

Participants

Christoph Börlin (Baloise Asset Management), Daniel Weilenmann (BNP Paribas (Suisse)), Frank Rust (Bucher Industries), Arnaud Bekenkamp (compenswiss), Francesco Schiavo (Credit Suisse), Christoph Kummli (Julius Bär), Walter Inauen (LGT Bank), Alexandre Engerer (Pictet), André Siegrist (Publica), James Nisbet (Record Financial Group), 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, 24 November 2022

Swiss FX Committee
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Place and time

SNB Forum, 8 November 2022, 2pm to 4.30pm followed by an apéro

Swiss FX Committee (Swiss FXC)

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1. Swiss FX Committee (Swiss FXC, SFXC)

New composition of the SFXC and introduction of new members

Benjamin Anderegg (Public Sector Co-Chair of the SFXC) warmly welcomed the members to the first meeting of the committee in its third term. Before informing on its new composition, he recalled the rules on confidentiality and competition law and thanked Andreas Keller for his continued presence at the meetings as the committee's legal expert. As part of the membership review, completed end of September 2022, four firms applied for membership. Due to institutionalized rotation, membership ended for three existing members: Benjamin Anderegg thanked Eric Vauthey (Banque Cantonale Vaudoise), Vincent Georges (Banque J. Safra Sarasin) and Luca Luisoni (EFG Bank) for their great commitment both to the SFXC and to the work of the Global FX Committee (GFXC). He welcomed the new Private Sector Co-Chair, Hjalmar Schröder of ZKB, who replaces Ernst Lienhard of Swiss Re, who has been in this role since the committee's inception. His services over the last two terms were duly thanked. Afterwards, the new members (Daniel Weilenmann (BNP Paribas (Suisse)), Christoph Kummli (Julius Bär), and Alexandre Engerer (Pictet) introduced themselves. So did Arnaud Bekenkamp of compenswiss, replacing the firm's previous representative, Gaëlle Barlet.

Review of SFXC's Terms of Reference

Benjamin Anderegg informed on two changes in the committee's Terms of Reference. The duration of membership has been extended from two to three years to align with the 3-year review cycle of the FX Global Code: Thus, the next SFXC membership review will take place in Mid 2025, following the completion of the Code review at the end of 2024. In addition, the wording of the number of private sector experts on the committee was changed from "approximately ten" to "approximately ten to fifteen".

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News and activities since the last meeting

GFXC Chair, Andréa M. Maechler, briefed the SFXC members on an ad-hoc call on the GFXC meeting on 27-28 June 2022. Further, it was mentioned that the GFXC Chair encouraged local committees members to participate in two workshops organized by the Committee on Payments and Market Infrastructure (CPMI) Working Group on facilitating increased adoption of Payment-versus-Payment. Two SFXC members reported very high attendance and receiving valuable information.

Update regarding Statements of Commitment (in Switzerland/Liechtenstein)

Since the update of the Code in Mid July 2021, there has been no increase in Statements of Commitment (SoCs) in Switzerland/Liechtenstein. However, all SFXC member firms as well as some other firms resigned their SoCs.

Code promotion activities: update on peer outreach

Each previous SFXC members reported on the experiences made with the engagement with peers to motivate them to sign the Code. Their experiences were more or less uniform: It is a challenge to recruit new signatories as those who are interested have already signed and the others see little need to do so. New impetus for the promotion of the Code is expected from the GFXC's web-based tool on the applicability of the Code's principles depending on FX activities. Asset managers reported that asset owners do not see the need to sign the Code in addition to the managers of their assets. Benjamin Anderegg asked to continue the conversations despite difficulties and invited the new members to start as well. There will be an exchange again at the next meeting. He also provided information on two Code promotion presentations he gave to bank representatives in Liechtenstein and multinational companies in Switzerland (SwissHoldings).

2. Developments on the FX Global Code and the Global FX Committee (GFXC),
Agenda items of the forthcoming GFXC videoconference on 5/6 December

Endorsement of the new Co-Vice-Chair

Benjamin Anderegg noted that the GFXC members will endorse a new Co-Vice-Chair to replace Richard de Roos of Standard Bank, whose two-year term is ending. Interviews with three candidates take place in November.

GFXC work programme items

GFXC members will be informed by the Proportionality Working Group (which includes former SFXC member Luca Luisoni) of the results obtained from the wide range of market participants who tested the prototype tool for applying the Code's principles depending on FX activities. According to SFXC members who have tested the tool, it should be improved by making the initial question clearer to on-board all target market participants, using simpler terms for better understanding and not calling the navigation a decision tree. In addition, an

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accompanying text to the tool should recommend that market participants familiarise themselves with the full Code in order to gain a comprehensive understanding.

Further, GFXC members will discuss some initiatives proposed by the Motivation for Adherence Working Group (Cédric Gummy is a member) to further increase the tangible benefits of adhering to the Code. Cédric Gummy mentioned that three possible areas (increased visibility through conferences, increased relationships with system providers, and education/training) were currently being discussed within the group.

Finally, GFXC members will continue the conversation on data availability for inclusion in the next Code review. Starting from a broad description in a first approach, GFXC members will now narrow the scope of this topic. SFXC members agreed that it should be made clear that cost of data is not within the scope for discussion by the GFXC. However, these discussions could include enhanced transparency on what happens to user generated trade data and improved data access in certain areas, e.g. to market data to benchmark the execution of FX derivative transactions, and to trade and market data in case of delegated executions.

Market conditions and outreach update by local committees

Christian Ritzmann (SNB) reported on the current market conditions in the Swiss FX market. A written update will be sent to SFXC members for any comments. The final version will be part of a compendium with contributions from all local committees, which will be published on the GFXC website.

In the context of other developments James Nisbet (Record Financial Group) provided some insights on the regulatory regimes on UK pension funds around the recent Pound Sterling turbulences due to the uncertainty in UK bond markets.

3. BIS Triennial Survey in 2022: Switzerland and the CHF in a global context

Christian Ritzmann presented some key results from the BIS Triennial Survey 2022. He started with the global context, showing trading volumes for all currencies (up 14% since 2019 to USD 7500bn per day) and pointing out that the interdealer trading volumes (in spot and FX swaps) have increased significantly. He then elaborated on the importance of the CHF in this global context. He mentioned that the CHF is the eight most traded currency and two thirds of the total volume is still traded outside Switzerland. Finally, he outlined some characteristics of the FX market in Switzerland. FX trading in Switzerland is dominated by a few banks, turnover increased by 32% since 2019 to a record USD 350bn per day driven by a strongly growing interdealer segment.

Committee members found the results very informative.

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4. Best-Practice on price adjustment in case of an unscheduled holiday

Cédric Gummy (Suva) outlined that with the announcement of an unscheduled bank holiday on 19 September in Pound Sterling (GBP), it was clear that there would be no settlement on that day, while there was no clarity about the price adjustment for the new settlement date.

Through his own research, he learned that some banks keep the old price and move it, while others adjust the price by the appropriate forward points. Since such a price adjustment could be to the advantage or disadvantage of clients, depending on the position, he felt that a standard procedure would be desirable.

SFXC members agreed that there is no known standard and that a standard would be in the interest of the clients. However, views differed, on what this standard should be. Particularly among banks, it was not clear on what would be the best solution in this regard, as there are pros and cons for both approaches. There was agreement that the International Swaps and Derivatives Association (ISDA) could be a body well positioned to define and establish a standard.

5. Public consultation on pre-hedging by the European Securities and Markets Authority (ESMA)

Benjamin Anderegg informed that ESMA launched a [call for evidence on pre-hedging](#) from 29 July 2022 to 30 September 2022 to develop appropriate guidance in the context of Market Abuse Regulation (MAR) and MiFID/MIFIR. He added that the GFXC Chair contacted ESMA Executive Director to express the GFXC's interest in a mutual exchange based on the GFXC's previous work on this issue and the results ESMA has gained from its call for evidence on pre-hedging.

6. Miscellaneous

SFXC members did not raise any other business.

7. Next meeting

Some dates for the next SFXC meeting will be proposed once the date for the GFXC meeting has been fixed. At the next SFXC meeting, Ernst Lienhard will present on FX exposures of Swiss Re. This presentation was scheduled for today's meeting, but could not take place due to time constraints.