

Minutes of the Canadian Foreign Exchange Committee Meeting #66

**Held at 12:30 p.m., Tuesday, February 12, 2008
Toronto**

Present: Sean Allinson, TD Securities (substitute)
Firas Askari, BMO Capital Markets (substitute)
Joe Barbaro, Reuters Canada (substitute)
Steve Boucouvalas, HSBC Bank Canada (substitute)
Craig Ellis, CIBC World Markets
Jeff Feig, Citigroup
Sharon Grewal, Chair - CCFP
Russell Lascala, Deutsche Bank
Clifton Lee-Sing, Department of Finance
Tim Miles, ICAP Capital Markets Canada
Ed Monaghan, RBC Capital Markets (substitute)
Richard Poirier, National Bank (substitute)
Barry Wainstein, Scotia Capital
John Walks, State Street Canada
George Pickering, Bank of Canada (Chair)
William Barker, Bank of Canada
Rob Ogrodnick, Bank of Canada (Secretary)

Regrets: Moti Jungreis, TD Securities
Jack Linker, Reuters America
Brad Meredith, HSBC Bank Canada
Harry Samuel, RBC Capital Markets
Evan Steed, President, FMAC
Jamie Thorsen, BMO Capital Markets

66.1 Adoption of Agenda

The Committee adopted the agenda, as written.

66.2 Discussion of Trends in Retail Foreign Exchange

Michael Stumm, CEO of Oanda Corporation, gave a presentation to the CFEC on the changing nature of FX trading for retail customers. Oanda is an internet-based provider of FX services to the retail market. Its trading platform is available for trading 24/7 and is fully automated end-to-end, allowing for efficient execution and instant confirmation and settlement. Margins have been reduced significantly in the retail

sector as electronic trading has grown. Although the average ticket size is small, he reported that retail FX is a large and rapidly growing segment of the FX market (estimated at about 10% of the global FX spot market). A lively discussion followed and Mr. Stumm was thanked for his presentation.

66.3 Tour de table - Recent Market Developments

The Tour de table is not reported in the minutes.

66.4 Authorization Letters

After the last meeting, a draft of what was to be a standardized, industry-endorsed letter that could be used to respond to clients that issue authorization letters was circulated for review. There were no changes to the letter, and banks may use the letter and respond to this issue as they see fit.

Rob Ogrodnick reported that the Bank of Canada had received a call from a company who said that his bank was telling him that the Bank of Canada had endorsed the recommendation on authorization letters. This is, in fact, an industry initiative and is an issue between a bank and its client, as is evident in the list of signatories to the letter on authorization letters on the CFEC website.

66.5 Report of the Committee for Professionalism

Education - Sharon Grewal reported that the two three-day courses on the ACI Operations Certificate and Dealing Certificate have been postponed from February to September. As well, an ACI Dealing Simulation course will be held in New York in July.

ACI Congress - Ms. Grewal also reminded the Committee members about the upcoming ACI World Congress which will be hosted in Vienna at the end of May.

Family Day - The Province of Ontario recently declared a new holiday - Family Day - that will take place for the first time on February 18, 2008. A number of market participants had been receiving calls from counterparties in the Canadian FX and money markets as well as from international banks on how settlement will work in the money and FX markets in Canada on that day.

In order to provide some clarification, Ms. Grewal proposed that a statement be released on this issue, to be signed by the Chairs of the CFEC, the Operations Managers Working Group (OMWG), the Canadian Committee for Professionalism (CCFP) and the President of the Financial Markets Association of Canada (FMAC). A draft letter was circulated to the CFEC and OMWG members prior to the meeting, and the CFEC decided that it would be worthwhile to release a statement clarifying this issue.

{Secretary's Note: A letter on Canadian Dollar Settlements and the new February 18th Ontario holiday "Family Day" was posted on the CFEC website the day after the meeting and was circulated globally by Sharon Grewal through the ACI.}

66.6 Global Meeting of FX Committees

The Chair reported that a global meeting of FX committees will be held on April 2nd in London. The draft agenda for the meeting will be circulated to the members. As well, a long-standing industry member of the CFEC will be approached to represent Canada along with the Chair and Secretary.

66.7 Other Business

It was reported that the Fall meeting date for the CFEC (October 2nd) had been set prior to our knowledge that the New York FXC has also scheduled a meeting on that date (and three CFEC members sit on the FXC). Therefore, in order to avoid this double-booking, we will try to re-schedule the October meeting.

66.8 Next Meeting

The next meeting will be held on May 22nd in Toronto and will be hosted by the Bank of Montreal.