

**Minutes of the Canadian Foreign Exchange Committee
Meeting #71**

**Held at 1:30 p.m., Tuesday, 9 February 2010
Toronto**

- Present: Firas Askari, BMO Capital Markets (substitute)
Steve Boucouvalas, HSBC Bank Canada (substitute)
Harry Culham, CIBC World Markets
Peter Dymott, RBC Capital Markets (substitute)
Jeff Feig, Citigroup
Andrew Grosso, Citigroup (substitute/guest)
Laura Isidean, Scotia Capital (substitute/guest)
Blake Jespersen, President - FMAC
Mark Johnson, Chair – CCFP
Moti Jungreis, TD Securities
Clifton Lee-Sing, Department of Finance
Jack Linker, Thomson Reuters America
John Nixon, ICAP North America
Richard Poirier, National Bank Financial Group (substitute)
Dave Longworth, Bank of Canada
Donna Howard, Bank of Canada (Chair)
Carolyn Wilkins, Bank of Canada
Harri Vikstedt, Bank of Canada
Rob Ogrodnick, Bank of Canada (Secretary)
- Regrets: Laurent Ferreira, National Bank Financial Group
Russell Lascala, Deutsche Bank
Brad Meredith, HSBC Bank Canada
Ed Monaghan, RBC Capital Markets
Lynn Patterson, Bank of America Merrill Lynch Canada
Jamie Thorsen, BMO Capital Markets
Barry Wainstein, Scotia Capital
John Walks, State Street Canada

71.1 Adoption of Agenda

The Committee adopted the agenda, as written. The Chair welcomed Blake Jespersen, Laura Isidean and Harri Vikstedt to their first meeting with the Committee. Mr. Jespersen is the new President of the Financial Markets Association of Canada (FMAC) and, in accordance with the Document of

Objectives and Organization of the CFEC, sits on the Committee as a non-voting ex-officio member. Ms. Howard relayed a message from Evan Steed, the former President of FMAC for three years, thanking the CFEC for the opportunity to have served on the Committee, and she expressed gratitude for his contribution.

71.2 Tour de table – FX, Financial Market and Economic Developments

The Tour de table is not reported in the minutes.

71.3 Working Group Report on the Functioning of the Canadian FX Market

Representatives of the CFEC Working Group on the Functioning of the Canadian FX Market, Moti Jungreis and Carolyn Wilkins (Chair), presented the Working Group's paper on "The Canadian Foreign Exchange Market: Developments and Opportunities." The paper was first discussed at the last meeting, and it aims to inform policy discussions by providing a "primer" on the structure of the Canadian and Canadian dollar wholesale FX markets. It also reviews 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 follows on the work already undertaken by the London Foreign Exchange Joint Standing Committee and the New York Foreign Exchange Committee. The CFEC decided that it would communicate the following five priorities to support the resiliency of FX markets.

- The establishment of same-day USD/CAD settlement in CLS;
- The increased use of CLS for FX 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 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 confirmation and settlement; and
- More standardization of NDF fixing conventions.

The paper has been posted on the CFEC website (www.cfec.ca).

71.4 Other Business

Canadian Representation on the ACI Committee for Professionalism

The CFEC members were informed that Lynn Kennedy, who was the Canadian representative on the ACI CFP, retired at the end of December leaving this position vacant.¹ The members were asked for a volunteer from one of their organizations to fill this position. *{Secretary's Note: Shortly after the meeting, it was announced that Michael Gibbens from TD Securities had volunteered to fill this post.}*

Early FX Closing Rate on December 24th

In the past, some market participants have wanted the Bank of Canada to release an early (for example, at 1 pm instead of the usual 4 pm) FX closing rate or fixing on Christmas Eve or possibly other days when liquidity in the market is severely impacted by holidays. Donna Howard suggested that the **Bank of Canada write a note** on early FX closing rates around holidays, for circulation before, and discussion at, the next meeting:

Future Meeting Topics

The **members were asked** to send their ideas on future topics or speakers for the remaining meetings in 2010 to either the Chair or the Secretary.

Approval of Draft 2009 Report on Activities

The members approved the draft 2009 Report on Activities for the Committee. The Report will be prepared for publication in hard copy and also for release on the CFEC website.

71.5 Next Meeting

The next meeting will be held on June 2nd in Toronto.

¹ The CFEC, CCFP and FMAC have adopted the ACI Model Code as the standard for best practices in the Canadian FX market, and Canadian representation on the ACI CFP is the mechanism through which Canada can influence the Model Code.