

ACI FXC supports the progress in the elimination of settlement risk

London/Paris, 29th March 2011

The ACIFXC (ACI Foreign Exchange Committee) notes with interest the 17th of March 2011 announcement that the The Basel Committee on Banking Supervision (BCBS) and the Committee on Payment and Settlement Systems (CPSS) are establishing a joint working group to revise the BCBS's *Supervisory guidance for managing settlement risk in foreign exchange transactions* (2000), with the goal of ensuring that financial institutions adequately control their foreign exchange settlement exposures. The working group will be chaired by Ms Jeanmarie Davis, Senior Vice President at the Federal Reserve Bank of New York.

The ACIFXC recognises and supports the substantial progress in the elimination of settlement risk, which has been achieved since the introduction of/through the operation of the CLS Bank and other payment versus payment (PVP) settlement systems. Furthermore, the ACIFXC, as an inclusive, individual membership financial markets industry organisation, acknowledges the need for further action by industry participants to develop services for settling FX trades that will help to reduce remaining risks, particularly services for settling same day and certain next day trades and trades involving additional currencies and counterparties. The ACIFXC welcomes the re-launch of this initiative between the central banks and regulators and looks forward to the opportunity to comment on any revised guidance, which may be issued over the forthcoming months.