

Participants

Pawel Skala (ABB), Eric Vauthey (Banque Cantonale Vaudoise) - by phone, Frank Rust (Bucher Industries), Jean-Marc Guillot (Edmond de Rothschild), Luca Luisoni (EFG Bank), G  elle Barlet (compenswiss), Walter Inauen (LGT Bank), Andr   Siegrist (Publica), C  dric Gurny (Suva), Benjamin Anderegg (SNB), Barbara D  beli (SNB), Andr  a Maechler (SNB), Marcel Zimmermann (SNB), Ernst Lienhard (Swiss Re), Andreas Keller (UBS), Alex Maillard (UBS), Bernd Roth (ZKB)

Zurich, 19 December 2019

Swiss FX Committee
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Excused

Carlo K  lzer (360T Group/Deutsche B  rse Group), Thomas Suter (QCAM Currency Asset Management)

Place and time

Zurich, 25 November 2019, 2 pm to 5 pm

Swiss FX Committee Minutes

Marcel Zimmermann (Public Sector Co-Chair of the Swiss FXC) welcomed the committee members and Andr  a Maechler, a member of the Swiss National Bank's Governing Board, to the third meeting of the Swiss FXC. Andr  a Maechler attended this meeting to personally express her gratitude to the committee members for their work on the FX Global Code and encouraged them to continue to promote the Code at every opportunity. Its principles, which set a very important standard for the foreign exchange market, should be adopted by all market participants in Switzerland and Liechtenstein. She stressed the importance – for reasons of transparency – that institutions submit their signed Statements of Commitments (SoCs) to public registers.

1. Swiss FX Committee (Swiss FXC)

Activities and developments since the last Swiss FXC meeting

In relation to GFXC work, Marcel Zimmerman highlighted three main activities that had taken place: (1) For the annual Code survey in 2019, 54 market participants in Switzerland/Liechtenstein agreed to participate (2018: 19). (2) For the three-year review of the Code, the Swiss FXC provided feedback to the GFXC Chair. Possible areas for smaller revisions were conveyed, but the main message was that the current content is still fit for purpose. (3) In connection with activities by the GFXC to promote the Code within the buy-side community, a Swiss SoC signatory delivered a case study to describe why and with what measures their institution had implemented the Code. Marcel Zimmermann and Barbara D  beli met with FINMA in September 2019 to provide an update on the Code and the Swiss FXC activities. FINMA had previously been represented at informal roundtables held prior to the establishment of the Swiss FXC.

Code promotion activities by the Swiss FXC

Marcel Zimmermann provided an overview of past, current and future activities. In the French-speaking part of Switzerland, G  elle Barlet presented the Code at the General

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Assembly of ACTSR – Association of Corporate Treasurers – Suisse Romande. A presentation organised by Luca Luisoni in front of bankers took place in the Italian-speaking part of Switzerland. Both presentations were well received, but also showed that participants will require further reminding to take the step from seeing the merits of the Code to adopting it. The Board of the Swiss Association of Corporate Treasurers (Swiss ACT) will put a presentation on their agenda for next year. Its representative reported that they had decided this would be a more powerful instrument than a newsletter. Marcel Zimmermann offered to hold the presentation. He and two other Swiss FXC members are due to participate in a panel discussion at an ACI Suisse event on ‘Global Foreign Exchange Turnover’ in January 2020 where they will also emphasise the importance of adhering to the Code. This message will also be conveyed in writing to major banks and corporations and, as has already been the case, by SNB staff during company visits. A short portrait of the Code on two slides will be distributed to the members of the Swiss FXC which they can use when speaking with peers.

2. Developments on the FX Global Code and the Global FX Committee (GFXC)

New GFXC leadership

Marcel Zimmermann informed members of the new GFXC leadership with Guy Debelle (Deputy Governor of the Reserve Bank of Australia) as Chair and Neill Penney (Managing Director and Co-Head of Trading at Refinitiv) as new Co-Vice-Chair alongside Co-Vice-Chair Akira Hoshino, who has held this position since June 2018.

Update regarding Statements of Commitment (SoC) signed globally and in Switzerland/Liechtenstein

The Global Index of Public Registers lists 950 entities as at 8 November 2019. No additional SoCs have been submitted by institutions domiciled in Switzerland/Liechtenstein since 7 May 2019. Marcel Zimmermann highlighted just how easy it is to submit a signed SoC in a public register and called on those members who had not yet done so to take this step.

Discussing the materials of the 4/5 December 2019 GFXC meeting

The draft report on the role of disclosure and transparency on anonymous e-trading platforms identifies certain aspects of anonymous trading that should perhaps additionally be addressed in the Code. The committee members agreed that these aspects should form part of the three-year review of the Code. One member found the report very instructive and expressed an interest in exploring this issue further at one of the next meetings of the Swiss FXC. The representative from UBS, Alex Maillard, volunteered to arrange a presentation.

For the three-year review of the Code, the GFXC leadership grouped the feedback received from the local FX Committees into (1) Buy-Side Outreach, (2) Anonymous Trading, (3) Disclosures, (4) Algorithmic trading and Transaction Cost Analysis (TCA) and (5) Execution principles. The committee members supported these priorities.

3. BIS Triennial Survey 2019: Switzerland and the Swiss franc in a global context

Benjamin Anderegg presented some key results from the BIS Triennial Survey 2019. He started with the global context by showing the volume traded for all currencies (substantial

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increase of global turnover) and highlighted that the Swiss franc remains the seventh most-traded currency in the world. The daily amount traded in Swiss franc around the world (USD 327 billion) was shown in relation to the amount traded in Switzerland (USD 92 billion) and to the amount of all currencies traded in the world (USD 13.2 trillion). The trading of the Swiss franc around the world was further analysed by instrument and by counterparty. Turning to the foreign exchange market in Switzerland, the dominant players (banks), the most traded currencies (USD, EUR, CHF) and the position of the trading location (the sixth largest global trading centre) were addressed. Over the last three years, electronic spot trading has continued to expand its share in Switzerland.

Committee members then discussed certain aspects of the survey results.

4. European Commission Consultation Results on the euro and market liquidity in foreign exchange markets

Barbara Döbeli started by providing an overview of the current use of the euro, as described in the Commission Staff Working Document “Strengthening the International Role of the Euro”.¹ In the EU, 19 countries have adopted the euro and 60 countries around the world are interlinked with the currency. In its use, the euro is more preferred for payments than for holding reserves. Factors were then enumerated as to why the US dollar remains the predominant currency in global trade. Secondly, she gave an update on the results from the consultation in foreign exchange markets, which are considered to be highly liquid. Changes mentioned to have impacted the liquidity were the rise of non-bank liquidity providers, the electrification of markets, and new regulations. The cost of conducting hedging in euro was generally considered to be about the same as in US dollar, but lower than in other major currencies (Japanese yen, British pound, Swiss franc). She concluded with three factors that have been named to be supportive of a greater role for the euro in the foreign exchange market: (1) improved political and economic stability in the euro area; (2) further integration of European financial markets, by completing the Banking Union and the Capital Markets Union (CMU), thus creating a large pool of European safe assets; and (3) the increased use of the euro as a trade invoicing currency.

5. Miscellaneous

No points were raised by Swiss FXC members.

6. Next meeting

Due to the postponement of the June 2020 GFXC meeting, the date for the fourth meeting of the Swiss FXC will also be re-scheduled – new dates will be proposed in due course. Marcel Zimmermann concluded by outlining the topics likely to be covered at the next meeting. Presentations by three members are queuing to be held and the Swiss FXC Secretariat will be in touch with the respective parties with regards to scheduling.

¹ See https://ec.europa.eu/info/sites/info/files/strengthening-international-role-euro-swd-2019_en.pdf