

BII Insights

The FX Global Code: Six Principles for Corporate Treasurers

October 2026

The FX Global Code sets out 55 principles of good practice for the wholesale FX market. Six of them speak directly to what corporations pay for FX, and to how treasurers can oversee it. Knowing them gives treasury teams a recognized, neutral standard to bring to every conversation with their Banks about spreads.

On October 15, the **Association for Financial Professionals** (AFP) and the **Federal Reserve Bank of New York**'s Markets Group presented a webinar on **The FX Global Code and Corporate Adoption**, led by Fred Schacknies, Treasurer of TechnipFMC. The Code was first published in 2017 and last updated in December 2024. It is voluntary, not regulation, but more than 1,300 institutions, including most major FX banks, have signed a Statement of Commitment to it. Many corporate treasurers are still unaware it exists. The principles below are a good place to start.

1. Fair and Reasonable Markups (Principle 14). This is the most important principle for corporate FX buyers. The markup a Bank applies to Client transactions, when acting as principal, should be fair and reasonable. Banks are expected to disclose that prices may include a markup and the factors that influence it, to explain those factors when a Client asks, and to monitor whether their practices follow their own policies. Our Borland Curve Axioms Insights actually highlights those factors.

2. The Cost of Indifference (Annex 1). The Code includes examples of acceptable and unacceptable practice. Two corporate Clients of similar size and credit quality may receive different markups when their broader relationships differ, such as in FX volume. That is acceptable. Charging one Client more because it lacks the expertise to question the price is not.

Readers of our **Borland Curve** Insights will recognize the gap between the Markup for an Indifferent Client and the Borland Fair Price Markup. The Code agrees that gap should not exist.

3. Clarity About the Bank's Role (Principle 8). Market participants should be clear about the capacity in which they act. In most corporate FX trades, the Bank acts as principal, not as the Client's agent. The markup is its compensation. The bank or fintech FX provider is not a fiduciary; it is a counterparty.

4. Understanding Reference Prices (Principle 13). Every market participant, including a corporation, should understand how the reference prices on its own trades are established. This is a treasury responsibility, not only the Bank's. It means knowing the Interbank Mid-Market Rate at the time of each trade, the spread paid over it, and how the rate was set: by a trading desk, a multibank platform, a bank portal algorithm, or a daily payment file.

5. Governance and Oversight (Principle 4). The Code calls for appropriate oversight, supervision and controls of FX activity. For a multinational, that means a written FX policy, clear responsibility for execution, regular reporting to management, and consistent oversight of Foreign Subsidiaries. As our FX Threshold Limits Insights noted, Secondary Payments made locally are often where spreads are least watched.

6. Independent Review and Records (Principles 28 and 36). The Code expects market participants to review the effectiveness of their controls independently and to keep timely, accurate records of FX activity. For a treasury team, that means trade-level data complete enough to test after the fact, and someone other than the people who executed the trades checking them. That kind of independent, trade-by-trade review, measured against the Interbank Mid-Market Rate and your Pre-Agreed Spreads, is precisely what **FX Rate Integrity®** was built to deliver.

Where the Code Stops

During the webinar, BII submitted a question about written agreements for Pre-Agreed Spreads. The panel's view was that such agreements can be valuable but are outside what the Code governs. That is correct, and it points to the Code's practical limit. The Code asks Banks to explain how markups are determined. It does not require them to tell a Client how much markup was actually paid. So the treasurer's question remains: fair and reasonable, compared to what?

A Pre-Agreed Spread over the Interbank Mid-Market Rate answers that question. As we outlined in our Pre-Agreed Spreads Insights, the agreement should cover both spot and forward transactions and should already take credit exposure into account, so there is no surplus add-on. Once it is in writing, it can be measured.

Some treasurers worry that measuring FX costs will strain a banking relationship. Our experience is otherwise. A written spread gives the Bank a clear, defensible price and gives the Client predictability. The Code itself recognizes that relationship factors can justify pricing differences. A Pre-Agreed Spread simply makes those factors explicit, so the data makes the case and can show if a treasurer gets rate integrity. Any necessary deviation must be explained by the circumstances and the treasurer is still getting rate integrity.

From Principle to Practice

BII recommends three steps:

1. **Know your spreads**, measured against the Interbank Mid-Market Rate at the time of each trade, by Bank, currency and trade method.
2. **Agree on Pre-Agreed Spreads in writing**, for spot and forwards, at Headquarters and for Foreign Subsidiaries.
3. **Verify** compliance regularly. Where a Bank is over the agreed spread, there can be refunds, or the Client may choose to allow Excess Markups for relationship purposes. Either way, the Client should know.

This is the work of the **FX Rate Integrity®** review service. The FX Global Code sets the standard for fair and reasonable markups. **FX Rate Integrity®** measures for "compliance."

Learn more about **FX Rate Integrity®**

Visit our website, **www.bladesintl.com**
Or email **fxri@bladesintl.com**

References: FX Global Code (December 2024), Principles 4, 8, 13, 14, 28, 36 and Annex 1. Blades International is an independent FX advisory firm. FX Rate Integrity® is an Independent FX transaction cost analysis service.

Blades International, Inc.