



Paris 12th June 2013

ACI's Model Code for OTC Markets and guidelines regarding rate manipulation by traders

- **ACI's Model Code is a set of technical and ethical guidelines for the OTC markets**
- **ACI's Model Code covers the activities of 13,000 ACI international members**
- **Explicit guidelines regarding rate manipulation.**

London 12 Jun 2013 – ACI - the Financial Markets Association and the Committee for Professionalism has noted the recent article regarding rate manipulation published recently <http://www.bloomberg.com/news/2013-06-11/traders-said-to-rig-currency-rates-to-profit-off-clients.html>

ACI reminds its members and all OTC market participants of the firm guidelines regarding this topic found in the ACI Model Code which was recently updated and re-launched in London in February 2013. <http://www.aciforex.org/gb/the-model-code-66.cfm>

The relevant guidance explicitly covers the responsibilities dealers have with regard to rate manipulation -

“Written procedures should clearly stipulate the institution’s control policy in relation to ‘front running’ or ‘parallel running’; where traders knowingly execute trades in front of a customer order. These trades would not have been executed without that prior information obtained; hence this is a form of insider trading and should be banned accordingly”.

“Dealers and sales staff should not, with intent or through negligence, profit or seek to profit from confidential information, nor assist anyone with such information to make a profit for their firm or clients. Hence, employees have a duty to familiarise themselves with the requirements of the relevant legislation and regulations governing insider dealing and market abuse in their jurisdiction.

Dealers should refrain from trading against confidential information, and they should never reveal such information outside their firms, even after they have changed employment.

In those jurisdictions where insider trading and market abuse are not covered by legislation or regulations, management should take reasonable steps to protect the confidentiality and integrity of proprietary and materially price-sensitive information, and provide clear guidelines to staff on how to handle such information.

In the event of a breach of controls, management should act promptly to investigate the breach and should take appropriate steps to rectify the weaknesses that allowed the breach to occur. Appropriate sanctions should be available to, and used by, management against staff who do not comply with policy”.

At the launch of the new Model Code, the Chair of the Committee for Professionalism David Woolcock, said "A universal code of conduct, with comprehensive guidelines and best practices right through from back office to front office, will help provide a moral compass and guidance to which all OTC professionals can adhere."

Woolcock commenting on the recent article also recommends that banks insist employees in relevant areas sign as having read and understood the ACI Model Code and agree to abide by the letter and spirit of it, also that they have policies regarding education and training in these matters. ACI continues to include in its own education programme detailed examination questions on the ACI Model Code <http://www.aciforex.org/gb/board-education-30.cfm>

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Notes to Editors

About The Model Code

The Model Code was compiled in 2000 to promote best practice and conduct in the largely unregulated global OTC foreign exchange, money and derivatives markets. It originated from the first ACI Code of Conduct, which was published in 1975.

The Model Code is one of the most important cornerstones and training aids for all market professionals, and a comprehensive knowledge and insight into the letter and spirit of the Model Code is a compulsory requisite of ACI's exams. The Code was developed with insight, time and effort from:

- The Central Banks of the various OECD countries
- The Financial Services Authority in the UK
- The Foreign Exchange Committees in New York, Tokyo and Singapore
- ACI representatives and market participants for the many countries in which ACI has a presence.

The model code covers activities in Spot and Forward FX, Currency Options, Money market instruments, interest rate options, forward rate agreements, Interest rate and currency swaps, and precious metals.

The latest version of the Model Code was launched in February 2013. The first part of the New Model Code covers 'timeless values' - areas such as morals and ethics, personal conduct, dealing practices and segregation of duties that do not change over time. In line with how the market has changed in recent times, it now includes topics such as ethics of the FX market in an electronic world as well as chapters specific to the front, middle and back offices.

The Code remains an important cornerstone for all market professionals by encouraging high standards of conduct and professionalism and promoting efficient market practices.

For more information visit <http://www.aciforex.org/gb/model-code-66.cfm>

PRESS RELEASE

About the ACI

The ACI is a trade body that represents the interests of traders, brokers and market participants in the wholesale financial markets. Its 13,000 international members from more than 60 countries contribute to the market development through education & certification, market practices (The Model Code), technical advice and networking events.

ACI was founded in Paris in 1955 as Association Cambiste Internationale

Over the years ACI became a standard of the International Financial Markets in terms of:

- Maintaining the professional level of competence and the ethical standards of loyalty
- Committing to maintain the highest possible standards in their profession by setting an example of propriety and best ethical behaviour in business
- Market liquidity provided by their traders
- Giving advice and offer arbitration services on professional disagreements
- Offering a global third party certification (ACI Dealing Certificate, ACI Operations Certificate, ACI Diploma)
- Personal and company networking

For more information visit <http://www.aciforex.org>

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