



**FXBG comment  
FINANCIAL STABILITY BOARD  
BANK OF INTERNATIONAL SETTLEMENTS  
BY EMAIL: [fsb@bis.org](mailto:fsb@bis.org)  
CC: THE NATIONAL TREASURY, REPUBLIC OF SOUTH AFRICA AND SOUTH AFRICAN  
RESERVE BANK**

**FOREIGN EXCHANGE BENCHMARKS CONSULTATION PAPER: THE STANDARD BANK  
GROUP'S ("SBG") RESPONSE TO THE CALL FOR INPUT**

Thank you for the opportunity to respond to your consultation on Foreign Exchange Benchmarks. Standard Bank Group (SBG) operates in 20 countries on the African continent, and is the largest African bank by assets and earnings; (total assets of R1 694 billion (USD162bn) and Headline earnings of R17 194 million (USD1.8 billion)).

SBG is a member of the Banking Association of South Africa, who has decided that it's important for individual members to respond directly on this important issue. SBG is a contributor to African foreign exchange benchmarks, and overall we would invite the FSB to take a more explicit consideration of this issue, in an emerging market and developing nation (EMDN) context. We have the impression that the FSB's consideration so far, has only been in a developed and liquid market context. Foreign exchange markets in developing nations are likely to be less liquid, and will likely require a differentiated approach to regulation. For example, in relation to the fixing window and the time zone used for the fixing. We have specific comments in three areas:

**Question one**

We support a widening of the fixing window and believe that this is important for less liquid

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markets, such as Africa. (The FSB may wish to explicitly distinguish in its recommendations, between approaches to liquid and illiquid foreign exchange markets). Specifically, the fixing window should be linked to the underlying currency pair and liquidity. We would recommend that the FSB undertakes further consultation and agree an international standard, in relation to approaches to benchmarks, based on illiquid foreign exchange markets, to ensure international consistency.

### **Question three**

We believe that the current approach to the fixing time zone is disadvantageous to EMDN. Currently EMDN, east of GMT, have to fix at an illiquid time, further exacerbating liquidity issues. We would recommend that the FSB gives consideration to this issue, and propose that a solution could be to fix at the middle of the London business day, as opposed to the end of the London business day.

### **Question six**

We do not support proposals to establish independent netting and execution facilities, as this may result in the exclusion of African banks.

If we can be of any further assistance, please do not hesitate to contact us.

**Yours Sincerely**



**Andrew Hall**  
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