

Foreign Exchange: the Last Largely Unregulated Capital Markets in the World



No physical address or location

MON - FRI



24 HRS

Monday thru Friday,
24 hours a day

Largest & Most Liquid Market in the World

The market's deep liquidity allows traders to enter and exit the market instantaneously



Trading is decentralized, via telephone and electronic communications networks (ECNs), and crosses traditional business silos, creating greater cover for illegal activity

Fragmented Regulatory Framework

REGULATORS



REGULATIONS



- ✓ Commodity Futures Trading Commission (CFTC)
- ✓ National Futures Association (NFA)



- ✓ Financial Conduct Authority (FCA)



- ✓ Australia Securities & Investments Commission (ASIC)



- ✓ PolyReg

- ✓ Dodd-Frank/CFTC/SEC
- ✓ MiFID II/EMIR
- ✓ MAD/MAR
- ✓ UMIR/IRROC
- ✓ ASIC Market Integrity Rules
- ✓ And More....

With Increased Focus on FX

2008

NY Fed investigates concerns around Libor benchmark interest rates

JUN 2013

Report: dealers use chat rooms to manipulate benchmark rates

DEC 2013

Several banks ban traders from multi-dealer chat rooms

FEB 2014

CEO of FCA says FX allegations are "every bit as bad as those in Libor"

NOV 2014

Big banks reach settlements with multiple regulators, agreeing to fines of \$4.3 billion

2008

BoE dealer subgroup discusses use of market snapshots and manipulation

APR 2012

FX dealers' meeting discusses FX fixes and the compliance surrounding them

OCT 2013

Global regulators open probes, including US, UK, Switzerland and HK

JUN 2014

U.K. Chancellor of the Exchequer announces crackdown and pending criminal sanctions for currency manipulation

Source: Reuters



Rapid growth combined with manipulation and deceit have Foreign Exchange in the regulatory spotlight. Stiffer regulations, increased personal accountability and fines are the new normal.