

# ACI FMA INSIGHTS

Nº 2 - September 2020

Membership

Ethical Conduct

Education



# ACI

FINANCIAL MARKETS ASSOCIATION EST. 1955



It is with great satisfaction that I welcome you to the second edition of the ACI FMA Insights newsletter!

Although the world and consequently the markets are adapting and changing to a *New Normal*, considering the unprecedented times that we experience, I hope you had the opportunity to have a summer break and that you found the strength to face the challenging times ahead. I believe we will come across demanding situations but I'm also convinced that we will make the best out of them and overcome them. I'm looking forward to working with you in the coming months, with charged batteries.

Regarding our second newsletter, you can find in this edition a very interesting statement from David Clark who celebrates 5 decades of dedication to the global ACI Association this year, a key contribution from Marc De Bosscher, ACI FMA Europe President, and an important view on FX Markets by Stephane Malrait, Chair of ACI FMA Forex Exchange Committee.

Such achievement is a major milestone that needs to be acknowledged and commemorated. Please join me in congratulating and thanking David Clark, ACI International President from 1992 to 1995, for the 50 years of rich and devoted collaboration.

Faithfully,

Kim Winding Larsen, President Delegate



## David Clark: Celebrating 50 years of ACI FMA.

When I joined Bankers Trust as a graduate trainee in 1969 I was excited to be made a local member of Forex London. As the junior on the desk I was expected to call or 'Telex' banking counterparties around the world which was the best conceivable way of getting to know people, privately as well as professionally, and build a multilingual and multi-cultural network.

A year later my name entered the little "RED" Hambros Book as an International Member. In other words, a member of ACI. My boss stressed how important this privilege would prove to be but looking back I had no idea how important this honour would be for my life as well as my career.

To this day, I still talk to friends and colleagues whose names also appeared in the Hambros book, and we have family connections with them in many countries. I also still enjoy a post retirement career in the markets.

When I asked what membership of ACI FMA meant I was told that I had to behave with the highest integrity and that if I did so could expect to be treated in the same way by my dealer counterparties. 'My word is my bond' and 'once a dealer, always a dealer' was the code that we all shared. Not adhering to these mottos would be noticed among all your fellow dealers in many financial centres and make you unsuitable as a trustworthy professional dealer. A lack of integrity would result in a very short career in the FX Market.

This discipline is a long way from the sophisticated FX Global Code that we now have but was very effective and ACI membership conveyed a sense of pride in professionalism and discipline. There was very little formal training in those early days and in truth we learned from our dealing room colleagues as well as our competitors as dealers shared views and experiences. Expertise and experience were assets to share and not hide, and competition benefited our customers and employers as well as our careers.

Needless to say, technology, innovation, and regulation have changed beyond recognition over my 50 years in ACI but the underlying culture required to truly trade in FX remains the same. All financial markets depend on trust and the ethic of treating people fairly, and although the way in which trading takes place has moved on from the phone and telex, the codes that we have observed are the link that makes markets work properly.

I will admit to nostalgia for the moment that my name appeared in the little red book. For those of you reading this who may be starting out on your career in FX, there is no equivalent today, but if you become as lucky as I have been over the intervening 50 years I am sure your life, as well as career will have benefited from the friendships, learning, mutual trust and respect that you will find in being a member of ACI FMA.

All the best,

David Clark



Marc De Bosscher is ACI FMA Europe President since November 2018 but his close relationship with ACI FMA goes back to 1991. Please take some minutes to learn more about Marc De Bosscher, his personal and professional path, and some of his views about the Association:

I have been working in the banking sector for more than 30 years, and since 1988 when I started my professional career at ASLK – CGER.

After 2 years in the back office, I joined the front-office in Markets and Treasury desk, a circumstance that had a great impact on my future path. One interesting fact is that I've never changed employer and since 2008 I have been working at BNP Paribas Fortis.

In what regards my Association journey, the ACI FMA connection started in 1991 when I became a member of "Forex Belgium" that, at the time, registered 750 members. In 2001, I was elected Secretary General till 2016, when I replaced Alain Strapart as President of ACI Belgium. Finally, in May 2018, I was voted ACI FMA European President at the Council Meeting, in Basel.

During all these years, I've experienced and witnessed many changes but within ACI FMA remains the feeling of being part of a strong organization that is ready to tackle the banking sector next generation. As members of the Management Board, we aim to assist and support our National Associations, as much as possible. This objective is not always easy to achieve since we have, for example, 28 National Associations in Europe. Having this in mind, it's my conviction that a second representative to our region, will not only enrich the Management Board but also bring a more effective possibility to work even closer with our members. We count on your participation to strengthen the voice of Europe within ACI FMA.

Marc De Bosscher, ACI FMA Europe President



2020 was a year of challenges on many fronts with impact on our life, way of working but also on how the FX Market operates. This update highlights a few changes impacting the FX Market during that period discussed by the ACI FX Committee.

**Market Volatility:** During the first few months of Covid-19, FX volatility was very high, and the bid-ask spread was wider in most currency pairs, but liquidity was still widely available for most active currencies.

Nevertheless, there was some reduced liquidity in NDF and emerging market currencies.

The voice and electronic market continue to operate without outages supporting dealers and clients in these difficult times. The transition to remote working in FX trading was seamless in most instances due to the high level of electrification of the market. Volatility has reduced during the summer months and should start again until the November election in the US.

**FX Global Code 3-year review:** The 3-year FX Global Code conduct review was supposed to start in early 2020 and all working groups were formed to look at what needed to be changed or improved from the existing Code. Due to Covid-19 this effort has been put on hold for 6 months and will re-start in September. ACI FMA FXC members are participating in 2 working groups and will continue to support the ethical conduct views of ACI within the code.

**Algorithmic Trading:** One notable difference this year is the growth of usage of algorithmic trading for FX execution by banks and clients. Algorithmic Trading isn't new in FX and many of the large players have developed solutions in the last few years, but the usage was concentrated to few active trading companies. We now see a wider adoption of automation/execution tools supported by First- and Second-generation Algorithms and the start of AI-Driven Algorithms.

Stephane Malrait, Chair of ACI FMA Forex Exchange Committee