

**Participants**

Eric Vauthey (Banque Cantonale Vaudoise), Christoph Börlin (Baloise Asset Management), Vincent Georges (Banque J. Safra Sarasin), Frank Rust (Bucher Industries), Gaëlle Barlet (compenswiss), Francesco Schiavo (Credit Suisse), Luca Luisoni (EFG Bank), Walter Inauen (LGT Bank), André Siegrist (Publica), Cédric Gumy (Suva), Benjamin Anderegg (SNB), Barbara Döbeli (SNB), Andréa Maechler (SNB), Marcel Zimmermann (SNB), Ernst Lienhard (Swiss Re), Srichakri Adhikarapatti (UBS), Andreas Keller (UBS), Alex Maillard (UBS), Hjalmar Schröder (ZKB)

Zurich, 23 December 2021

Swiss FX Committee  
swissfxc@snb.ch

**Absent:**

Cengiz Temel (Record Currency Management)

**Place and time**

Conference call, 30 November 2021, 1.30 pm to 4 pm

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## Swiss FX Committee (Swiss FXC)

### Minutes

Marcel Zimmermann (Public Sector Co-Chair of the Swiss FXC) welcomed the members. He regretted that, contrary to original planning, it had proven necessary to hold the meeting virtually again due to the recent deterioration of the coronavirus situation. He expressed his hope that circumstances will normalise in 2022 so that in-person meetings can resume and the lunch originally planned for this meeting can take place then.

#### 1. Presentation on Optimal Execution in FX Markets

Alex Maillard (UBS) informed everyone that the presentation originally planned on ‘Anonymous trading’ has been extended to ‘Optimal Execution in FX Markets’ and introduced his colleague Srichakri Adhikarapatti, Head of eFX & US RMM Quant Trading at UBS Investment Bank in London. Srichakri Adhikarapatti began by noting that continued electronification and fragmentation has led to the blurring of lines between the previously clearly defined inter-dealer and dealer-customer segments. He added that the number of dealers/liquidity providers (LPs) has increased exponentially, which presents dilemma to clients – is more always better? In this context, he presented three golden principles to be considered by clients when selecting LPs: (1) They should have unique liquidity, whose pricing is not reliant on primary markets or ECNs. A good indicator for such LPs are those that have a large turnover via internalisation and active axes/skew reflected in their quotes; (2) They should have the ability to minimise skew leakages to the market; (3) They should have invested in world-class technology, minimising latency and adverse selection. To conclude, he went into the area of market impact.

The SFXC members expressed their gratitude for the interesting presentation. Questions were asked on numerous matters, including tools to assess the internalisation rate of LPs and whether there would be a particular approach to the golden principles for the buy-side. Other questions concerned the extent of technology/latency gap in the market and whether blockchain technology would continue the trend of fragmentation.

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### 2. Swiss FX Committee (SFXC)

#### News and activities since the last meeting

Marcel Zimmermann referred to the documents published by the Global FX Committee (GFXC) in July and August 2021 which form the conclusion of the FX Global Code review. He pointed out that the SFXC secretariat had informed not only the members but also interested associations and FINMA about the publications.

#### (Renewing) Statements of Commitment (SoCs)

One additional SoC from a market participant domiciled in Switzerland has been registered since the last meeting in March 2021. Overall, there are 24 SoCs from market participants domiciled in Switzerland and Liechtenstein among the 1,109 entries in the Global Index of Public Registers as at 25 November 2021. One of these market participants has renewed its statement since the updated Code became public in July 2021. Marcel Zimmermann recommended, with regard to the practical procedure for renewal, that a new document (new being evidenced by a new date of signature visible on the SoC) should be deposited with the previous register. He went on to say that the SNB will renew its SoC in spring 2022. Finally, he pointed out that only those market participants with SoCs issued after July 2021 will be eligible for (renewed) SFXC membership in its third term (starting with the Q4/2022 meeting).

#### Resumption of Code promotion activities

Marcel Zimmermann mentioned that in November 2021, two SFXC members (Gaëlle Barlet, Alex Maillard) participated in a panel discussion at the SNB's Aperitif "Marché monétaire" in Geneva. In this context, the importance of the Code to increase transparency was highlighted and market participants were asked to (re-)sign the SoC. He once again expressed his hope that other events cancelled due to the coronavirus situation would be made up at a later date. In connection with resuming Code promotion activities, he mentioned the published GFXC paper '[For Effective Means of Outreach](#)' (contains recommendations to local committees) and also the [White paper](#) on ESG & FX by the Global FX Division of the Global Financial Markets Association (GFMA), published on 14 September 2021 (contains a call for action to consider Code adherence as an element of good Governance Quality and Social goals under ESG).

### 3. Developments on the FX Global Code and the Global FX Committee (GFXC), Agenda items of the forthcoming 9 December GFXC videoconference

#### Changes in leadership for the next two years

Marcel Zimmermann welcomed Andréa Maechler, Member of the Governing Board, from the SNB to the SFXC call. She personally announced that she has been proposed for endorsement

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as the new GFXC Chair, replacing Guy Debelle from the Reserve Bank of Australia. One of the two GFXC Vice-Chairs (Neill Penney, Refinitiv) will also be replaced as his term ends, but no details as to the candidate were known at the time of the SFXC call. On behalf of all members in the SFXC, Ernst Lienhard (Private Sector Co-Chair of the Swiss FXC) warmly congratulated Andréa Maechler for being proposed for endorsement as the new Chair.

### Market conditions

All members approved the SNB draft describing recent developments in the Swiss FX market. The GFXC will publish a compendium of local FX committees' contributions on its website.

### Update on Adherence

Marcel Zimmermann informed that on 17 December the functionality of the [Public Registers](#) and the [Global Index of Public Registers](#) will be updated to incorporate information on the availability of the completed [Disclosure Cover Sheets](#). This allows liquidity providers and FX platforms to share a link to their Cover Sheets in registers alongside their SoC. He announced that a 'first wave' of market participants, including some of the largest liquidity providers and FX platforms, will complete their Cover Sheets by this date and that these will then be visible on the Global Index. Furthermore, he mentioned that at the GFXC videoconference the regular update by the local committees on their buy-side outreach efforts and the communication with regard to renewing SoC to the updated Code would start. To have such regular updates was one of the recommendations in the GFXC paper '[For Effective Means of Outreach](#)'.

### Work agenda

Members were also informed, that for possible guidance with the proportionality concept (also a recommendation in the above-mentioned paper), a GFXC working group is to be created. To collect suggestions for the GFXC work agenda, the GFXC secretariat will approach the local committees over the course of January.

#### 4. Recent developments regarding FX settlement methods

As agreed at the last SFXC call in March this year, Barbara Döbeli gave an overview of developments regarding FX settlement methods. She started with developments in the public sector and referred to the [G20 cross-border payments roadmap](#) published on 13 October 2021, which includes a stocktake by the Committee on Payment and Market Infrastructures (CPMI) on barriers and options for expanding Payment-versus-Payment (PvP) arrangements. These options consist of enhancements to existing arrangements as well as new solutions, and both could benefit from public sector support, be it as facilitator, overseer or even operator. The CPMI will develop proposals to this effect by April 2022 and for this reason the [CPMI called for ideas on solutions to expand PvP settlement](#) to be submitted by 26 November 2021. On developments in the private sector, she mentioned some providers ([Baton Systems](#), [Settlement Circle](#), [Fnality](#) and potentially others) that are at various stages in exploring new solutions.

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Many SFXC members expressed interest in exploring these developments further, either through the GFXC or the SFXC work agenda.

### 5. Miscellaneous

Marcel Zimmermann informed members about a proposal by a third party who would like to give a presentation in the SFXC on trading crypto-assets. For the time being, the majority of the members were of the opinion that crypto-assets should not be one of the SFXC's focus topics.

### 6. Next meeting

The meeting is planned in the run-up to the next GFXC meeting. As soon as the date of the GFXC meeting is set, date proposals will be sent out. A presentation by Cédric Gumy on Suva's FX approach is planned, other items will include the GFXC work agenda and progress in the Code outreach.