

# **Minutes of the Canadian Foreign Exchange Committee Meeting #93**

**Held at 11:00 a.m., Monday, 18 September 2017  
Ottawa**

Present: Firas Askari, BMO Capital Markets (substitute)  
Glenn Crotty, BAML  
Greg DeBienne, TD Securities (substitute)  
Darryl Hooker, NEX Group  
Bill Kellett, Scotiabank  
Dino Kos, CLS Bank (guest)  
Simon Labrosse, National Bank Financial  
Scott Lampard, HSBC Bank Canada  
Russell Lascala, Deutsche Bank  
Arden Majewski, CIBC World Markets  
Mervin Merkowsky, Department of Finance  
Ed Monaghan, RBC Capital Markets  
Gaétan Reid, State Street Global Markets  
Paul Chilcott, Bank of Canada (Chair)  
Harri Vikstedt, Bank of Canada  
Zahir Antia, Bank of Canada  
Rob Ogrodnick, Bank of Canada (Secretary)

Regrets: C.J. Gavsie, BMO Capital Markets  
Michael Twaits, TD Securities

The meeting was hosted at the Bank of Canada in Ottawa.

## **93.1 Adoption of Agenda**

The Committee adopted the agenda, as written. Scott Lampard attended his first meeting.

## **93.2 Report from the Membership Subcommittee**

On behalf of the Membership Subcommittee (MSC)<sup>1</sup>, Paul Chilcott reported on the following membership decisions:

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<sup>1</sup> The MSC includes Paul Chilcott (Chair), CJ Gavsie, Simon Labrosse and Ed Monaghan.

- Bill Kellett is the new member from Scotiabank, replacing Camilla Sutton;
- Scott Lampard from HSBC Bank Canada has replaced Jason Henderson;
- Andrew Grosso from Citigroup has stepped down from the Committee;
- The terms of several institutions that had expired have been renewed for a three-year term ending on April 30, 2020 (Deutsche Bank, HSBC Canada, NEX Group and Scotiabank); and
- The MSC will meet to confirm the buy-side participants that will be invited to join the Committee in advance of the first meeting of 2018.

The Committee approved CFEC's revised Document of Objectives and Organization. The document has been updated to include the upcoming addition of buy-side participants, the FX Global Code, and to be more in-line with similar documents from other FX committees. The updated document has been posted on the CFEC website.

### **93.3 GFXC Meetings**

The last Global Foreign Exchange Committee (GFXC) meeting was held on May 24<sup>th</sup> and the minutes can be found on the Minutes page of the [CFEC website](#). The CFEC members had brief discussions on the timing of signing of the Statement of Commitment and the upcoming survey on the FX Global Code. Members were reminded that any submissions on last look are due on September 21, and that these will be published ahead of the next GFXC meeting on November 14.

### **93.4 Tour de table – FX, Financial and Economic Developments**

The discussion on current financial market and economic developments is not reported in the minutes.

### **93.5 CLS Update**

Dino Kos, Head of Global Regulatory Affairs at CLS Bank, updated the Committee on developments at CLS, focusing on several strategic priorities:

- CLS collaborated with TriOptima in the launch of their triReduce CLS Forward FX Compression service in October 2015. Through July of 2017, USD 2.5 trillion in gross notional has been compressed due to this service.

- CLS has developed a separate CCP (central counterparty) Service to settle cleared OTC derivatives, providing a net payment-versus-payment (PvP) settlement system for deliverable FX transactions. CLS is working with LCH and Eurex Clearing on their participation in the service.
- In September 2016, CLS announced their intention to develop a standardized, automated, bilateral payment netting service (CLSNet) for FX trades not currently settling in CLS. Participants will be able to submit FX instructions to CLSNet for many products in more than 140 currencies. The service is targeted for deliver in April 2018 and will be open to both sell-side and buy-side participants.
- CLS Now would provide for the same-day PvP settlement of FX trades on a gross basis, which means that same-day trades would be settled on a trade-by-trade basis throughout the day. This service is designed to mitigate risk and provide a means to optimize available cross-border liquidity; the new service will also replace the existing same-day settlement (SDS) service. CLS Now is targeted to go live in October 2018 for USD, EUR, GBP, CHF and CAD. The Americas SDS session would be decommissioned by March 2019.

In addition, Mr. Kos reported that CLS has signed the Statement of Commitment to the FX Global Code, indicating that CLS intends to conduct its activities in a manner consistent with the principles of the Code. CLS has also launched a public register that enables their settlement members to publish a copy of their Statement of Commitment on the CLS website. The register will enable CLS members to demonstrate their commitment to adopting the principles set forth in the Global Code, as well as help interested parties identify CLS members that have taken these steps.

### **93.6 Other Business**

The Bank of Canada will be meeting with representatives of the China Foreign Exchange Trade System and the China FX Committee on September 20. The CFEC members were invited to join.

**Next CFEC Meeting:** Schedule for 2018 is to be determined

After the CFEC meeting, the Committee members had a luncheon meeting with senior officials from the Bank of Canada.