



12 August 2014

Financial Stability Board
Foreign Exchange Benchmark Group
By email to fsb@bis.org

Dear Sir

FIRSTRAND LIMITED RESPONSE: CONSULTATIVE DOCUMENT IN RESPECT OF FOREIGN EXCHANGE BENCHMARKS

The Foreign Exchange Benchmark consultative document dated 15 July 2014 refers. We thank you for the opportunity to comment on the draft recommendations and include our general comments below, followed by a table with responses numbered to correspond with the numbered draft recommendations.

As one of the IOSCO Principles for Financial Benchmarks, *data sufficiency* is the area to emphasize going forward in the context of the existing methods used in Foreign Exchange Benchmarks.

Benchmarks should be based on prices, rates, indices or values that have been formed by the competitive forces of supply and demand (i.e. an active market) in order to provide confidence that the price discovery system is reliable.

In respect of the existing methods used for the WM/Reuters Fix and the ECB's Reference Rates, one should balance the importance of maximising the observance of valid transactional data, with allowing participants an opportunity to transact at the final fix rate (or close to that rate). Broadly speaking, the existing protocols seem best placed to achieve this, with the only possible amendment being the potential inclusion of other sources of transactions in addition to EBS and Thomson Reuters.

Responses to the specific recommendations made are noted in the table below:

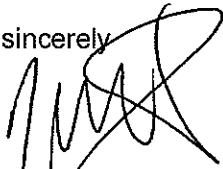
FSB Draft Recommendation #	FirstRand Response
1	Retain the current method. Especially for the liquid traded currencies, the longer the period the less point-in-time volume and hence the greater risk of market manipulation.

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FSB Draft Recommendation #	FirstRand Response
2	Although the weighted average principle is supported from a relevance perspective, taking into account all other factors, it is ultimately recommended that this not be adopted: <ul style="list-style-type: none"> This approach will render it near impossible for passive Asset Managers or Index providers to minimise tracking errors, or report with any meaningful consistency.
3	Retain the current method
4	This is generally supported with the following two conditions: <ul style="list-style-type: none"> This should only occur where the cost of inclusion does not exceed the benefit achieved from broadening the data-points. This is likely to only occur when including other sources that attract more than 5% of total market liquidity. If this does occur, the source of such price feeds must be well published (clear and transparent) and easily accessible (not captive or restricted liquidity pools)
5	This is supported.
6	This is supported insofar the development of a global/central utility will enhance and strengthen the FX markets, but should be considered with commercial mechanisms to facilitate orderly execution.
7	This is supported where practical.
8	This is supported.
9	This is supported.
10	This is supported.
11	This is supported.
12	This is supported.
13	This is supported.
14	This is supported.
15	This is supported.

We appreciate the opportunity to comment on the consultative document. Should you have any questions on the issues raised in this letter, please do not hesitate to contact us.

Yours sincerely



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