26, February, 2001

PRESS RELEASE

TOKYO FOREIGN EXCHANGE MARKET COMMITTEE

On 22 February, 2001, a voluntary working group that consists of prominent foreign exchange market participants released “the guidelines for foreign exchange transactions (attached)”. The guidelines consist of recommendations for professional interbank foreign exchange market dealers, which aim to maintain fair and orderly foreign exchange markets in the world by showing some examples of good and appropriate practices that all decent interbank dealers are expected to pursue.

The Tokyo Foreign Exchange Market Committee (TFXMC), which had been consulted in drafting of the guidelines, has decided to endorse the guidelines.

The Committee believes that the guidelines are reasonable and would contribute to maintain and improve the quality of the Tokyo foreign exchange market.

Further information and/or explanations for the guidelines will become available on the web site of the Committee (http://www.fxcomtky.com) soon (in Japanese).

Press enquiry:

Chairperson of Tokyo Foreign Exchange Market Committee

Mr. Tomomasa Sumida (Bank of Tokyo-Mitsubishi)

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Attached

ANZ Bank	Banamex	Bank of Tokyo-Mitsubishi
Barclays	J P Morgan Chase	Citibank
DBS	Deutsche Bank	Goldman Sachs
HSBC	Morgan Stanley	Nomura Securities
Societe Generale	Standard Bank of South Africa	Standard Chartered
UBS Warburg		

London, 22nd February 2001

Leading intermediaries in the foreign exchange market have agreed on a new set of good practice guidelines for foreign exchange trading. This is in response to a recommendation made in the report, published in April 2000, of the Financial Stability Forum Working Group on Highly-Leveraged Institutions, which was chaired by Sir Howard Davies.

Major commercial and investment banks have collaborated in drawing up the guidelines, which are to be incorporated in existing codes of market conduct. The collaboration was facilitated by a group of central banks, which have an interest in ensuring orderly conditions in financial markets. The guidelines have been discussed and endorsed by the bodies which are responsible for foreign exchange market standards in the main financial centres.

Trading Principles

We, the firms listed above, have reviewed the following principles and have incorporated them into our own guidelines and codes of conduct. We encourage both companies and industry organisations that are responsible for the writing of codes and best practices to consider this input during production of such documents. We encourage the market participants around the world to incorporate these principles in their own codes to the degree that their national and regional jurisdictions allow.

1. We recognise that all trading parties need to put heightened emphasis and sensitivity on market risk and credit management issues during times of market volatility. When an individual currency is experiencing high volatility,

intermediaries should pay special attention to the financing of trades in that currency.

2. Foreign exchange managers have a particular responsibility in the execution of orders at volatile times. Intermediaries should take care to discuss with customers the risks of operating in these environments and the possible scrutiny of actions. Market makers may reserve the right to refuse customer transactions that they feel may further disrupt or have the intent to disrupt the market.
3. The handling of all orders, including stop losses, requires vigilance by foreign exchange managers to ensure that there is mutual agreement with customers on the basis on which orders are accepted. Frequent communication with customers about market developments, particularly with a view toward determining their individual trigger levels, is strongly encouraged.
4. The handling of customer orders requires standards that strive for best execution for the customer in accordance with such orders subject to market conditions. In particular, caution should be taken so that customers' interests are not exploited when financial intermediaries trade for their own accounts.
5. Institutions and other trading organisations should be attentive at all times to ensure the independence and integrity of any market-related research that they publish.
6. Financial intermediaries are encouraged to implement rigorous internal guidelines concerning the handling of rumours and possible false information. We strongly endorse the model code that dealers should not relay information they know is false or they suspect may be inaccurate.
7. Manipulative practices by banks with each other or with clients constitute unacceptable trading behaviour.
8. Foreign exchange trading management should prohibit the deliberate exploitation of electronic dealing systems to generate artificial price behaviour.

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