

Minutes of the Canadian Foreign Exchange Committee Meeting #83

Held at 11:30 p.m., Monday, 9 December 2013
Ottawa

- Present: Harry Culham, CIBC World Markets
Jeff Feig, Citigroup
Laurent Ferreira, National Bank Financial Group
C.J. Gavsie, BMO Capital Markets
John Glover, Barclays Capital Canada
Toni Gravelle, Department of Finance
Jason Henderson, HSBC Bank Canada
Adam Howard, BAML Canada
Moti Jungreis, TD Bank
Russ Lascala, Deutsche Bank
Jack Linker, Thomson Reuters America
Gil Mandelzis, EBS Dealing Resources
Barry Wainstein, Scotiabank
Donna Howard, Bank of Canada (Chair)
Jeremy Farr, Bank of Canada (part of meeting)
Harri Vikstedt, Bank of Canada
Maksym Padalko, Bank of Canada
Rob Ogrodnick, Bank of Canada (Secretary)
- Regrets: Michele Hardeman, State Street Global Markets
Clifton Lee-Sing, Department of Finance
Ed Monaghan, RBC Capital Markets

83.1 Adoption of Agenda

The Committee adopted the agenda, as written. The Chair welcomed Toni Gravelle to his first meeting with the Committee.

83.2 Report of the Membership Subcommittee (MSC)

Donna Howard informed the Committee that she will be retiring as of 2 January 2014 and will therefore be stepping down as Chair. The MSC¹ recommended that the representative from the Bank of Canada continue to chair

¹ The industry members on the MSC include Barry Wainstein, Ed Monaghan and Jeff Feig. Donna Howard, the MSC member from the Bank of Canada, did not participate in the decision related to the recommendation of a new chair.

CFEC. Paul Chilcott, Chief of the Financial Markets Department of the Bank of Canada, will be the new member from the Bank. The members of CFEC unanimously elected Paul Chilcott as the new Chair of CFEC starting in 2014.

83.3 CFEC Code of Conduct Proposal

At the 8 October CFEC meeting members had been asked to review the proposed “Guiding Principles for Conduct in the Canadian Foreign Exchange Market” with their compliance departments and other relevant senior management before a final vote was to be taken on adopting the Guiding Principles as the basis for conduct in the foreign exchange market. No changes were suggested.

Harry Culham moved that CFEC adopt the “Guiding Principles for Conduct in the Canadian Foreign Exchange Market”. The motion was seconded by Jason Henderson and unanimously carried by all voting CFEC members.

(Secretary’s note: The “Guiding Principles for Conduct in the Canadian Foreign Exchange Market” and a background note on codes of conduct in Canada, were published on the CFEC website following the meeting).

Guiding Principles - http://www.cfec.ca/guiding_principles_cfec.html

Background Note - http://www.cfec.ca/backgrounder_codes.html

83.4 Best Practices for Electronic Trading Systems

In response to a question with respect to follow up on this topic, members indicated a preference for a joint effort with the New York FXC. Jeff Feig, Chair of the New York FXC, indicated that he would follow up with the FXC and CFEC.

83.5 Benchmark Fixes

A CFEC member explained the FX benchmark proposal discussed at a recent international discussion. The proposal was to increase the length of the “window” (time period) over which the FX fix is calculated from one minute to 60 minutes in order to reduce the impact of large orders on the rate. There was significant interest in this topic and, given time constraints, the Chair suggested that this be a topic for a future CFEC meeting.

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

The Tour de table discussion is not reported in the minutes.

83.7 Other Business

Global FX Committee Meeting

The next global meeting of FX committees will be hosted by the Reserve Bank of Australia and the Australian Foreign Exchange Committee on 11 April 2014. CJ Gavsie will attend as CFEC's industry representative along with the Chair and the Secretary of the Committee.

Reporting Basis for CFEC FX Volume Survey

Harri Vikstedt outlined the four potential options under consideration for determining the reporting basis for the CFEC FX volume survey: trading desk, sales desk, global consolidated reporting and customer activity in Canada basis. The choice will depend on what the participating banks want to capture and what they are able to report.

Mr. Vikstedt outlined the process for the Working Group (WG) that has been formed. A preliminary assessment will be discussed at the next CFEC meeting.

83.8 Adjournment and Next Meeting

The meeting was adjourned at 12:30 pm. The date of the next meeting is to be determined.

CFEC Luncheon with the Governor and Governing Council (12:45–2:00 pm)

After the meeting, CFEC met with the Governor and Governing Council.