

Participants

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), James Nisbet (Record Currency Management), Cédric Gumy (Suva), Benjamin Anderegg (SNB), Barbara Döbeli (SNB), Christian Ritzmann (SNB), Ernst Lienhard (Swiss Re), Stephan Hoeger (UBS), Andreas Keller (UBS), Hjalmar Schröder (ZKB)

Zurich, 14 July 2022

Swiss FX Committee
swissfxc@snb.ch

Absent:

Eric Vauthey (Banque Cantonale Vaudoise)

Place and time

SNB Forum, 24 May 2022, 2pm to 4.30pm, with preceding lunch at 12.30pm

Swiss FX Committee (Swiss FXC) Minutes

1. Swiss FX Committee (Swiss FXC, SFXC)

Introduction of the new members

Benjamin Anderegg (Public Sector Co-Chair of the SFXC) warmly welcomed the members to this first in-person meeting since the outbreak of the Covid pandemic. He introduced the new members from the private sector in the committee. UBS's new representative is Stephan Hoeger, Global Head Electronic FX Distribution, replacing Alex Maillard. At Record Currency Management, James Nisbet, Director, Enhanced Passive and Rates, takes over from Cengiz Temel. Ernst Lienhard (Private Sector Co-Chair of the SFXC) informed on the SNB's changes in Swiss FXC membership. Due to the decision of Marcel Zimmermann to leave the SNB, Benjamin Anderegg, Head of FX and Gold, has been appointed as the new SNB Co-Chair of the SFXC. His successor as SNB member in the SFXC is Christian Ritzmann, Head of FX Trading. The great personal contribution of Marcel Zimmermann to the creation and development of this committee was acknowledged and appreciation and thanks expressed.

(Renewing) Statements of Commitment (SoCs)

Eight market participants domiciled in Switzerland and Liechtenstein have renewed their SoC since the revised FX Global Code became public in July 2021. Benjamin Anderegg recalled the procedure for resigning the SoC.

Resumption of Code promotion activities

Benjamin Anderegg mentioned the ACI Suisse event on 28 March 2022, at which Marcel Zimmermann provided an update on the elements of the Code review along with a look at Code adherence by ACI Suisse Member Institution. They were asked not to act as free riders.

Minutes

Benjamin Anderegg expressed his hope to resume the two Code promotion events with SwissACT and the Liechtenstein Bankers Association. These events had to be cancelled due to the Covid pandemic.

SFXC members agreed to talk to their peers to motivate them to sign the Code. The aim is that each member can convert one peer to a signatory of the Code. The SFXC currently has members from 15 institutions. If each member succeeds in convincing one peer within one year, the number of SoCs from Switzerland/Liechtenstein in the Global Index of Public Registers will increase from the current 25 to 40 SoCs (in May 2023). At the next SFXC meeting, SFXC members will provide an update on their experiences with this initiative so far.

Review of Swiss FXC membership setup

SFXC members consider the current frequency of the regular meetings (twice a year prior to the GFXC meetings) as appropriate. They prefer a physical meeting with the option for virtual attendance in exceptional cases. Benjamin Anderegg pointed out that both members and the Chair have the possibility to request ad hoc calls by notifying the Secretariat.

Review of Swiss FXC membership after two years: Next steps

In August, the Secretariat will contact SFXC members regarding their interest in renewing their membership in the SFXC in its third term as well as assuming the role of the Private Sector Co-Chair. Benjamin Anderegg recalled the condition that only market participants with a SoC signed after July 2021 (when the revised Code was published) will be eligible for (renewed) membership in the SFXC in its third term. This SoC should be resigned by end-September 2022 at the latest. He mentioned that also other market participants will be informed about the possibility to apply for membership. In October, the composition of the SFXC in its third term will be determined based on the feedback received. The decision will be bilaterally communicated.

2. Developments on the FX Global Code and the Global FX Committee (GFXC), Agenda items of the forthcoming GFXC meeting on 27/28 June in Zurich along with virtual attendance

GFXC work programme 2022/23

SFXC members were informed on the GFXC work programme for this and next year which will be proposed to the GFXC members for approval at their June meeting. In this context, Benjamin Anderegg thanked the 14 of the 15 SFXC members who contributed to the survey for this work programme in February, thus laying the groundwork together with all the other local committees. He then informed that the focus of the proposed programme is on Code adherence. To reduce hurdles to adherence is the goal of the already established working group (WG) on proportionality chaired by the GFXC Vice Chair, Richard de Roos. Luca Louisoni, a SFXC member participating in the WG informed that a web-based tool is planned

Minutes

that guides market participants to the relevant Code principles depending on their FX activities. To further increase the tangible benefits of adhering to the Code, Benjamin Anderegg continued, the GFXC intends to establish at the June meeting a new working group aiming to link Code adherence to the G in ESG. In addition, the GFXC plans to conduct a Survey on Effectiveness of the last Code Review among market participants in Q3/2023 that would also serve as a starting point to the next Code Review. Also, at the June meeting, the GFXC will discuss whether there is sufficient access to market data by market participants from other actors to ensure a level playing field in the FX market, or if not, whether the GFXC should address this issue in more detail. In this regard, some SFXC members expressed the view that the cost of obtaining data may prevent a level playing field. Finally, at the June GFXC meeting, some industry experts will discuss new technological solutions in the area of payment and FX settlement methods.

Market conditions including the impact of the outbreak of Ukraine war

Christian Ritzmann (SNB) opened the discussion with an update on market conditions since the last GFXC meeting in December 2021. He pointed out that little had changed for the Swiss franc since then. Several SFXC members added that the dislocations in the market due to the outbreak of war had been much smaller compared to the outbreak of the Covid pandemic. The FX market was functioning quite orderly, with the exception of the Russian Rouble (RUB). One buy-side member would have liked to be informed in advance when banks could not trade anymore in RUB and compressed the trades in their books.

3. Presentation on Suva's FX approach

Cédric Gumy, Teamleader Treasury & Currencies, presented the investment strategy of Suva, the largest provider of accident insurance in Switzerland. He explained the philosophy and then gave an overview of the currency portfolio, the instruments used and the process. Their FX approach is tailor-made, he said, and therefore does not match other organizations. SFXC members expressed their gratitude for the interesting insights. They were also impressed by the lean and efficient structures and asked questions on the FX execution process.

4. Miscellaneous

SFXC members were invited to the dinner on 27 June hosted by Andréa Maechler for the GFXC members attending the meeting in Zurich.

5. Next meeting

Minutes

The next meeting is planned in November in the run-up to the GFXC meeting. Date proposals will be sent out to the members of the SFXC in its third term. Ernst Lienhard (Swiss Re) volunteered to present the FX exposures of Swiss Re at the next meeting.