

CANADIAN FOREIGN EXCHANGE COMMITTEE

# **Report on Activities**

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**2010**

# **Canadian Foreign Exchange Committee Report on Activities 2010**

The first section of this annual report contains a summary of the activities of the Canadian Foreign Exchange Committee (CFEC) in 2010. The ongoing activities of the CFEC and the historic role of the Committee in the foreign exchange market in Canada are described in an Annex to this report. Member lists and Documents of Objectives and Organization have also been included at the end of the report.

## **Recent Activities of the CFEC**

### **Market Developments and Policy Issues**

The CFEC met four times in 2010. At the first meeting in February, Moti Jungreis and Carolyn Wilkins presented the CFEC Working Group paper on the functioning of the foreign exchange market (see section below for more details).

The meeting in June was hosted by Barry Wainstein from Scotia Capital and their Currency Strategist, Camilla Sutton, spoke on sovereign risk and the outlook for the Canadian dollar. Also, the member from Thomson Reuters, Jack Linker, gave a presentation on the U.S. dollar/Canadian dollar currency pair on Reuters Matching, which included information on volumes, the number of matches, average trade sizes etc.

The October meeting was hosted by Harry Culham from CIBC World Markets and their Chief Economist, Avery Shenfeld, presented his economic and financial outlook for 2011. As well, Steven Butler (Scotia Capital) and Jeff Cooper (BMO Capital Markets), who are representing the CFEC on the Canadian Market Infrastructure Committee's OTC Derivatives Working Group, joined the meeting to provide the members with an update on that group's work. The OTC Derivatives Working Group is examining greater standardization and increased use of central counterparties (CCPs) for the clearing and settlement of derivative transactions. While the group has been primarily focused on non-foreign exchange related derivative transactions (interest rate, equity and commodity derivatives, as well as credit default swaps), it is understood that there is potential for greater use of CCPs in foreign exchange, although it was acknowledged that foreign exchange products should leverage the fact that the majority of foreign exchange trades are settled through CLS Bank which helps to mitigate settlement risk.

The CFEC held a fourth supplementary meeting in November in which they met with the Governor and Governing Council of the Bank of Canada. There was a discussion on current developments in foreign exchange and other financial markets and

also on the domestic and global economies. Market infrastructure was also discussed, including the CLS Bank initiative to introduce a same-day settlement cycle for U.S. dollar/Canadian dollar transactions, and the use of CCPs to clear derivative transactions.

### **Working Group on the Functioning of the Canadian Foreign Exchange Market**

In November 2009, the CFEC formed a Working Group chaired by Carolyn Wilkins (see page 10 for a list of the Working Group members) to produce a paper on the functioning of the Canadian (wholesale) foreign exchange market. In March, the Working Group released its paper entitled *The Canadian Foreign Exchange Market: Developments and Opportunities*. The paper aimed to inform policy discussions by providing a “primer” on the structure of the Canadian and Canadian dollar wholesale foreign exchange markets and by reviewing the characteristics of these markets that supported resiliency over the period of financial turmoil, as well as the opportunities for improved resiliency. As such, it followed on the work already undertaken by the London Foreign Exchange Joint Standing Committee and the New York Foreign Exchange Committee. The assessment in the paper led the CFEC to identify the following five priorities to support the resiliency of foreign exchange markets:

- The establishment of same-day U.S. dollar/Canadian dollar settlement in CLS;
- The increased use of CLS for foreign exchange transactions, including a broader spectrum of participants and extension to more currencies;
- Better mitigation of credit risk through the increased use of Master agreements and Credit Support Annexes (CSAs). And also future consideration of other mechanisms to mitigate credit risk such as CCPs where appropriate;
- Broader adoption of straight-through processing, including increased electronic confirmations and settlement; and
- More standardization of non-deliverable forward (NDF) fixing conventions.

The paper has been posted on the CFEC website ([www.cfec.ca](http://www.cfec.ca)) under Announcements.

### **Canadian Foreign Exchange Hedging Survey**

At the October meeting, Harri Vikstedt presented the results of the Bank of Canada’s survey of the banks on the foreign exchange hedging practices of their clients. The survey was sent to 15 participants, including all 11 CFEC member banks. The 2010 survey was expanded to include institutional accounts in addition to corporate customers, including foreign institutional accounts with Canadian dollar assets. The survey questions were also expanded to include questions covering the operational aspects of hedging, including the impact of technology and documentation. On December 17<sup>th</sup>, a *Summary of the 2010 Survey on Canadian Foreign Exchange Hedging* was released on

the Bank of Canada website. A link to this release has also been posted on the Announcements page of the CFEC website ([www.cfec.ca](http://www.cfec.ca)).

### **Bank of Canada Foreign Exchange Closing Rates around Holidays**

In the past, the Bank of Canada had received questions regarding its procedure for publishing its closing foreign exchange rates on Christmas Eve and New Year's Eve. The standard procedure for the Bank of Canada is to publish, on the Bank's website generally before 4:30 pm, closing FX rates that are indicative of wholesale market quotes as of 4:00 pm each day. However, trading volume is substantially lower on Christmas Eve and New Year's Eve. To reflect this reduction in liquidity, the Bank of Canada will implement the following standard procedures to publish the Bank's closing rates:

- (1) For both Christmas Eve and New Year's Eve, the closing foreign exchange rate will be the same as the noon rate for that day. This will also be the procedure for Friday if Christmas Eve and New Year's Eve fall on a Saturday or Sunday.
- (2) Similarly, to take into account the lower level of market liquidity, the closing rate will be the same as the noon rate for any day that is a Canadian market holiday but not a Bank of Canada holiday. Currently this applies only to Family Day.

It should be noted that the noon and closing foreign exchange rates published by the Bank of Canada are intended for statistical and analytical purposes only. While the data are obtained from sources believed to be reliable and the methodology is sound, the Bank of Canada does not guarantee the appropriateness of these rates for transactional purposes.

### **Organization and Membership**

The CFEC issues this Report on an annual basis to inform financial institutions that are active in the foreign exchange market about the Committee's activities and membership. Over the course of the year, updates on the activities of the Committee can be found on the CFEC's website ([www.cfec.ca](http://www.cfec.ca)) under the links to either the Announcements of the Committee or the Minutes of meetings. The website also contains an up-to-date membership list, information on foreign exchange volumes and rates, articles of interest to the foreign exchange community and links to the websites of other foreign exchange committees and organizations.

There were three membership changes on the Committee in 2010. First, Jason Henderson is the new representative from HSBC Bank Canada, having replaced Brad Meredith. Second, with the departure of Russell Lascala for Tokyo, Jason Shell is now

representing Deutsche Bank. And third, John Walks from State Street Canada has stepped down from the Committee.

The contributions of all the members on the CFEC and its subcommittees and working groups are greatly appreciated, as are the contributions of those who have left the Committee over the past year.

Donna Howard  
Chair  
Canadian Foreign Exchange Committee  
2010 Report on Activities

## **Annex on Ongoing Activities and Historic Role of the CFEC**

The Canadian Foreign Exchange Committee (CFEC) is composed of senior representatives from financial institutions actively involved in the foreign exchange market in Canada and the U.S. dollar/Canadian dollar market globally (see membership list on page 8). Formed in 1989, its objective is to provide a forum for the regular discussion of issues and developments pertinent to the foreign exchange market. This includes the review of market practices and procedures, and the promotion of professionalism and integrity in the industry. It also serves as a channel of communication between the foreign exchange market in Canada and other organizations and official institutions, both within Canada and abroad.<sup>1</sup>

Each meeting of the CFEC includes a Tour de table in which there is an exchange of views on foreign exchange and other financial market developments. It also acts as a forum for the Bank of Canada to obtain the views of representatives from the foreign exchange market on various issues and, similarly, for market participants to bring issues of concern to the attention of the Bank.

The CFEC has three standing subcommittees: the Canadian Committee for Professionalism (CCFP), the Operations Managers Working Group (OMWG) and the Membership Subcommittee (MSC). The work of the CCFP and the OMWG are described in this Annex. The role of the MSC can be found in the Document of Objectives and Organization for the CFEC which is attached to this report.

### **Canadian Committee for Professionalism**

The CCFP, which is sponsored jointly by the CFEC and the Financial Markets Association of Canada (FMAC), was inaugurated in 1993. This independent Committee reports regularly to the CFEC, and its guiding mission is to promote a high standard of professionalism and ethical conduct in the Canadian foreign exchange market. The Document of Organization for the CCFP, which can be found on pages 13-14 of this Report, was last updated in January 2007. A list of the members can be found on page 9.

Another objective of the CCFP is to arbitrate disputes, upon request, between two or more counterparties. While it is only on rare occasions that the CCFP has received any formal request for arbitration, the Committee has provided advice and direction on issues related to best market practices.

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<sup>1</sup>The full document of Objectives and Organization, which was originally developed by the Committee in 1990, and was most recently revised in May 2003, can be found on pages 11-12.

## **ACI Model Code**

In 2001 the CFEC, along with the CCFP and the FMAC, adopted the *ACI Model Code* as the standard for best market practices in the Canadian foreign exchange market. The Model Code was first published in the year 2000 by ACI - The Financial Markets Association, the global umbrella organization of foreign exchange associations. It combined the recommendations for six pre-existing codes of conduct (those of New York, London, France, Singapore, Tokyo and the original ACI Code). The Code is kept current through updates that result from the regular review of the Code by the ACI Committee for Professionalism, a committee that includes Canadian representation (in 2010, Michael Gibbens from TD Securities fulfilled this role). A link to the latest version of the *ACI Model Code* can be found at the CFEC website ([www.cfec.ca](http://www.cfec.ca)) under Announcements.

## **Operations Managers Working Group**

The OMWG was established in 2003. The purpose of this group is to focus on operational issues such as delivery or settlement problems, confirmation procedures and best practices, business continuity planning, SWIFT messaging issues, straight-through processing and electronic confirmations etc. A list of the members can be found on page 9.

In 2004, the Canadian OMWG endorsed two best practices documents that are published by the New York Foreign Exchange Committee. The first publication, *Management of Operational Risk in Foreign Exchange*, recommends 60 best practices for financial institutions to use as a resource or checklist for when they regularly evaluate their policies and procedures to manage operational risk. The second publication, *Recommendations for Nondealer Participants*, is a condensed version of the 60 best practices that is geared towards nondealer participants who, while perhaps not as active in foreign exchange, could benefit from the recommendations. A link to these documents can be found on the CFEC website ([www.cfec.ca](http://www.cfec.ca)) under Announcements. Two members of the Canadian OMWG participate in the meetings of the New York OMWG.

## **Market Statistics**

### **2010 Triennial Survey**

All the bank members of the CFEC and a number of other financial institutions in Canada participated in the 2010 Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. The *turnover* part of the survey covered foreign exchange contracts and interest rate derivatives, and was conducted on a locational basis in April 2010. The *amounts outstanding* part of the survey covered foreign exchange, interest rate, equity, commodity and credit derivatives, including a table on credit default swaps.

It was collected on a consolidated basis as at June 30, 2010. The results of the survey can be found on the CFEC website ([www.cfec.ca](http://www.cfec.ca)) under the page on Foreign Exchange Volumes and Rates.

### **Regular Derivatives Market Statistics**

Statistics on derivatives markets from approximately 60 major global dealers in the Group of 10 (G10) countries are collected regularly. Three Canadian financial institutions are participating in this reporting, and consolidated amounts outstanding were collected for the first time as of 30 June 1998 and have been collected every six months thereafter. The data collected covers foreign exchange, interest rate, equity and commodity derivatives, and credit default swaps. The BIS issues a press release with the aggregated global summary results of this survey after each reporting date.

### **CFEC Semi-annual Foreign Exchange Volume Survey**

A semi-annual survey (every April and October) is conducted to track foreign exchange volumes for U.S. dollar/Canadian dollar as well as other currency pairs. It includes a table on the method of execution for foreign exchange trades, and counterparty definitions similar to those in the BIS triennial survey. In general, the new report is similar in nature to, but not directly comparable with, the triennial survey. It includes only the larger participants in the Canadian foreign exchange market whose volume accounts for most of the market. A number of other jurisdictions, including New York, London, Tokyo, Singapore and Australia, have adopted similar surveys. The Canadian semi-annual data are made available on the CFEC's website ([www.cfec.ca](http://www.cfec.ca)) a few months after the survey. It is jointly released with several other countries. The October 2010 data have been appended to this Report.

### **IFXCO, IFEMA and ICOM Master Agreements**

The CFEC has, in conjunction with the Foreign Exchange Committee of New York, the British Bankers' Association and the Tokyo Foreign Exchange Market Practices Committee, sponsored work on three Master Agreements: the International Foreign Exchange Master Agreement (IFEMA), the International Currency Options Market Master Agreement (ICOM), and the International Foreign Exchange and Options Master Agreement (FEOMA). In 1997, the CFEC, along with the above-noted committees, obtained legal opinions as to the enforceability and validity of the netting provisions of the updated IFEMA, ICOM and FEOMA Master Agreements in various jurisdictions including Canada. In 2004, the CFEC agreed to co-sponsor an updated master agreement known as the International Foreign Exchange and Currency Option (IFXCO) Master Agreement. IFXCO is based on the 1997 FEOMA agreement. Like FEOMA, IFXCO covers spot and forward foreign exchange transactions and currency options. An update on the legal opinion is obtained each year.



## **Canadian Foreign Exchange Committee Membership, January 2011**

Donna Howard, Chief – Financial Markets Department (Chair)  
Bank of Canada, Ottawa

Harry Culham, Managing Director, Head of Capital Markets Trading  
CIBC World Markets, Toronto

Jeff Feig, Managing Director  
Citigroup, New York

Laurent Ferreira, EVP & Managing Director - Derivatives  
National Bank of Canada, Montreal

Jason Henderson, Treasurer & Co-Head of Global Markets  
HSBC Bank Canada, Toronto

Blake Jespersen, Director (President, FMAC, an ex officio post)  
BMO Capital Markets, Toronto

Mark Johnson, Managing Director (Chair, CCFP, an ex officio post)  
RBC Capital Markets, Toronto

Moti Jungreis, MD & Global Head of Currency Trading & International Fixed Income  
TD Securities, London

Clifton Lee-Sing, Chief, Reserves and Risk Management  
Department of Finance, Ottawa

Jack Linker, Director  
Thomson Reuters America, New York

Ed Monaghan, Global Head of Foreign Exchange  
RBC Capital Markets, London

John Nixon, CEO of ICAP Electronic Broking  
ICAP North America, Jersey City

Lynn Patterson, President & Country Head  
Bank of America Merrill Lynch, Toronto

Jason Shell, Managing Director, Head of North American FX  
Deutsche Bank, New York

Jamie Thorsen, Executive Managing Director, FX Products & China Capital Markets  
BMO Capital Markets, Chicago

Barry Wainstein, Vice Chairman, Global Head of Foreign Exchange & Precious Metals  
Scotia Capital, Toronto

Rob Ogrodnick, Senior Analyst (Secretary)  
Bank of Canada, Toronto

## **Other Committee Members January 2011**

### **Canadian Committee for Professionalism (CCFP)**

Mark Johnson (Chair)	RBC Capital Markets
Joe Barbaro	Thomson Reuters (Canada)
Chris Benham	CIBC World Markets
Greg Debienne	TD Securities
Jason Henderson	HSBC Bank Canada
Blake Jespersen	President, FMAC
Peter Loukas	BMO Capital Markets
Brendan Luxton	Bank of Nova Scotia
Tim Miles	ICAP Capital Markets Canada
Rob Ogrodnick	Bank of Canada
Carmen Perricone	State Street Canada
Richard Poirier	National Bank of Canada

### **Operations Managers Working Group (OMWG)**

Andy Sittambalam (Chair)	Scotiabank
Bebi Ali	HSBC Bank Canada
Becky Alush	CIBC World Markets
Laura Coward	Bank of Montreal
Anne Dumay	National Bank
Jean Naphine	RBC Capital Markets
Catherine Paquin	Laurentian Bank
Michael Rober	State Street Bank & Trust Co.
Matthew Savory	TD Securities
Rob Ogrodnick (Secretary)	Bank of Canada

### **CFEC Membership Subcommittee (MSC)**

Donna Howard (Chair)	Bank of Canada
Moti Jungreis	TD Securities
Jamie Thorsen	BMO Capital Markets
Barry Wainstein	Bank of Nova Scotia

**Working Group on the  
Functioning of the Canadian Foreign Exchange Market**

Carolyn Wilkins (Chair)  
Steve Boucouvalas  
Andrew Busch  
Steven Butler  
Jeff Feig  
Mark Johnson  
Moti Jungreis  
Rob Ogradnick  
Richard Poirier  
Duncan Rule  
Rhonda Staskow  
Harri Vikstedt

Bank of Canada  
HSBC Bank Canada  
BMO Capital Markets  
Scotia Capital  
Citigroup  
RBC Capital Markets  
TD Securities  
Bank of Canada  
National Bank  
CIBC World Markets  
Bank of Canada  
Bank of Canada

# **CANADIAN FOREIGN EXCHANGE COMMITTEE**

## **Document of Objectives and Organization May 2003**

### **I. Objectives**

The objectives of the Committee are:

- to provide a forum for the regular exchange of views on foreign exchange market developments;
- to identify, analyse and comment on issues pertinent to the foreign exchange market;
- to review procedures, practices, and technical issues on the foreign exchange and related financial markets;
- to provide a channel for communication between the foreign exchange market in Canada and organizations and official institutions within Canada and abroad; and,
- to promote, to the community at large, the activities, decisions and views of the Committee, as representative of the Canadian foreign exchange market generally;

### **II. Organization**

1. The Committee is comprised of senior officers of institutions actively participating in the Canadian foreign exchange market and the Canadian dollar market globally.
2. The composition of the Committee is to reflect the interests of the major Canadian dollar market-making institutions in Canada and such other interests of the foreign exchange community as the standing Membership Subcommittee (as described below) believes will contribute positively to the ongoing work of the Committee. It shall include one representative each from the inter-dealer voice and electronic broking communities, the Department of Finance and the Bank of Canada. The Committee may also include up to two non-resident representatives from major Canadian dollar market-making institutions based outside of Canada.
3. The President of the Financial Markets Association of Canada and the Chairperson of the Canadian Committee for Professionalism, if they are not already members in their own right, are to be non-voting, ex-officio members.

4. An officer of the Bank of Canada will serve as Secretary to the Committee.
5. The Committee will not exceed 16 voting members, excluding the Secretary. A quorum is two-thirds of voting members. Members each have one vote. The Chair votes only in the case of a tie. Members appoint substitutes, from their own organizations, to attend on their behalf on an exceptional basis. Substitutes are to be considered possible candidates for future membership.
6. Initially, one third of the members will serve a term of three years, one third for a term of two years, and a final third for one year. Thereafter, each member will normally serve for a term of three years, although membership will remain, at all times, at the pleasure of the Committee. For consistency, all terms will be deemed to end on April 30.
7. Members serve on the Committee as individuals, to reflect the broader interests of the foreign exchange market, rather than that of the firm which employs them.
8. The Chair of the Committee is elected by and from the current members of the Committee, for a term determined by the Committee. The standing Membership Subcommittee (see below) recommends appropriate candidates for this position.
9. The Committee meets three times each year, or more frequently, as required. At each meeting, the date and location of the next meeting are decided by those present.
10. A standing Membership Subcommittee, consisting of a Chairperson, who is the member from the Bank of Canada, and three other members, as determined by the full Committee, identifies and proposes individuals for membership, based on their personal stature, breadth of experience and anticipated ability to contribute to the work of the Committee. The three other member positions serve a term of three years, with each one expiring in a different year on April 30.
11. The Committee may form ad hoc subcommittees, chaired by any of its members, to study specific issues. Outside participants may be invited to serve on such subcommittees.
12. The Committee will issue an Annual Report of its Activities, to be sent to all financial institutions in Canada known to be active in the foreign exchange market, informing them of the Committee's activities and membership.
13. The Secretary prepares and circulates a notice and the minutes of each meeting to all members and their substitutes.

**CANADIAN COMMITTEE FOR PROFESSIONALISM**  
**Document of Organization**  
**January 2007**

The Canadian Foreign Exchange Committee (CFEC) and the Financial Markets Association of Canada (FMAC) are joint sponsors of an independent Canadian Committee for Professionalism (CCFP), formed in 1993.

**Mission Statement:**

To promote a high standard of professionalism and ethical conduct in the Canadian foreign exchange markets.

**Objectives:**

1. To *advocate* the continuing improvement of market practices to enhance the self-regulatory nature of the foreign exchange markets in Canada.
2. To provide *educational* vehicles which foster the understanding of the foreign exchange markets and related financial markets, in practice and theory.
3. To *arbitrate* disputes, upon request, between two or more members of the community or the institutions they represent.
4. To *communicate* with foreign exchange market professionals, and related trade associations, on matters relating to market practices and ethical conduct.

**Committee Members:**

The Committee is composed of a maximum of thirteen individuals who will be invited to join the CCFP at the request of the CFEC and FMAC, for a term of two years, with half the sitting Committee being present making a quorum, as follows:

1. The Chairperson of the CFEC or his/her designate.
2. The President of FMAC or his/her designate.
3. One member representing each of the major Canadian dollar market-making institutions in Canada.

4. One representative each from the Montreal foreign exchange community, the inter-dealer voice broker association, the inter-dealer electronic broking community, the foreign bank sector and the Bank of Canada.

Each individual on the Committee may satisfy one or more of the above requirements. A minimum of two members on the Committee should also be sitting members on the CFEC. All the members should have a broad knowledge of the foreign exchange markets in Canada, sufficient stature in the community to engender respect, and an anticipated ability to contribute to the work of the Committee. Traditionally the past President of FMAC has been asked to chair the Committee. If that is not possible, the Committee will select a Chairperson from its membership.

**Committee Procedures:**

1. The Committee will meet at the Chair's request. The format of the meeting will be informal, and the Committee will report to the CFEC on a regular basis. Any recommendation or issue paper prepared by the Committee will be presented for discussion at the CFEC before distribution and public disclosure.
2. The Committee will use FMAC as a vehicle to distribute information to the market.

# THE CANADIAN FOREIGN EXCHANGE COMMITTEE LE COMITÉ CANADIEN DU MARCHÉ DES CHANGES

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## CFEC Releases Results of October 2010 Foreign Exchange Volume Survey

**January 31, 2011** - The Canadian Foreign Exchange Committee (CFEC) released today the results of its October 2010 semi-annual survey of foreign exchange volumes in Canada. The purpose of the survey is to provide information on the size and structure of the foreign exchange and foreign exchange derivatives market in Canada. Volumes are broken down by product, currency, counterparty, maturity and execution method. The eight banks with the largest foreign exchange activity in Canada participate.

The survey is similar in nature to the Bank for International Settlements' (BIS) Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. However, the two surveys may not be directly comparable because of some differences in reporting methodology. Most importantly, in the CFEC survey the basis for reporting is the location of the trading desk in Canada, i.e., it includes all transactions that are priced and executed by traders in Canada. In contrast, in the global BIS survey the basis for reporting is the location of the sales desk of any trade.<sup>2</sup>

The summary highlights of the October 2010 survey include the following:

- The monthly turnover in October of traditional foreign exchange products (defined as spot transactions, outright forwards and foreign exchange swaps) totaled US\$ 1.16 trillion. On an average daily basis, total turnover increased marginally by 1.4% from US\$ 57.0 billion in April 2010 to US\$ 57.8 billion in October.
- On an average daily basis in October, spot and foreign exchange swap volumes fell by 4% and 1% respectively compared with the month of April 2010. In contrast, outright forward turnover increased by 30% from April to October.
- Compared with the survey one year ago, the average daily turnover of traditional foreign exchange products increased by 11% from US\$ 52.1 billion in October 2009 to US\$ 57.8 billion in October 2010. However, traditional foreign exchange turnover remains lower compared with the October 2007 to October 2008 period.
- The average daily turnover of foreign exchange derivatives (currency swaps and options) totaled US\$ 3.4 billion, up almost 10% on an average daily basis from the survey six months earlier.

The detailed results of the survey are presented in the summary tables attached.

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<sup>2</sup> Where no sales desk is involved in a transaction, for example in an interbank deal, volumes are based on the trading desk.



The CFEC is an industry group composed of senior representatives from financial institutions actively involved in the foreign exchange market in Canada and the U.S. dollar/Canadian dollar market globally. Formed in 1989, its objective is to provide a forum for the regular discussion of issues and developments pertinent to the foreign exchange market. This includes the review of market practices and procedures, and the promotion of professionalism and integrity in the industry. The Bank of Canada chairs the CFEC and provides secretariat services to the Committee.

The Bank of Canada also co-ordinates the CFEC survey on behalf of the market participants. The eight banks that participate in the survey are:

- Bank of Nova Scotia
- BMO Capital Markets
- CIBC World Markets
- HSBC Bank Canada
- National Bank of Canada
- RBC Capital Markets
- State Street (Canada)
- TD Securities

Globally, a number of other foreign exchange committees conduct similar surveys and they are also releasing their results today on their websites. These include the (London) Foreign Exchange Joint Standing Committee, the (New York) Foreign Exchange Committee, the Singapore Foreign Exchange Market Committee and the Australian Foreign Exchange Committee. Links to the websites of the other foreign exchange committees can be found on the CFEC website ([www.cfec.ca](http://www.cfec.ca)). Alternatively, the direct links to their survey results are provided below:

<http://www.bankofengland.co.uk/markets/forex/fxjsc/index.htm>

<http://www.newyorkfed.org/fxc/volumesurvey/>

<http://www.sfemc.org/statistics.asp>

[http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2010Oct\\_2010/index.html](http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2010Oct_2010/index.html)

**The Canadian Foreign Exchange Committee**  
**Semi-annual Foreign Exchange Volume Survey**  
October, 2010

**Summary Tables**



January 31, 2011

## **Table of Contents**

### **Summary turnover data for October, 2010**

Table 1	Traditional foreign exchange turnover in Canada - Summary of surveys
Table 2	Over-the-counter (OTC) derivatives market turnover in Canada - Summary of surveys
Table 3	Total reported foreign exchange turnover in Canada
Table 4	Reported traditional foreign exchange turnover in Canada by instrument and by counterparty - Summary of surveys
Table 5	Currency distribution of traditional foreign exchange market turnover in Canada - Summary of surveys
Table 6	Reported foreign exchange market turnover in Canada by maturity
Table 7	Execution methods

**Table 1: Traditional foreign exchange turnover in Canada**  
**Summary of surveys**  
**Billions of U.S. dollars**

	Traditional foreign exchange turnover				Number of business days	Average total daily turnover	Per cent change
	Spot	Outright forwards	FX swaps	Total			
Oct. 2005	223.8	60.9	685.5	970.2	20	48.5	
Apr. 2006	235.4	61.1	703.6	1000.1	19	52.6	8.5
Oct. 2006	238.9	63.3	732.0	1034.1	21	49.2	-6.4
Apr. 2007	236.5	73.8	756.0	1066.2	20	53.3	8.3
Oct. 2007	326.5	88.0	1023.9	1438.4	22	65.4	22.7
Apr. 2008	375.0	110.3	913.0	1398.3	22	63.6	-2.8
Oct. 2008	401.9	185.3	873.3	1460.4	22	66.4	4.4
Apr. 2009	248.4	107.2	690.6	1046.1	21	49.8	-25.0
Oct. 2009	269.9	99.6	724.1	1093.5	21	52.1	4.6
Apr. 2010	358.3	119.5	719.9	1197.7	21	57.0	9.4
Oct. 2010	326.6	147.6	681.1	1155.3	20	57.8	1.4

**Table 2: Over-the-counter (OTC) derivatives market turnover in Canada**  
**Summary of surveys**  
**Billions of U.S. dollars**

	Foreign exchange			Number of business days	Average total daily turnover	Per cent change
	Currency swaps	Options	Total			
Oct. 2005	24.6	55.2	79.8	20	4.0	
Apr. 2006	27.6	28.0	55.6	19	2.9	-27.5
Oct. 2006	18.5	25.5	44.0	21	2.1	-27.6
Apr. 2007	22.6	36.4	59.1	20	3.0	42.9
Oct. 2007	24.0	44.2	68.1	22	3.1	3.3
Apr. 2008	23.3	35.6	58.9	22	2.7	-12.9
Oct. 2008	21.1	39.0	60.1	22	2.7	0.0
Apr. 2009	21.8	25.3	47.1	21	2.2	-18.5
Oct. 2009	17.6	28.0	45.6	21	2.2	0.0
Apr. 2010	24.3	41.7	66.0	21	3.1	40.9
Oct. 2010	23.9	43.2	67.1	20	3.4	9.7

**Table 3: Total reported foreign exchange turnover in Canada**  
Millions of U.S. dollars

Instrument and counterparty	Canadian dollar against U.S. dollar			U.S. dollar against currencies other than the Canadian dollar			Canadian dollar against currencies other than the U.S. dollar			All other currency pairs			All currencies		
	Apr-10	Oct-10	Per cent growth	Apr-10	Oct-10	Per cent growth	Apr-10	Oct-10	Per cent growth	Apr-10	Oct-10	Per cent growth	Apr-10	Oct-10	Per cent growth
<b>Spot</b>	184,603	174,380	-6	140,816	132,313	-6	19,285	13,319	-31	13,580	6,599	-51	358,284	326,611	-9
Reporting dealers	12549	24252	93	2,346	3,281	40	52	113	117	643	17	-97	15,590	27,663	77
Other dealers	121,220	108,182	-11	105,764	98,324	-7	12,259	6,060	-51	11,277	6,049	-46	250,520	218,615	-13
Other financial	19,270	17,029	-12	10,510	6,522	-38	4,738	5,320	12	800	270	-66	35,318	29,141	-17
Non-financial	31,564	24,917	-21	22,196	24,186	9	2,236	1,826	-18	860	263	-69	56,856	51,192	-10
<b>Outright forwards</b>	50,150	55,700	11	50,291	78,244	56	15,995	10,605	-34	3,030	3,040	0	119,465	147,589	24
Reporting dealers	890	1,184	33	954	1,604	68	23	82	257	1	5	900	1,867	2,875	54
Other dealers	7,002	9,588	37	34,067	57,390	68	2,462	1,374	-44	827	916	11	44,358	69,268	56
Other financial	24,626	26,080	6	9,348	13,260	42	11,291	7,838	-31	1,840	1,910	4	47,105	49,088	4
Non-financial	17,632	18,848	7	5,922	5,990	1	2,219	1,311	-41	362	209	-42	26,135	26,358	1
<b>FX swaps</b>	537,517	482,402	-10	163,230	181,731	11	17,526	15,714	-10	1,652	1,251	-24	719,925	681,097	-5
Reporting dealers	83,206	49,584	-40	7,044	6,680	-5	370	243	-34	0	3	-	90,620	56,509	-38
Other dealers	378,440	363,833	-4	122,143	146,933	20	4,590	4,168	-9	25	200	700	505,198	515,134	2
Other financial	46,799	37,013	-21	15,289	9,397	-39	10,298	9,844	-4	706	413	-42	73,092	56,667	-22
Non-financial	29,072	31,972	10	18,754	18,721	0	2,268	1,459	-36	921	635	-31	51,015	52,787	3
<b>Total dealers</b>	603,307	556,623	-8	272,317	314,211	15	19,756	12,040	-39	12,773	7,190	-44	908,152	890,063	-2
Reporting	96,645	75,020	-22	10,343	11,564	12	445	438	-2	644	25	-96	108,076	87,046	-19
Other	506,662	481,603	-5	261,974	302,647	16	19,311	11,602	-40	12,129	7,165	-41	800,076	803,017	0
<b>Total customers</b>	168,963	155,859	-8	82,019	78,076	-5	33,050	27,598	-16	5,489	3,700	-33	289,521	265,233	-8
Financial	90,695	80,122	-12	35,147	29,179	-17	26,327	23,002	-13	3,346	2,593	-23	155,515	134,896	-13
Non-financial	78,268	75,737	-3	46,872	48,897	4	6,723	4,596	-32	2,143	1,107	-48	134,006	130,337	-3
<b>Total turnover</b>	772,270	712,482	-8	354,336	392,287	11	52,806	39,638	-25	18,262	10,890	-40	1,197,673	1,155,296	-4
<i>Currency swaps</i>	15,163	20,317	34	6,833	2,901	-58	129	500	288	2,386	414	-83	24,309	23,912	-2
<i>OTC options</i>	21,960	18,791	-14	16,498	21,574	31	1,831	1,391	-24	7,184	1,622	-77	41,693	43,167	4

**Table 4: Reported traditional foreign exchange turnover in Canada by instrument and by counterparty**  
**Summary of surveys**  
**Billions of U.S. dollars (and percent shares)**

	Instrument						Counterparty							
							Dealers				Customers			
	Spot		Outright forwards		Foreign exchange swaps		Reporting		Other		Financial		Non-financial	
Oct-05	224	(23.1)	61	(6.3)	685	(70.7)	96	(9.9)	658	(67.8)	118	(12.1)	99	(10.2)
Apr-06	235	(23.5)	61	(6.1)	704	(70.4)	102	(10.2)	705	(70.5)	115	(11.5)	77	(7.7)
Oct-06	239	(23.1)	63	(6.1)	732	(70.8)	100	(9.6)	710	(68.7)	138	(13.3)	87	(8.4)
Apr-07	236	(22.2)	74	(6.9)	756	(70.9)	94	(8.8)	698	(65.5)	166	(15.5)	109	(10.2)
Oct-07	326	(22.7)	88	(6.1)	1024	(71.2)	92	(6.4)	1024	(71.2)	181	(12.6)	141	(9.8)
Apr-08	375	(26.8)	110	(7.9)	913	(65.3)	154	(11.0)	940	(67.2)	192	(13.8)	112	(8.0)
Oct-08	402	(27.5)	185	(12.7)	873	(59.8)	155	(10.6)	889	(60.9)	266	(18.2)	151	(10.3)
Apr-09	248	(23.7)	107	(10.2)	691	(66.0)	169	(16.1)	631	(60.3)	155	(14.8)	91	(8.7)
Oct-09	270	(24.7)	100	(9.1)	724	(66.2)	111	(10.1)	743	(68.0)	147	(13.5)	93	(8.5)
Apr-10	358	(29.9)	119	(10.0)	720	(60.1)	108	(9.0)	800	(66.8)	156	(13.0)	134	(11.2)
Oct-10	327	(28.3)	148	(12.8)	681	(59.0)	87	(7.5)	803	(69.5)	135	(11.7)	130	(11.3)

**Table 5: Currency distribution of traditional  
foreign exchange market turnover in Canada**  
Summary of surveys  
Percent shares

<b>Currency</b>	<b>April 2006</b>	<b>October 2006</b>	<b>April 2007</b>	<b>October 2007</b>	<b>April 2008</b>	<b>October 2008</b>	<b>April 2009</b>	<b>October 2009</b>	<b>April 2010</b>	<b>October 2010</b>
U.S. dollar	95.6	95.7	94.8	95.4	95.4	93.7	94.2	95.0	94.1	95.6
Canadian dollar	59.9	63.9	63.4	72.0	71.2	67.0	71.1	72.1	68.9	65.1
Euro	11.9	11.6	12.2	9.8	10.8	11.8	12.6	11.2	10.8	10.6
U.K. pound	5.9	6.3	7.2	6.1	5.0	5.0	4.8	5.6	3.6	5.2
Japanese yen	6.8	5.3	5.8	4.3	4.3	5.4	3.7	2.8	3.7	3.1
Australian dollar	5.3	5.7	3.6	2.6	2.8	2.0	1.8	2.2	2.3	3.1
Swiss franc	2.8	1.7	2.9	1.5	1.6	1.1	0.7	0.9	1.0	1.3
Other currencies	11.9	9.9	10.1	8.4	9.0	14.0	11.1	10.2	15.7	15.9
All currencies[1]	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0

(1) Since every foreign exchange transaction involves two currencies, the reporting of all currencies necessarily sums to 200 per cent.



**Table 6: Reported foreign exchange market turnover in Canada by maturity<sup>a</sup>**

Millions of U.S. dollars

Instrument	April-07		October-07		April-08		October-08		April-09		October-09		April-10		October-10	
	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share
<b>Outright forwards</b>																
Up to 1 month	39,657	50.7	44,800	49.7	45,817	40.6	80,421	42.0	54,787	48.4	46,928	46.4	59,688	49.2	81,147	53.9
1 month to 1 year	36,874	47.1	41,595	46.1	61,957	54.9	104,077	54.4	52,315	46.2	47,267	46.7	56,995	47.0	65,318	43.4
More than 1 year	1,684	2.2	3,785	4.2	4,991	4.4	6,852	3.6	6,074	5.4	6,935	6.9	4,639	3.8	4,000	2.7
<b>Total</b>	<b>78,215</b>	<b>100.0</b>	<b>90,179</b>	<b>100.0</b>	<b>112,764</b>	<b>100.0</b>	<b>191,349</b>	<b>100.0</b>	<b>113,176</b>	<b>100.0</b>	<b>101,130</b>	<b>100.0</b>	<b>121,322</b>	<b>100.0</b>	<b>150,465</b>	<b>100.0</b>
<b>Foreign exchange swaps</b>																
Up to 1 month	670,283	81.8	872,910	79.7	789,189	79.7	736,124	75.6	638,648	77.6	669,255	81.4	641,643	79.2	564,916	76.6
1 month to 1 year	143,605	17.5	214,868	19.6	192,035	19.4	229,050	23.5	177,437	21.5	139,858	17.0	156,915	19.4	168,245	22.8
More than 1 year	6,017	0.7	7,562	0.7	9,125	0.9	8,926	0.9	7,427	0.9	12,764	1.6	12,097	1.5	4,447	0.6
<b>Total</b>	<b>819,906</b>	<b>100.0</b>	<b>1,095,341</b>	<b>100.0</b>	<b>990,350</b>	<b>100.0</b>	<b>974,100</b>	<b>100.0</b>	<b>823,512</b>	<b>100.0</b>	<b>821,877</b>	<b>100.0</b>	<b>810,655</b>	<b>100.0</b>	<b>737,608</b>	<b>100.0</b>
<b>OTC options</b>																
Up to 1 month	20,336	46.4	29,176	54.3	18,561	41.3	13,524	28.5	15,603	48.3	16,895	42.7	17,488	29.5	18,626	42.1
1 month to 6 months	19,960	45.6	18,586	34.6	17,692	39.4	21,230	44.7	11,764	36.4	10,887	27.6	32,550	54.9	20,336	46.0
Over 6 months	3,507	8.0	6,011	11.2	8,664	19.3	12,741	26.8	4,936	15.3	11,720	29.7	9,277	15.6	5,249	11.9
<b>Total</b>	<b>43,803</b>	<b>100.0</b>	<b>53,773</b>	<b>100.0</b>	<b>44,917</b>	<b>100.0</b>	<b>47,495</b>	<b>100.0</b>	<b>32,303</b>	<b>100.0</b>	<b>39,502</b>	<b>100.0</b>	<b>59,315</b>	<b>100.0</b>	<b>44,211</b>	<b>100.0</b>

a. Not adjusted for local double counting.

**Table 7: Execution methods**  
**Percent shares**  
**October 2010**

Classification	Execution Methods Primarily for Dealers			Execution Methods Primarily for Customers			TOTAL
	Dealer Direct	Electronic Broking	Voice Broking	Customer Direct	Single-bank Proprietary Platforms	Multi-bank Dealing Systems	
<b>By Currency Pair:</b>							
<b>Canadian Dollar against</b>							
USD	33	28	20	15	2	2	100
Other	24	5	1	52	3	15	100
<b>U.S. Dollar against</b>							
EUR	28	47	7	12	3	3	100
JPY	26	42	9	18	1	3	100
GBP	19	50	9	13	2	6	100
<b>Total Currency Pairs</b>	<b>31</b>	<b>30</b>	<b>17</b>	<b>16</b>	<b>2</b>	<b>3</b>	<b>100</b>

<b>By Instrument:</b>							
Spot	37	37	3	19	3	1	100
Outright forwards	31	3	15	34	3	14	100
Foreign exchange swaps	27	33	24	13	1	2	100
Cross currency swaps	52	11	16	11	3	6	100
Options	41	37	3	9	6	3	100
<b>Total Instruments</b>	<b>31</b>	<b>30</b>	<b>17</b>	<b>16</b>	<b>2</b>	<b>3</b>	<b>100</b>

<b>By Counterparty:</b>							
With reporting dealers	48	31	20	0	0	1	100
With other dealers	38	40	21	0	1	0	100
With other financial institutions	0	2	1	69	8	21	100
With non-financial customers	0	2	0	87	5	6	100
<b>Total Counterparties</b>	<b>31</b>	<b>30</b>	<b>17</b>	<b>16</b>	<b>2</b>	<b>3</b>	<b>100</b>