control mechanisms. The GFXC discussion on this subject was leaning towards a digital currency readiness rather than on crypto specifically, including its potential impact on liquidity and money supply. Digital currencies would have a knock-on effect through other parts of the Code.

### **3. Date of the next meeting**

The next SAFXC meeting was scheduled for Tuesday, 08 November 2022.