

Participants

Pawel Skala (ABB), Eric Vauthey (Banque Cantonale Vaudoise), Frank Rust (Bucher Industries), Jean-Marc Guillot (Edmond de Rothschild), Luca Luisoni (EFG Bank), G  elle Barlet (Fonds de compensation AVS/SI/APG), Walter Inauen (LGT Bank), Andr   Siegrist (Publica), Andr   Meyer (QCAM Currency Asset Management), C  dric Gumy (Suva), Benjamin Anderegg (SNB) Ernst Lienhard (Swiss Re), Andreas Keller (UBS), Bernd Roth (ZKB), Carlo K  lzer (360T Group/Deutsche B  rse Group)

Zurich, 7 December 2018

Swiss FX Committee
swissfxc@snb.ch

Excused

Alex Maillard (UBS)

Place and time

Zurich, 27 November 2018, 14:00h to 16:15h

Swiss FX Committee Minutes

1. Welcoming remarks

Marcel Zimmermann (Public Sector Co-Chair of the Swiss FX Committee) warmly welcomed the committee members to the inaugural meeting of the Swiss FX Committee (Swiss FXC). He expressed his satisfaction about the broad interest to join the committee and stated that he is looking forward to cooperating in a mutually beneficial way in this forum. How the committee will conduct its work is not yet firmly carved in stone, but will evolve over time under the guidance of its members.

2. Swiss FX Committee (Swiss FXC)

Terms of Reference: Marcel Zimmermann referred to the Terms of Reference (ToR), particularly the article regarding confidentiality and completion law was recalled. Andreas Keller from UBS introduced himself briefly. He joined the meeting to provide legal expertise on compliance matters if needed.

Introduction of member firms and members: The committee is characterized by a diverse set of market participants coming from an infrastructure provider (1), non-bank financial institutions and corporates (7) and banks (6). Three of the six banks label themselves as buy-side firms in the market. In addition to the 14 market participants from various parts of Switzerland and from Liechtenstein, the Swiss National Bank (SNB) is represented by two staff members. Each of the committee members briefly introduced themselves personally.

Secretariat and website, future meetings: The secretariat is run by the SNB. Barbara D  beli introduced herself and presented the website of the Swiss FXC and the procedure to determine the future meeting dates of the Swiss FXC. Marcel Zimmermann provided an overview of possible future presentations and topics of interest, based on inputs received from the members through their motivation letters. C  dric Gumy agreed to present Suva's FX approach at the next meeting. Due to its topical nature, members agreed to focus on the results

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of the 2019 BIS Triennial Survey for Switzerland/Liechtenstein. Another focus will lie on promoting the Code and monitoring adherence domestically in line with inputs received from the GFXC working groups to embed the Code with buy-side firms and in the market in general.

Election of the Private Sector Co-Chair: Ernst Lienhard from Swiss Re was unanimously elected until 2020. He already represented the private sector participants of the Swiss FX Roundtable, the informal structure preceding the Swiss FXC and as such attended the GFXC meetings in the past. He contributes to strengthening the buy-side representation in the GFXC.

3. Review of recent developments on the FX Global Code and the Global FX Committee (GFXC)

GFXC meeting in Johannesburg on 27 June 2018: Ernst Lienhard reported on the new leadership structure and the current GFXC membership (16 full members and, joining in Johannesburg, Georgia as the first associate member). Further, he informed about progress reached (example added to the Code to illustrate bad behaviour in pre-hedging activity) and the priorities set which are to continue with the work on the «Cover and Deal» trading arrangement and on «Disclosures and Transparency» and to establish two new working groups on «Buy-Side Outreach» and «Embedding the Code».

Update regarding Statements of Commitment (SoC) signed globally and in Switzerland/Liechtenstein: Eleven SoC by firms domiciled in Switzerland/Liechtenstein and an additional Swiss FXC member (360 T) are listed among the 563 entries shown in the Global Index of Public Register as per 20 November 2018. Further, four SoCs are known to the Swiss FXC but are not in a register. It was pointed out that a public demonstration would be advantageous.

Swiss FXC's feedback to the GFXC's notes on «Cover and Deal» and «Disclosure and Transparency»: The two notes under discussion to be published by the GFXC were summarized by Marcel Zimmermann. In light of the upcoming GFXC meeting in Paris on 29-30 November, members discussed the associated questions put forward by the authors of the notes. The committee members expressed an interest in publishing both documents after refinements have been done and stated that they will be a helpful step to increase engagement by market participants in general on these subjects.

4. Non-agenda items/Miscellaneous

Against the background of the agenda received for the GFXC meeting in Paris on 29-30 November, one additional issue was addressed that was not listed on the Swiss FXC agenda. For the GFXC discussion «Update on Global Reference Rate Reform and Potential Key Issues for the FX Swaps Market», members agree that FX swap pricing should be unaffected, if LIBOR falls away, as swap points are calculated continuously based on underlying yield curves. Products such as cross currency basis swaps, where reference rates are embedded, are affected by the LIBOR transition.

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Due to the lively discussions during the meeting, there was not enough time for the planned presentation on digitalization/automatization by Carlo Kölzer from 360T. This presentation has therefore been postponed. By general request, the future Swiss FXC agendas will include the item « Miscellaneous» to have the possibility to cover topics on an ad-hoc basis and to leave sufficient room for discussion.