

ACI FMA INSIGHTS

Nº 8 - May 2023

Membership

Ethical Conduct

Education



Dear ACI FMA Members,

We are delighted to welcome you to the 8th edition of the ACI FMA Insights Newsletter. It is a pleasure to open this door of communication again and share our excitement as we will soon be meeting, face-to-face, in Zagreb, where we are holding the ACI FMA Spring Meetings 2023. Thank you to ACI Croatia for hosting this special event.



The ACI FMA Spring Meetings follow the 60th ACI World Congress, which took place in Paris, at the Palais Brongniart, on the 17th November 2022. This was one of the most amazing events on last year's calendar. It was an excellent opportunity to learn about the latest developments in Financial Markets, and across the industry, and a chance to network and attend several presentations and panel discussions, sharing topical wide-ranging, and outstanding content with the community.

Most importantly, we believe that the 60th ACI FMA World Congress enabled connections and conversations between members and business partners that certainly resulted in partnerships and new business. From keynote addresses, lectures, and technical presentations to the exhibition, there was something for everyone. ACI FMA is very proud of its 60th World Congress and the outcomes of this initiative. Therefore, and if you still didn't have the chance to see it, we would like to share the video that sums up the incredible day that took place in Paris. Please click [here](#) to access it.

Since then, ACI FMA has launched the myACIFMA portal and The ACI FMA Handbook – Our Best Practices and Further Guidance: Reinforcing Industry Codes, access to which is the first service available on myACIFMA. This Portal has been launched to allow ACI FMA members to have access to relevant Financial Markets related content produced by our Association. For further information, please visit our [Website](#).

Finally, Mario Kolinski brings us some additional information about the ACI FMA Spring meetings and the 31st ACI FMA Croatia General Assembly and Financial Markets Conference 2023. Rui Correia, ACI FMA Executive Director and Chair of the Board of Education, shares with us some insights on the importance of continuous training, certification, good practices, and the countless possibilities that the ELAC platform offers to financial market participants in this regard. In addition, there are some changes that we would like to share with you. Do not miss the opportunity to learn all about this by reading more details in the FXC column.

See you soon, in Zagreb in May or in Singapore in September 2023!

Stéphan Malrait
ACI FMA Chairman

Kim Winding Larsen
ACI FMA President



ACI FMA Spring Meetings followed by the [31st ACI FMA Croatia General Assembly and Financial Markets Conference 2023](#) are one of the most anticipated events in the financial industry in Croatia.

This year's events will take place in Zagreb, Croatia, from 16th to 19th May 2023, and promise to be fantastic opportunities for professionals in the field to learn, network, and exchange ideas.

One of the main highlights of the ACI FMA Spring Meetings and Financial Markets Conference is the diverse range of topics that will be covered. The event will bring together experts from all corners of the financial industry, including bankers, regulators, and market practitioners. As such, attendees can expect to gain insights into some of the most pressing issues facing the industry today, as well as get a glimpse into future trends.

Another exciting aspect is the variety of formats that will be used. The event will feature keynote speeches, and panel discussions, providing attendees with different ways to engage with the content and with each other.

Another topic that may be explored at the ACI FMA Spring Meetings is the increasing role of technology in the financial industry. With the rise of fintech and digital currencies, there is a growing need for financial professionals to understand how these innovations are shaping the industry and how they can adapt to stay ahead of the curve. The event may include discussions on topics such as blockchain, artificial intelligence, and cybersecurity, providing attendees with valuable insights into these emerging trends.

Overall, the ACI FMA Spring Meetings are shaping up to be must-attend events for professionals in the financial industry. With a diverse range of topics, interactive formats, and high-calibre speakers, attendees can expect to gain valuable insights, learn from their peers, and come away with practical strategies they can implement in their own work. Whether you're a seasoned professional or just starting out in the industry, this event is sure to be a highlight of the year. Events will be covered by the media sponsor, Bloomberg Adria. Events will have broad reach in the Adria region where Bloomberg Adria is broadcasting its content on television.

Furthermore, attendees will experience affluent Croatian culture, our gastronomy and see Croatian natural beauties on a road trip to Plitvice National Park which will take place on 20th May 2023.

See you in Zagreb!

Mario Kolinski, ACI Croatia President



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Ongoing education for good market practices is here to stay...

When I get invited to participate in the excellent events organised by our ACI National Associations, it is natural that the primary focus is to target my presentations on the promotion of adherence to recognised industry Codes, such as the FX Global Code, Global Precious Metals Code and UK Money Markets Code, given that ACI FMA is a strong supporter of these guidelines of good market practices for their respective markets.

Nearly 6 years have passed since the initial versions of these Codes were published but I still get asked (luckily now, only in a very few occasions) why do individual (and senior...) market participants need to be regularly trained and certified on good market practices. Well... if that question is still posed, maybe that is just another very good reason as to why ongoing education is clearly required for all participants, regardless of their curriculum and experience.

Financial markets are complex, with new developments coming up at a breakneck speed... As an unavoidable consequence, market participants are constantly challenged on how to behave and react when faced with a situation that might question the integrity, fairness and effective functioning of a market.

So, how can we keep up and carry on applying the good market practices that are expected from all of us? In ACI FMA's view, that is possible through ongoing education in our ELAC Portal, as it is a significant tool that provides continuous training and certification experiences to allow individual market participants understand the principles of the Codes and, most importantly, how they should be applied, in practice, in their daily roles.

For me, one of the best features in ELAC (if not THE best) is the ability for users to test their practical knowledge of the Codes by accessing our market practice scenarios, as they include several examples of "real life" cases that reflect situations (and challenges...) occurring in their daily roles.

For example... Sarah works on sales for a bank which is a signatory to the FX Global Code... one day, she gets an unexpected call on her personal mobile... it is Michelle, her client from a corporate, asking for a good level in EUR/USD Spot for 10 million EUR... according to the guidelines of the FX Global Code, what should Sarah do? It looks like the appropriate answer could be straight forward, but it is not... there might be several implications around this potential scenario, for Sarah, for Michelle and for their respective entities...

These scenarios are initially created by independent and experienced market participants working in a diverse set of functions and organisations, then are reviewed and validated by the members of our Committees and Working Groups (composed of experts with relevant experience in drawing on, developing and implementing high ethical and professional standards). Therefore, by accessing ELAC, users can understand how to behave and react to those situations in accordance with the good market practices advocated by the recognised industry Codes.

Maybe Sarah and Michelle should contact ACI FMA so they can get demonstrations of the full features of ELAC...

Rui Correia, ACI FMA Executive Director and Chair of Board of Education



In the last few months, the ACI FMA FX Committee (FXC) has focused on pre-hedging, FX Global Code (FXGC) adherence, market data, settlement, and possible improvements around the 4pm Fixing.

The FXC reviewed the ESMA pre-hedging document but did not make a submission to ESMA. The view of this Committee was that the pre-hedging guidelines in the FXGC are already adequate and there is no need for ESMA to include FX in this review. Responses from other industry bodies broadly concluded the same.

The FXC also looked at the market volatility surrounding the UK mini budget and concluded that, during this period, Spot remained liquid and, whilst there was some disruption for FX Spot in GBP related pairs, it was manageable. The biggest impact was felt in GBP Swaps where liquidity was thin and spreads very wide. The situation was difficult but not close to the impact felt during the global financial crisis (GFC).

The FXC felt that the FXGC was created as a result of issues on the sell side and that adherence for the buy side should be reviewed. The conduct issues of the past are considered to be a sell side problem and the group has some concerns that anything that compels the buy side to adhere, whilst ideal, may well be problematic in various ways. For instance, the FXC is concerned that practices that might cause smaller buy side firms to adhere without due consideration could both lessen the value of the Code and, in a worst-case scenario, lead to potential legal claims against those firms. That said, the FXC feels that the next steps should be to wait to see the success of the initiatives around proportionality and ESG connections before any further consideration is given to the matters discussed above. The FXC will continue to discuss adherence generally however and look for other ideas to improve take up of the FXGC.

The FXC also reviewed the FX Global Code intention to review how to improve access to high quality market data and ensuring a robust, fair, open, liquid and appropriately transparent FX market. The group concluded that such data is already available to participants. Furthermore, the FX Market is an OTC, quote driven and globally diverse market containing proprietary views and that any single source of data is not necessarily a definitive source. Each participant, in order to establish an understanding of the current market, would have to create its own view from a range of readily available sources.

FX Fixings were also an area of focus for the group, which is aiming to publish views on the lengthening of the FX Fixing window - perhaps to 15 mins - to reduce the impact of the flow from clients and to discourage other market participants from predicting the price action and profiting from it. In the near future, the FXC will look at these topics further, as well as FX settlement and continuing to work on expanding participation.

John K. Estrada, ACI FMA Chair of FX Committee

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