Annex

Principle		Text
Ethics	1.	Market participants should strive for the highest ethical standards.
	2.	Market participants should strive for the highest professional standards.
	3.	Market participants should identify and address conflicts of interest.
Governance	4.	The body or individual that is ultimately responsible for the Market participant's FX business strategy and financial soundness should put in place adequate and effective structures and mechanisms to provide for appropriate oversight, supervision and controls with regard to the Market participant's FX Market activity.
	5.	Market participants should embed a strong culture of ethical and professional conduct with regard to their FX Market activities.
	6.	Market participants should have remuneration and promotions structures that promote market practices and behaviours that are consistent with the market participant's ethical and professional conduct expectations.
	7.	Market participants should have appropriate policies and procedures to handle and respond to potentially improper practices and behaviours effectively.
Execution	8.	Market participants should be clear about the capacities in which they act.
	9.	Market participants should handle orders fairly and with transparency in line with the capacities in which they act.
	10.	Market participants should handle orders fairly, with transparency, and in a manner consistent with specific considerations relevant to different order types.
	11.	Market participants should only pre-hedge client orders when acting as a principal and should do so fairly and with transparency.
	12.	Market participants should not request transactions, create orders, or provide prices with the intent of disrupting market functioning or hindering the price discovery process.
	13.	Market participants should understand how reference prices, including highs and lows, are established in connection with their transactions and/or orders.
	14.	The mark up applied to client transactions by market participants acting as principal should be fair and reasonable.
	15.	Market participants should identify and resolve trade discrepancies as soon as practicable to contribute to a well-functioning FX market.
	16.	Market participants acting as voice brokers should only employ name switching where there is insufficient credit between parties to the transaction.
	17.	Market participants employing last look should be transparent regarding its use and provide appropriate disclosures to clients.
	18.	Market participants providing algorithmic trading or aggregation services to

		clients should provide adequate disclosure regarding how they operate.
Information sharing	19.	Market participants should clearly and effectively identify and appropriately limit access to confidential information.
	20.	Market participants should not disclose confidential information to external parties, except under specific circumstances.
	21.	Market participants should communicate in a manner that is clear, accurate, professional, and not misleading.
	22.	Market participants should communicate market colour appropriately and without compromising confidential information.
	23.	Market participants should provide personnel with clear guidance on approved modes and channels of communication.
Risk and compliance	24.	Market participants should have frameworks for risk management and compliance.
	25.	Market participants should familiarise themselves with and abide by all applicable law and standards that are relevant to their FX market activities and should have an appropriate compliance framework in place.
	26.	Market participants should maintain an appropriate risk management framework with systems and internal controls to identify and manage the FX risks they face.
	27.	Market participants should have practices in place to limit, monitor and control the risks related to their FX market trading activity.
	28.	Market participants should have processes in place to independently review the effectiveness of and adherence to the risk management and compliance functions.
	29.	Market participants should have the adequate processes to manage counterparty credit risk exposure, including where appropriate, through the use of appropriate netting and collateral arrangements such as legally enforceable master netting agreements and credit support arrangements.
	30.	Market participants should have processes to measure, monitor, report and manage market risk in an accurate and timely way.
	31.	Market participants should have independent processes in place to mark-to-market trading positions to measure the size of their profit and loss and the market risk arising from trading positions.
	32.	Market participants should have appropriate processes in place to identify and manage operational risks that may arise from human error, inadequate or failed systems or processes or external events.
	33.	Market participants should have business continuity plans (BCPs) in place that are appropriate to the nature, scale, and complexity of their FX business and that can be implemented quickly and effectively in the event of large scale disasters, loss of access to significant trading platforms, settlement or other critical services or market disruptions.
	34.	Market participants should have in place process to address potential adverse outcomes arising from the use of or reliance on technological systems

		(hardware and software).
	35.	Market participants should take prudent measures to manage and reduce their settlement risks, including prompt resolution measures to minimise disruption to trading activities.
	36.	Market participants should keep a timely, consistent, and accurate record of their market activity to facilitate appropriate levels of transparency and auditability and have processes in place designed to prevent unauthorised transactions.
	37.	Market participants should perform 'know-your-customer' (KYC) checks on their counterparties to ascertain that their transactions are not used to facilitate money laundering, terrorist financing, or other criminal activities.
	38.	Market participants should have in place reasonable policies and procedures (or governance and controls) such that trading access, either direct or indirect, is limited to authorised personnel only.
	39.	Market participants should generate a timely and accurate record of transactions undertaken to enable effective monitoring and auditability.
	40.	Market participants should have processes in place to identify and manage legal risks arising in relation to their FX markets activity.
	41.	Prime brokerage participants should strive to monitor and control trading permissions and credit provision in real time at all stages of transactions in a manner consistent with the profile of their activity in the market to reduce risk to all parties.
Settlement	42.	Market participants should establish consistency between their operating practices, their documentation, and their policies for managing credit and legal risk.
	43.	Market participants should institute a robust framework for monitoring and managing capacity in both normal and peak conditions.
	44.	Market participants are encouraged to implement straight through automatic transmission of trade data from their front office systems to their operations systems.
	45.	Market participants should conduct any novations, amendments, and/or cancellations of transactions in a carefully controlled manner.
	46.	Market participants should confirm trades as soon as practicable and in a secure and efficient manner.
	47.	Market participants should review, affirm, and allocate block transactions as soon as practicable.
	48.	Market participants should identify and resolve confirmation and settlement discrepancies as soon as practicable.
	49.	Market participants should be aware of the particular confirmation and processing features specific to life cycle events of each FX product.
	50.	Market particpants should measure and monitor their settlement risk and seek to mitigate that risk when possible.

	51.	Market participants should utilise standing settlement instructions (SSIs).
	52.	Market participants should request direct payments.
	53.	Market participants should have adequate systems in place to alow them to project, monitor and manage their intraday and end of day funding requirements to reduce potential complications during the settlement process.
	54.	Market participants should perform timely account reconciliation processes.
	55.	Market participants should identify settlement discrepancies and submit compensation claims in a timely manner.