

**Minutes of the Canadian Foreign Exchange Committee
Meeting #90**

**Held at 12:15 p.m., Thursday, 2 June 2016
Toronto**

- Present: Glenn Crotty, BAML
Paul Galbraith, HSBC Bank Canada (substitute)
C.J. Gavsie, BMO Capital Markets
Darryl Hooker, EBS/ICAP (substitute)
Simon Labrosse, National Bank Financial
Jack Linker, Thomson Reuters
Mervin Merkowsky, Department of Finance
Gaétan Reid, State Street Global Markets (substitute)
Duncan Rule, CIBC World Markets (substitute)
Philippe Savoy, RBC Capital Markets (substitute)
Camilla Sutton, Scotiabank
Michael Twaits, TD Securities (substitute)
Miro Vucetic, Deutsche Bank (substitute)
Paul Chilcott, Bank of Canada (Chair)
Harri Vikstedt, Bank of Canada
Rob Ogrodnick, Bank of Canada (Secretary)
- Regrets: Andrew Grosso, Citibank
Jason Henderson, HSBC Bank Canada
Moti Jungreis, TD Bank
Russell Lascala, Deutsche Bank
Arden Majewski, CIBC World Markets
Gil Mandelzis, EBS Dealing Resources
Ed Monaghan, RBC Capital Markets

The meeting was hosted at BMO Capital Markets.

90.1 Adoption of Agenda

The Committee adopted the agenda, as written.

90.2 Tour de table – FX, Financial and Economic Developments

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

90.3 Report on May 25 Global FXC Meeting in New York

Paul Chilcott reported on the global meeting of FX committees that was held in New York on May 25th.¹ The meeting was attended by representatives of the eight FX committees as well as representatives from a number of other countries who are involved in the FX Working Group on the FX Global Code. All eight FX committees confirmed their support for the Phase 1 release of the Code, and there was a discussion on the drafting process for Phase 2 and on promoting adherence. Presentations and discussions at the meeting included Phase 2 topics on electronic trading and prime brokerage, and also FX market liquidity. There was a preliminary discussion on the global FXC structure and updates from the individual FX committees on their recent activities and priorities. {Secretary's Note: The minutes of the global meeting have been posted on the Minutes page of the CFEC website.}

90.4 Transition away from Bank of Canada Reference Rates

As announced by the Bank of Canada on February 16th, and mentioned at the last CFEC meeting, changes will be made to the Bank of Canada's published FX rates effective 1 March 2017. The Bank will reduce the number of currencies it publishes to approximately 25. Only one foreign exchange rate per currency pair will be published, at 4:30pm (ET), based on a new calculation methodology which will broadly reflect the average exchange rate observed through the Canadian business day, rather than a single point in time. Further details will be released in the fourth quarter of 2016. These changes reinforce the distinction between FX rate fixings used as benchmarks for transactional purposes and Bank of Canada exchange rates that are provided as a public good for statistical, analytical and informational purposes only.

The members noted that they will need to transition away from using the Bank of Canada's FX rates to other more suitable FX benchmarks for transactional purposes. This will apply to both all new contracts and any existing contracts that mature after 1 March 2017, which will require amendments to their existing documentation or contracts. Members expressed an interest in having a greater understanding of both the calculation methodology used and the business approach of the potential alternative FX benchmark provider.

90.5 Next CFEC Meeting

29 September 2016 in Toronto

¹ CFEC was represented by Paul Chilcott, Ed Monaghan and Rob Ogrodnick. Russell Lascale also attended the meeting as a member of the Market Participants Group (MPG) that is working with the FXWG on the Global Code.