

CANADIAN FOREIGN EXCHANGE COMMITTEE

# **Report on Activities**

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**2009**

# **Canadian Foreign Exchange Committee Report on Activities 2009**

The first section of this annual report contains a summary of the activities of the Canadian Foreign Exchange Committee (CFEC) in 2009. The ongoing activities of the CFEC and the historic role of the Committee in the foreign exchange market in Canada are described in an Annex to this report. Member lists and Documents of Objectives and Organization have also been included at the end of the report.

## **Recent Activities of the CFEC**

### **Market Developments and Policy Issues**

At the April 28<sup>th</sup> meeting, which was hosted by the member from Thomson Reuters, Nan Noonan of CLS Bank gave a presentation to the CFEC on the liquidity analysis and progress toward introducing a same-day settlement cycle in North America for same-day \$US/\$CAN trades. This analysis was based on data that was collected from the banks during the month of February. Ms. Noonan noted that there are a number of converging factors that favoured proceeding now. First, in light of the financial market turmoil over the past year, there is an increased focus on the importance of settlement risk. Second, there is a higher level of bank participation within CLS. And third, the Bank of Canada's temporary expansion of Tranche 1 eligible collateral within LVTS also helped.

Ms. Noonan reported that the CLS Treasurers Working Group, an advisory group to CLS Bank, was supportive of the move to introduce a same-day settlement cycle for same-day \$US/\$CAN trades, subject to an acceptable business case. The CFEC members were also very supportive of this CLS initiative. From the perspective of Canadian banks that have considerable activity in the \$US/\$CAN currency pair, a same-day settlement cycle is critical for meeting their business needs.

The September 30<sup>th</sup> meeting was hosted by RBC Capital Markets and their Co-head of Global Energy Research, Greg Pardy, gave his outlook for, and analysis of, crude oil prices.

Also at the September meeting, Simon Grensted, Simon Wheatley and Gavin Wells gave a presentation on the range of services provided by LCH.Clearnet, with a focus on the central counterparty (CCP) clearing services this company provides and the potential applications to foreign exchange markets. They underscored the advantages, in terms of managing counterparty risk, of a clearinghouse becoming the legal counterparty

to both sides of the trade, thereby assuming the counterparty risk and guaranteeing every trade.

The CFEC members noted how the foreign exchange market differs from many other markets in that it is global in nature and the most liquid market in the world. As a result, the Committee members were of the view that any regulatory response to the crisis should take into account the unique nature of foreign exchange markets and the fact that foreign exchange markets performed very well during the recent financial crisis.

### **Liaison with Other Foreign Exchange Committees**

The CFEC continued to participate in efforts to strengthen relations amongst the various foreign exchange committees globally. On December 2<sup>nd</sup>, representatives of the CFEC (Donna Howard, Barry Wainstein and Rob Ogrodnick) attended the third global meeting of foreign exchange committees (a meeting is being held every 18 months). This meeting was hosted by the Monetary Authority of Singapore and the Singapore Foreign Exchange Market Committee. There were representatives from eight foreign exchange committees in attendance (New York, London, ECB, Tokyo, Singapore, Hong Kong, Australia and Canada). The intent of these meetings is threefold: to improve communication and collaboration amongst the committees; to discuss committee initiatives and projects; and to exchange perspectives on developments and trends in the global foreign exchange market.

The December meeting began with a discussion of the London and New York papers on the functioning of the foreign exchange market. These papers were written in the context of how the foreign exchange market should position itself in light of regulatory changes that are occurring in the OTC derivatives market. The papers were intended as a primer to educate legislators, journalists and others who may not have an in-depth understanding of the foreign exchange market and how it functioned over the past period of financial turmoil.

There was also a presentation on the operational lessons learned from the bankruptcy of Lehman Brothers, based on a paper that had been written by the ECB FX Contact Group and Operations Managers Working Group. This analysis concluded that the Lehman bankruptcy proved that CLS is an effective measure to mitigate settlement risk. It was noted that CLS covers approximately 55% of the global foreign exchange market.<sup>1</sup> However, that means that some 45% of all foreign exchange turnover is still settled outside of CLS (not all parties settle through CLS, some currencies are not eligible for CLS, and same-day foreign exchange transactions do not currently settle through CLS). For that reason, it was recommended that individual institutions implement further settlement risk reduction measures, e.g., through the adoption of payment-versus-payment services such as CLS; and that industry groups encourage progress in using

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<sup>1</sup> "Progress in reducing foreign exchange settlement risk," Committee on Payments and Settlement Systems, Bank for International Systems, May 2008.

services like CLS, and in extending CLS to other currencies and same-day settlement. A final operational lesson from the demise of Lehman Brothers was that information and communication are crucial in crisis situations. This presentation was followed by a discussion that focused on the relative merits of the ISDA Credit Support Annexes (CSAs) and central counterparty clearing.

A representative of the Tokyo Committee spoke about some of the concerns they have in the large and highly leveraged retail sector of their foreign exchange market, including stop loss hunting and retail brokers who may have large unhedged positions that they are not covering in the interbank market. The general feeling was that there may be a regulatory gap in retail foreign exchange with respect to margin requirements, leverage limits etc. Finally, a representative of the Singapore Exchange (SGX) spoke about their plans to become a clearing hub in the region. Some foreign exchange products would be added to the clearinghouse that the SGX already operates for exchange-traded equities.

### **Working Group on the Functioning of the Canadian Foreign Exchange Market**

In November, the CFEC formed a Working Group to produce a paper on the functioning of the Canadian (wholesale) foreign exchange market, chaired by Carolyn Wilkins (see page 11 for a list of the Working Group members). This paper will assess the performance of the Canadian market during the recent period of financial turmoil, including the characteristics of the market that supported resiliency over the period as well as identifying the opportunities for improved resiliency. The Working Group is expected to report their findings to the CFEC in February 2010.

### **Organization and Membership**

The CFEC issues this Report on an annual basis to inform financial institutions that are active in the foreign exchange market about the Committee's activities and membership. Over the course of the year, updates on the activities of the Committee can be found on the CFEC's website ([www.cfec.ca](http://www.cfec.ca)) under the links to either the Announcements of the Committee or the Minutes of meetings. The website also contains an up-to-date membership list, information on foreign exchange volumes and rates, articles of interest to the foreign exchange community and links to the websites of other foreign exchange committees and organizations.

There were three membership changes on the Committee in 2009. Laurent Ferreira is the new member from the National Bank. (Richard Poirier will continue as the substitute member on the Committee.) Lynn Patterson has joined the CFEC from Bank of America Merrill Lynch. Finally, at the end of 2009, Evan Steed finished his term as the President of the FMAC. Blake Jespersen from BMO Capital Markets is the new President and he will represent the FMAC in that capacity on the CFEC.

The contributions of all the members on the CFEC and its subcommittees and working groups are greatly appreciated, as are the contributions of those who have left the Committee over the past year.

Donna Howard  
Chair  
Canadian Foreign Exchange Committee  
2009 Report on Activities

## **Annex on Ongoing Activities and Historic Role of the CFEC**

The Canadian Foreign Exchange Committee (CFEC) is composed of senior representatives from financial institutions actively involved in the foreign exchange market in Canada and the U.S. dollar/Canadian dollar market globally (see membership list on page 9). Formed in 1989, its objective is to provide a forum for the regular discussion of issues and developments pertinent to the foreign exchange market. This includes the review of market practices and procedures, and the promotion of professionalism and integrity in the industry. It also serves as a channel of communication between the foreign exchange market in Canada and other organizations and official institutions, both within Canada and abroad.<sup>2</sup>

Each meeting of the CFEC includes a Tour de table in which there is an exchange of views on foreign exchange and other financial market developments. It also acts as a forum for the Bank of Canada to obtain the views of representatives from the foreign exchange market on various issues and, similarly, for market participants to bring issues of concern to the attention of the Bank.

The CFEC has three standing subcommittees: the Canadian Committee for Professionalism (CCFP), the Operations Managers Working Group (OMWG) and the Membership Subcommittee (MSC). The work of the CCFP and the OMWG are described in this Annex. The role of the MSC can be found in the Document of Objectives and Organization for the CFEC which is attached to this report.

### **Canadian Committee for Professionalism**

The CCFP, which is sponsored jointly by the CFEC and the Financial Markets Association of Canada (FMAC), was inaugurated in 1993. This independent Committee reports regularly to the CFEC, and its guiding mission is to promote a high standard of professionalism and ethical conduct in the Canadian foreign exchange market. The Document of Organization for the CCFP, which can be found on pages 13-14 of this Report, was last updated in January 2007. A list of the members can be found on page 10.

Another objective of the CCFP is to arbitrate disputes, upon request, between two or more counterparties. While it is only on rare occasions that the CCFP has received any formal request for arbitration, the Committee has provided advice and direction on issues related to best market practices.

In 2006, the New York Chief Dealers Group, a working group of the Foreign Exchange Committee, proposed that a representative from the Canadian foreign exchange

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<sup>2</sup>The full document of Objectives and Organization, which was originally developed by the Committee in 1990, and was most recently revised in May 2003, can be found on pages 11-12.

community sit on their group. Ed Monaghan from RBC Capital Markets fulfilled this role in 2009.

### **ACI Model Code**

In 2001 the CFEC, along with the CCFP and the FMAC, adopted the *ACI Model Code* as the standard for best market practices in the Canadian foreign exchange market. The Model Code was first published in the year 2000 by ACI - The Financial Markets Association, the global umbrella organization of foreign exchange associations. It combined the recommendations for six pre-existing codes of conduct (those of New York, London, France, Singapore, Tokyo and the original ACI Code). The Code is kept current through updates that result from the regular review of the Code by the ACI Committee for Professionalism, a committee that includes Canadian representation (in 2009, Lynn Kennedy from BMO Capital Markets fulfilled this role). A link to the latest version of the *ACI Model Code* can be found at the CFEC website ([www.cfec.ca](http://www.cfec.ca)) under Announcements.

### **Operations Managers Working Group**

The OMWG was established in 2003. The purpose of this group is to focus on operational issues such as delivery or settlement problems, confirmation procedures and best practices, business continuity planning, SWIFT messaging issues, straight through processing and electronic confirmations etc. A list of the members can be found on page 10.

In 2004, the Canadian OMWG endorsed two best practices documents that are published by the New York Foreign Exchange Committee. The first publication, *Management of Operational Risk in Foreign Exchange*, recommends 60 best practices for financial institutions to use as a resource or checklist for when they regularly evaluate their policies and procedures to manage operational risk. The second publication, *Recommendations for Nondealer Participants*, is a condensed version of the 60 best practices that is geared towards nondealer participants who, while perhaps not as active in foreign exchange, could benefit from the recommendations. A link to these documents can be found on the CFEC website ([www.cfec.ca](http://www.cfec.ca)) under Announcements. Two members of the Canadian OMWG participate in the meetings of the New York OMWG.

### **Market Statistics**

#### **2010 Triennial Survey**

Preparatory work has been completed for the next triennial central bank survey of foreign exchange and derivatives market activity that will be conducted during the month of April 2010 for turnover data and as of June 30, 2010 for amounts outstanding.

## **Regular Derivatives Market Statistics**

Statistics on derivatives markets from approximately 60 major global dealers in the Group of 10 (G10) countries are collected regularly. Three Canadian financial institutions are participating in this reporting, and consolidated amounts outstanding were collected for the first time as of 30 June 1998 and have been collected every six months thereafter. The data collected covers foreign exchange, interest rate, equity and commodity derivatives, and credit default swaps. The BIS issues a press release with the aggregated global summary results of this survey after each reporting date.

## **CFEC Semi-annual Foreign Exchange Volume Survey**

A semi-annual survey (April and October) is conducted to track foreign exchange volumes for \$US/\$CAN as well as other currency pairs. It includes a table on the method of execution for foreign exchange trades, and counterparty definitions similar to those in the BIS triennial survey. In general, the new report is similar in nature to, but not directly comparable with, the triennial survey. It includes only the larger participants in the Canadian foreign exchange market whose volume accounts for most of the market. A number of other jurisdictions, including New York, London, Tokyo, Singapore and Australia, have adopted similar surveys. The Canadian semi-annual data are made available on the CFEC's website ([www.cfec.ca](http://www.cfec.ca)) a few months after the survey. It is jointly released with several other countries. The October 2009 data have been appended to this Report.

## **IFXCO, IFEMA and ICOM Master Agreements**

The CFEC has, in conjunction with the Foreign Exchange Committee of New York, the British Bankers' Association and the Tokyo Foreign Exchange Market Practices Committee, sponsored work on three Master Agreements: the International Foreign Exchange Master Agreement (IFEMA), the International Currency Options Market Master Agreement (ICOM), and the International Foreign Exchange and Options Master Agreement (FEOMA). In 1997, the CFEC, along with the above-noted committees, obtained legal opinions as to the enforceability and validity of the netting provisions of the updated IFEMA, ICOM and FEOMA Master Agreements in various jurisdictions including Canada. In 2004, the CFEC agreed to co-sponsor an updated master agreement known as the International Foreign Exchange and Currency Option (IFXCO) Master Agreement. IFXCO is based on the 1997 FEOMA agreement. Like FEOMA, IFXCO covers spot and forward foreign exchange transactions and currency options. An update on the legal opinion is obtained each year.



**Canadian Foreign Exchange Committee  
Membership, January 2010**

Donna Howard, Chief – Financial Markets Department (Chair)  
Bank of Canada, Ottawa

Harry Culham, Managing Director, Head of Fixed Income, Currencies & Distribution  
CIBC World Markets, Toronto

Jeff Feig, Managing Director  
Citigroup, New York

Laurent Ferreira, EVP & Managing Director  
National Bank of Canada, Montreal

Blake Jespersen, Director (President, FMAC, an ex officio post)  
BMO Capital Markets, Toronto

Mark Johnson, Managing Director (Chair, CCFP, an ex officio post)  
RBC Capital Markets, Toronto

Moti Jungreis, Managing Director & Global Head of Foreign Exchange  
TD Securities, London

Russell Lascale, Managing Director  
Deutsche Bank, Tokyo

Clifton Lee-Sing, Acting Chief  
Department of Finance, Ottawa

Jack Linker, Director  
Thomson Reuters America, New York

Brad Meredith, Executive Vice President  
HSBC Bank Canada, Toronto

Ed Monaghan, Global Head of Foreign Exchange  
RBC Capital Markets, London

John Nixon, Executive Director  
ICAP North America, Jersey City

Lynn Patterson, President & Country Head  
Bank of America Merrill Lynch, Toronto

Jamie Thorsen, Executive Managing Director  
BMO Capital Markets, Chicago

Barry Wainstein, Vice Chairman  
Scotia Capital, Toronto

John Walks, Senior Managing Director  
State Street Global Markets Canada, Toronto

Rob Ogrodnick, Senior Analyst (Secretary)  
Bank of Canada, Toronto

## **Other Committee Members January 2010**

### **Canadian Committee for Professionalism (CCFP)**

Mark Johnson (Chair)	RBC Capital Markets
Joe Barbaro	Thomson Reuters (Canada)
Chris Benham	CIBC World Markets
Blake Jespersen	President, FMAC (BMO Capital Markets)
Steve Kent	TD Securities
Brendan Luxton	Bank of Nova Scotia
Brad Meredith	HSBC Bank Canada
Tim Miles	ICAP Capital Markets Canada
Rob Ogrodnick	Bank of Canada
Carmen Perricone	State Street Canada
Richard Poirier	National Bank of Canada

### **Operations Managers Working Group (OMWG)**

Andy Sittambalam (Chair)	Scotiabank
Bebi Ali	HSBC Bank Canada
Becky Alush	CIBC World Markets
Laura Coward	Bank of Montreal
Anne Dumay	National Bank
Jean Napthine	RBC Capital Markets
Catherine Paquin	Laurentian Bank
Michael Rober	State Street Bank & Trust Co.
Matthew Savory	TD Securities
Rob Ogrodnick (Secretary)	Bank of Canada

### **CFEC Membership Subcommittee (MSC)**

Donna Howard (Chair)	Bank of Canada
Brad Meredith	HSBC Bank Canada
Jamie Thorsen	BMO Capital Markets
Barry Wainstein	Bank of Nova Scotia

**Working Group on the  
Functioning of the Canadian Foreign Exchange Market**

Carolyn Wilkins (Chair)  
Steve Boucouvalas  
Andrew Busch  
Steven Butler  
Jeff Feig  
Mark Johnson  
Moti Jungreis  
Rob Ogradnick  
Richard Poirier  
Duncan Rule  
Rhonda Staskow  
Harri Vikstedt

Bank of Canada  
HSBC Bank Canada  
BMO Capital Markets  
Scotia Capital  
Citigroup  
RBC Capital Markets  
TD Securities  
Bank of Canada  
National Bank  
CIBC World Markets  
Bank of Canada  
Bank of Canada

# CANADIAN FOREIGN EXCHANGE COMMITTEE

## Document of Objectives and Organization

May 2003

### I. Objectives

The objectives of the Committee are:

- to provide a forum for the regular exchange of views on foreign exchange market developments;
- to identify, analyse and comment on issues pertinent to the foreign exchange market;
- to review procedures, practices, and technical issues on the foreign exchange and related financial markets;
- to provide a channel for communication between the foreign exchange market in Canada and organizations and official institutions within Canada and abroad; and,
- to promote, to the community at large, the activities, decisions and views of the Committee, as representative of the Canadian foreign exchange market generally;

### II. Organization

1. The Committee is comprised of senior officers of institutions actively participating in the Canadian foreign exchange market and the Canadian dollar market globally.
2. The composition of the Committee is to reflect the interests of the major Canadian dollar market-making institutions in Canada and such other interests of the foreign exchange community as the standing Membership Subcommittee (as described below) believes will contribute positively to the ongoing work of the Committee. It shall include one representative each from the inter-dealer voice and electronic broking communities, the Department of Finance and the Bank of Canada. The Committee may also include up to two non-resident representatives from major Canadian dollar market-making institutions based outside of Canada.
3. The President of the Financial Markets Association of Canada and the Chairperson of the Canadian Committee for Professionalism, if they are not already members in their own right, are to be non-voting, ex-officio members.
4. An officer of the Bank of Canada will serve as Secretary to the Committee.

5. The Committee will not exceed 16 voting members, excluding the Secretary. A quorum is two-thirds of voting members. Members each have one vote. The Chair votes only in the case of a tie. Members appoint substitutes, from their own organizations, to attend on their behalf on an exceptional basis. Substitutes are to be considered possible candidates for future membership.
6. Initially, one third of the members will serve a term of three years, one third for a term of two years, and a final third for one year. Thereafter, each member will normally serve for a term of three years, although membership will remain, at all times, at the pleasure of the Committee. For consistency, all terms will be deemed to end on April 30.
7. Members serve on the Committee as individuals, to reflect the broader interests of the foreign exchange market, rather than that of the firm which employs them.
8. The Chair of the Committee is elected by and from the current members of the Committee, for a term determined by the Committee. The standing Membership Subcommittee (see below) recommends appropriate candidates for this position.
9. The Committee meets three times each year, or more frequently, as required. At each meeting, the date and location of the next meeting are decided by those present.
10. A standing Membership Subcommittee, consisting of a Chairperson, who is the member from the Bank of Canada, and three other members, as determined by the full Committee, identifies and proposes individuals for membership, based on their personal stature, breadth of experience and anticipated ability to contribute to the work of the Committee. The three other member positions serve a term of three years, with each one expiring in a different year on April 30.
11. The Committee may form ad hoc subcommittees, chaired by any of its members, to study specific issues. Outside participants may be invited to serve on such subcommittees.
12. The Committee will issue an Annual Report of its Activities, to be sent to all financial institutions in Canada known to be active in the foreign exchange market, informing them of the Committee's activities and membership.
13. The Secretary prepares and circulates a notice and the minutes of each meeting to all members and their substitutes.

**CANADIAN COMMITTEE FOR PROFESSIONALISM**  
**Document of Organization**  
**January 2007**

The Canadian Foreign Exchange Committee (CFEC) and the Financial Markets Association of Canada (FMAC) are joint sponsors of an independent Canadian Committee for Professionalism (CCFP), formed in 1993.

**Mission Statement:**

To promote a high standard of professionalism and ethical conduct in the Canadian foreign exchange markets.

**Objectives:**

1. To *advocate* the continuing improvement of market practices to enhance the self-regulatory nature of the foreign exchange markets in Canada.
2. To provide *educational* vehicles which foster the understanding of the foreign exchange markets and related financial markets, in practice and theory.
3. To *arbitrate* disputes, upon request, between two or more members of the community or the institutions they represent.
4. To *communicate* with foreign exchange market professionals, and related trade associations, on matters relating to market practices and ethical conduct.

**Committee Members:**

The Committee is composed of a maximum of thirteen individuals who will be invited to join the CCFP at the request of the CFEC and FMAC, for a term of two years, with half the sitting Committee being present making a quorum, as follows:

1. The Chairperson of the CFEC or his/her designate.
2. The President of FMAC or his/her designate.
3. One member representing each of the major Canadian dollar market-making institutions in Canada.
4. One representative each from the Montreal foreign exchange community, the inter-dealer voice broker association, the inter-dealer electronic broking community, the foreign bank sector and the Bank of Canada.

Each individual on the Committee may satisfy one or more of the above requirements. A minimum of two members on the Committee should also be sitting members on the CFEC. All the members should have a broad knowledge of the foreign exchange markets in Canada, sufficient stature in the community to engender respect, and an anticipated ability to contribute to the work of the Committee. Traditionally the past President of FMAC has been asked to chair the Committee. If that is not possible, the Committee will select a Chairperson from its membership.

**Committee Procedures:**

1. The Committee will meet at the Chair's request. The format of the meeting will be informal, and the Committee will report to the CFEC on a regular basis. Any recommendation or issue paper prepared by the Committee will be presented for discussion at the CFEC before distribution and public disclosure.
2. The Committee will use FMAC as a vehicle to distribute information to the market.

# THE CANADIAN FOREIGN EXCHANGE COMMITTEE LE COMITÉ CANADIEN DU MARCHÉ DES CHANGES

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## CFEC Releases Results of October 2009 Foreign Exchange Volume Survey

**January 25, 2010** - The Canadian Foreign Exchange Committee (CFEC) released today the results of its October 2009 semi-annual survey of foreign exchange volumes in Canada. The purpose of the survey is to provide information on the size and structure of the foreign exchange and foreign exchange derivatives market in Canada. Volumes are broken down by product, currency, counterparty, maturity and execution method. The eight banks with the largest foreign exchange activity in Canada participate.

The survey is similar in nature to the Bank for International Settlements' (BIS) Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. However, the two surveys may not be directly comparable because of some differences in reporting methodology. Most importantly, in the CFEC survey the basis for reporting is the location of the trading desk in Canada, i.e., it includes all transactions that are priced and executed by traders in Canada. In contrast, in the global BIS survey the basis for reporting is the location of the sales desk of any trade.<sup>3</sup>

The summary highlights of the October 2009 survey include the following:

- The monthly turnover in October of traditional foreign exchange products (defined as spot transactions, outright forwards and foreign exchange swaps) totaled US\$ 1.26 trillion. On an average daily basis, total turnover increased by 6.2% from US\$ 56.4 billion in April 2009 to US\$ 59.9 billion in October.
- On an average daily basis in October, spot and foreign exchange swap volumes increased by 15% and 5% respectively compared with the month of April 2009. In contrast, outright forward turnover declined by 5% from April to October.
- Compared with the survey one year ago, on an annual basis the average daily turnover of traditional foreign exchange products fell by 9.8%. Although volumes were higher than in April, October was the second lowest semi-annual survey volume over the last five surveys, with volumes having peaked in October 2008.
- The average daily turnover of foreign exchange derivatives (currency swaps and options) totaled US\$ 2.2 billion, largely unchanged on an average daily basis from the survey six months ago. However, looking at individual products on an average daily basis, currency swaps fell by 19% from April whereas options rose by almost 11%.

The detailed results of the survey are presented in the summary tables attached.

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<sup>3</sup> Where no sales desk is involved in a transaction, for example in an interbank deal, volumes are based on the trading desk.



The CFEC is an industry group composed of senior representatives from financial institutions actively involved in the foreign exchange market in Canada and the U.S. dollar/Canadian dollar market globally. Formed in 1989, its objective is to provide a forum for the regular discussion of issues and developments pertinent to the foreign exchange market. This includes the review of market practices and procedures, and the promotion of professionalism and integrity in the industry. The Bank of Canada chairs the CFEC and provides secretariat services to the Committee.

The Bank of Canada also co-ordinates the CFEC survey on behalf of the market participants. The eight banks that participate in the survey are:

- Bank of Nova Scotia
- BMO Capital Markets
- CIBC World Markets
- HSBC Bank Canada
- National Bank of Canada
- RBC Capital Markets
- State Street (Canada)
- TD Securities

Globally, a number of other foreign exchange committees conduct similar surveys and they are also releasing their results today on their websites. These include the (London) Foreign Exchange Joint Standing Committee, the (New York) Foreign Exchange Committee, the Singapore Foreign Exchange Market Committee and the Australian Foreign Exchange Committee. Links to the websites of the other foreign exchange committees can be found on the CFEC website ([www.cfec.ca](http://www.cfec.ca)). Alternatively, the direct links to their survey results are provided below:

<http://www.bankofengland.co.uk/markets/forex/fxjsc/index.htm>

<http://www.newyorkfed.org/fxc/volumesurvey/>

<http://www.sfemc.org/statistics.asp>

[http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2009/Oct\\_2009/index.html](http://www.rba.gov.au/AFXC/Statistics/FXTurnoverReports/2009/Oct_2009/index.html)

**The Canadian Foreign Exchange Committee**  
**Semi-annual Foreign Exchange Volume Survey**  
October, 2009

**Summary Tables**



January 25, 2010

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**Table 1: Traditional foreign exchange turnover in Canada**  
**Summary of surveys**  
**Billions of U.S. dollars**

	Traditional foreign exchange turnover				Number of business days	Average total daily turnover	Per cent change
	Spot	Outright forwards	FX swaps	Total			
Oct. 2005	223.8	60.9	685.5	970.2	20	48.5	
Apr. 2006	235.4	61.1	703.6	1000.1	19	52.6	8.5
Oct. 2006	238.9	63.3	732.0	1034.1	21	49.2	-6.4
Apr. 2007	236.5	73.8	756.0	1066.2	20	53.3	8.3
Oct. 2007	326.5	88.0	1023.9	1438.4	22	65.4	22.7
Apr. 2008	375.0	110.3	913.0	1398.3	22	63.6	-2.8
Oct. 2008	401.9	185.3	873.3	1460.4	22	66.4	4.4
Apr. 2009	270.0	115.5	798.6	1184.1	21	56.4	-15.1
Oct. 2009	309.9	109.5	838.6	1258.1	21	59.9	6.2

**Table 2: Over-the-counter (OTC) derivatives market turnover in Canada**  
**Summary of surveys**  
**Billions of U.S. dollars**

	Foreign exchange			Number of business days	Average total daily turnover	Per cent change
	Currency swaps	Options	Total			
Oct. 2005	24.6	55.2	79.8	20	4.0	
Apr. 2006	27.6	28.0	55.6	19	2.9	-27.5
Oct. 2006	18.5	25.5	44.0	21	2.1	-27.6
Apr. 2007	22.6	36.4	59.1	20	3.0	42.9
Oct. 2007	24.0	44.2	68.1	22	3.1	3.3
Apr. 2008	23.3	35.6	58.9	22	2.7	-12.9
Oct. 2008	21.1	39.0	60.1	22	2.7	0.0
Apr. 2009	21.8	25.3	47.1	21	2.2	-18.5
Oct. 2009	17.7	28.0	45.7	21	2.2	0.0

**Table 3: Total reported foreign exchange turnover in Canada**

Millions of U.S. dollars

Instrument and counterparty	Canadian dollar against U.S. dollar			U.S. dollar against currencies other than the Canadian dollar			Canadian dollar against currencies other than the U.S. dollar			All other currency pairs			All currencies		
	Apr-09	Oct-09	Per cent growth	Apr-09	Oct-09	Per cent growth	Apr-09	Oct-09	Per cent growth	Apr-09	Oct-09	Per cent growth	Apr-09	Oct-09	Per cent growth
<b>Spot</b>	139,903	155,316	11	104,609	123,459	18	11,456	13,565	18	14,021	17,559	25	269,988	309,897	15
Reporting dealers	19895	9021	-55	7,447	2,398	-68	58	66	13	337	141	-58	27,736	11,624	-58
Other dealers	83,758	98,739	18	87,110	111,732	28	5,651	7,607	35	13,114	16,414	25	189,633	234,492	24
Other financial	13,543	20,727	53	6,686	5,440	-19	3,677	3,664	0	314	695	121	24,220	30,526	26
Non-financial	22,707	26,829	18	3,366	3,889	16	2,070	2,228	8	256	309	21	28,399	33,255	17
<b>Outright forwards</b>	52,169	51,710	-1	43,325	40,517	-6	16,269	14,262	-12	3,766	3,026	-20	115,529	109,514	-5
Reporting dealers	5,543	404	-93	348	966	177	64	136	114	20	74	268	5,975	1,579	-74
Other dealers	7,821	7,659	-2	28,706	29,356	2	2,113	2,290	8	3,043	1,874	-38	41,683	41,179	-1
Other financial	21,049	27,680	32	8,898	7,870	-12	12,158	10,754	-12	617	853	38	42,722	47,157	10
Non-financial	17,756	15,967	-10	5,373	2,325	-57	1,934	1,082	-44	86	225	162	25,149	19,599	-22
<b>FX swaps</b>	524,182	566,123	8	249,427	254,570	2	21,876	15,938	-27	3,085	2,013	-35	798,568	838,644	5
Reporting dealers	117,291	92,856	-21	18,567	6,891	-63	392	7	-98	13	77	470	136,262	99,831	-27
Other dealers	325,289	393,829	21	202,946	228,444	13	4,882	3,564	-27	1,369	221	-84	534,486	626,058	17
Other financial	53,041	47,032	-11	21,307	14,283	-33	10,851	9,770	-10	466	1,044	124	85,665	72,129	-16
Non-financial	28,561	32,406	13	6,607	4,952	-25	5,751	2,597	-55	1,236	671	-46	42,155	40,626	-4
<b>Total dealers</b>	559,596	602,507	8	345,123	379,786	10	13,159	13,670	4	17,896	18,800	5	935,774	1,014,763	8
Reporting	142,728	102,280	-28	26,361	10,254	-61	513	209	-59	370	291	-21	169,972	113,034	-33
Other	416,868	500,227	20	318,762	369,532	16	12,646	13,461	6	17,526	18,509	6	765,802	901,729	18
<b>Total customers</b>	156,657	170,641	9	52,237	38,759	-26	36,441	30,095	-17	2,975	3,797	28	248,310	243,292	-2
Financial	87,633	95,439	9	36,891	27,593	-25	26,686	24,188	-9	1,397	2,592	86	152,607	149,812	-2
Non-financial	69,024	75,202	9	15,346	11,166	-27	9,755	5,907	-39	1,578	1,205	-24	95,703	93,480	-2
<b>Total turnover</b>	716,253	773,148	8	397,360	418,545	5	49,600	43,765	-12	20,871	22,597	8	1,184,084	1,258,055	6
<i>Currency swaps</i>	14,842	13,993	-6	6,139	3,121	-49	489	318	-35	747	378	-49	21,849	17,695	-19
<i>OTC options</i>	14,927	16,703	12	10,388	12,695	22	916	3,150	244	2,017	516	-74	25,293	27,970	11

**Table 4: Reported traditional foreign exchange turnover in Canada by instrument and by counterparty**  
**Summary of surveys**  
**Billions of U.S. dollars (and percent shares)**

	Instrument						Counterparty							
							Dealers				Customers			
	Spot		Outright forwards		Foreign exchange swaps		Reporting		Other		Financial		Non-financial	
Oct-05	224	(23.1)	61	(6.3)	685	(70.7)	96	(9.9)	658	(67.8)	118	(12.1)	99	(10.2)
Apr-06	235	(23.5)	61	(6.1)	704	(70.4)	102	(10.2)	705	(70.5)	115	(11.5)	77	(7.7)
Oct-06	239	(23.1)	63	(6.1)	732	(70.8)	100	(9.6)	710	(68.7)	138	(13.3)	87	(8.4)
Apr-07	236	(22.2)	74	(6.9)	756	(70.9)	94	(8.8)	698	(65.5)	166	(15.5)	109	(10.2)
Oct-07	326	(22.7)	88	(6.1)	1024	(71.2)	92	(6.4)	1024	(71.2)	181	(12.6)	141	(9.8)
Apr-08	375	(26.8)	110	(7.9)	913	(65.3)	154	(11.0)	940	(67.2)	192	(13.8)	112	(8.0)
Oct-08	402	(27.5)	185	(12.7)	873	(59.8)	155	(10.6)	889	(60.9)	266	(18.2)	151	(10.3)
Apr-09	270	(22.8)	116	(9.8)	799	(67.4)	170	(14.4)	766	(64.7)	153	(12.9)	96	(8.1)
Oct-09	310	(24.6)	110	(8.7)	839	(66.7)	113	(9.0)	902	(71.7)	150	(11.9)	93	(7.4)

**Table 5: Currency distribution of traditional  
foreign exchange market turnover in Canada**  
Summary of surveys  
Percent shares

<b>Currency</b>	<b>October 2005</b>	<b>April 2006</b>	<b>October 2006</b>	<b>April 2007</b>	<b>October 2007</b>	<b>April 2008</b>	<b>October 2008</b>	<b>April 2009</b>	<b>October 2009</b>
U.S. dollar	96.1	95.6	95.7	94.8	95.4	95.4	93.7	94.0	96.0
Canadian dollar	59.5	59.9	63.9	63.4	72.0	71.2	67.0	64.7	65.8
Euro	14.0	11.9	11.6	12.2	9.8	10.8	11.8	15.9	13.9
U.K. pound	5.8	5.9	6.3	7.2	6.1	5.0	5.0	5.9	7.3
Japanese yen	7.8	6.8	5.3	5.8	4.3	4.3	5.4	4.3	3.8
Australian dollar	3.6	5.3	5.7	3.6	2.6	2.8	2.0	1.8	2.7
Swiss franc	5.8	2.8	1.7	2.9	1.5	1.6	1.1	1.3	1.0
Other currencies	7.4	11.9	9.9	10.1	8.4	9.0	14.0	12.0	9.5
All currencies[1]	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0

(1) Since every foreign exchange transaction involves two currencies, the reporting of all currencies necessarily sums to 200 per cent.

**Table 6: Reported foreign exchange market turnover in Canada by maturity<sup>a</sup>**  
Millions of U.S. dollars

Instrument	April-07		October-07		April-08		October-08		April-09		October-09	
	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share	Amount	% share
<b>Outright forwards</b>												
Up to 1 month	39,657	50.7	44,800	49.7	45,817	40.6	80,421	42.0	60,763	50.0	51,985	46.8
1 month to 1 year	36,874	47.1	41,595	46.1	61,957	54.9	104,077	54.4	55,120	45.4	52,197	47
More than 1 year	1,684	2.2	3,785	4.2	4,991	4.4	6,852	3.6	5,618	4.6	6,920	6.2
<b>Total</b>	<b>78,215</b>	<b>100.0</b>	<b>90,179</b>	<b>100.0</b>	<b>112,764</b>	<b>100.0</b>	<b>191,349</b>	<b>100.0</b>	<b>121,501</b>	<b>100.0</b>	<b>111,102</b>	<b>100.0</b>
<b>Foreign exchange swaps</b>												
Up to 1 month	670,283	81.8	872,910	79.7	789,189	79.7	736,124	75.6	718,697	76.9	762,941	81.3
1 month to 1 year	143,605	17.5	214,868	19.6	192,035	19.4	229,050	23.5	206,097	22.0	161,589	17.2
More than 1 year	6,017	0.7	7,562	0.7	9,125	0.9	8,926	0.9	7,848	0.8	13,945	1.5
<b>Total</b>	<b>819,906</b>	<b>100.0</b>	<b>1,095,341</b>	<b>100.0</b>	<b>990,350</b>	<b>100.0</b>	<b>974,100</b>	<b>100.0</b>	<b>932,642</b>	<b>99.8</b>	<b>938,475</b>	<b>100.0</b>
<b>OTC options</b>												
Up to 1 month	20,336	46.4	29,176	54.3	18,561	41.3	13,524	28.5	15,603	48.3	16,806	42.5
1 month to 6 months	19,960	45.6	18,586	34.6	17,692	39.4	21,230	44.7	11,764	36.4	10,977	27.8
Over 6 months	3,507	8.0	6,011	11.2	8,664	19.3	12,741	26.8	4,936	15.3	11,720	29.7
<b>Total</b>	<b>43,803</b>	<b>100.0</b>	<b>53,773</b>	<b>100.0</b>	<b>44,917</b>	<b>100.0</b>	<b>47,495</b>	<b>100.0</b>	<b>32,303</b>	<b>100.0</b>	<b>39,503</b>	<b>100.0</b>

a. Not adjusted for local double counting.



**Table 7: Execution methods**  
**Percent shares**  
**October 2009**

Classification	Execution Methods Primarily for Dealers			Execution Methods Primarily for Customers			TOTAL
	Dealer Direct	Electronic Broking	Voice Broking	Customer Direct	Single-bank Proprietary Platforms	Multi-bank Dealing Systems	
<b>By Currency Pair:</b>							
<b>Canadian Dollar against</b>							
USD	40	24	18	14	2	2	100
Other	27	8	1	51	3	11	100
<b>U.S. Dollar against</b>							
EUR	21	52	13	11	1	2	100
JPY	20	54	12	10	2	1	100
GBP	15	71	4	7	2	2	100
<b>Total Currency Pairs</b>	35	32	15	14	1	2	100

<b>By Instrument:</b>							
Spot	19	44	14	19	3	2	100
Outright forwards	26	9	3	48	4	10	100
Foreign exchange swaps	41	31	17	9	0	2	100
Cross currency swaps	68	6	5	21	0	0	100
Options	48	35	1	10	5	0	100
<b>Total Instruments</b>	35	32	15	14	1	2	100

<b>By Counterparty:</b>							
With reporting dealers	60	30	10	0	0	0	100
With other dealers	38	41	20	0	1	0	100
With other financial institutions	0	1	2	76	5	16	100
With non-financial customers	0	0	0	90	6	4	100
<b>Total Counterparties</b>	35	32	15	14	1	2	100