



Global Foreign Exchange Division  
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TO:

General Manager, Policy Development  
Policy and Advice Division  
Australian Prudential Regulation Authority

*Via E-mail: [PolicyDevelopment@apra.gov.au](mailto:PolicyDevelopment@apra.gov.au)*

August 27, 2019

**Re: Consultation on amendments to margin requirements**

Dear General Manager,

The Global Foreign Exchange Division (“GFXD”) of the Global Financial Markets Association welcomes the opportunity to provide comments to the Australian Prudential Regulation Authority (“APRA”) on its August 14, 2019 “Consultation on amendments to margin requirements” proposing revisions to “Prudential Standard CPS 226: Margining and risk mitigation for non-centrally cleared derivatives” (“CPS 226”) to reflect recent amendments to the BCBS-IOSCO “Margin Requirements for non-centrally cleared derivatives”<sup>1</sup> and make other minor amendments.

The GFXD was formed in co-operation with the Association for Financial Markets in Europe (AFME), the Securities Industry and Financial Markets Association (SIFMA) and the Asia Securities Industry and Financial Markets Association (ASIFMA). Its members comprise 25 global foreign exchange (FX) market participants,<sup>2</sup> collectively representing a significant portion of the FX inter-dealer market. Both the GFXD and its members are committed to ensuring a robust, open and fair marketplace and welcome the opportunity for continued dialogue with global regulators.

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<sup>1</sup> Available at <https://www.bis.org/bcbs/publ/d475.pdf>.

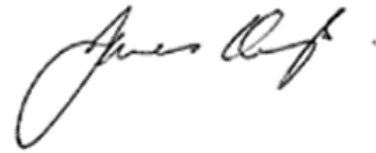
<sup>2</sup> Bank of America Merrill Lynch, Bank of New York Mellon, Barclays, BNP Paribas, Citigroup, Crédit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Lloyds Bank, Mizuho, Morgan Stanley, MUFG Bank, NatWest Markets, Nomura, Royal Bank of Canada, Scotiabank, Société Générale, Standard Chartered Bank, State Street, UBS, Wells Fargo and Westpac.

We fully support APRA's proposed amendments to CPS 226, as reflected in Attachment A to the Consultation, as well as APRA's intention to amend the list of foreign bodies whose margin requirements are approved for substituted compliance with CPS 226 to include the PRA and FCA in the event of the UK's withdrawal from the European Union.

The FX market is the world's largest financial market and the effective and efficient exchange of currencies underpins the international financial system. The FX market is also the basis of the global payments system, meaning the volume of transactions is very high and transactions are often executed by market participants across geographical borders. Globally coordinated regulation, and provision for substituted compliance, is therefore particularly important for the FX market and in our view benefits both regulators and market participants alike.

We greatly appreciate the opportunity to share our support for the proposed amendments. Please do not hesitate to contact Victoria Cumings on +1 212 313 1141, email [vcumings@gfma.org](mailto:vcumings@gfma.org) or John Ball on +852 2531 6512, email [jball@gfma.org](mailto:jball@gfma.org) should you have any questions or wish to discuss the above.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'James Kemp', with a small flourish at the end.

James Kemp  
Managing Director  
Global Foreign Exchange Division, GFMA