



SCANDINAVIAN FX COMMITTEE, MINUTES

Tuesday, September 26th, 10:00 – 12:00 CET

Location: Teams (video)

Attendees:

Kim Winding Larsen	ACI FMA
Thomas Bengtsson	ATP
Niko Herrala	Bank of Finland
Jason Need	Bloomberg
Michal Nielsen	Danmarks Nationalbank
Christian Törnqvist	Danske Bank
Morten Salvesen	DNB
Lars Henriksen	Nordea
Alexander Flatner (chair)	Norges Bank
Arne Osnes	Norges Bank
Fredrik Kolstad Jakobsen	Norges Bank
May-Iren Walstad Wassås	Norges Bank
Martin Bergqvist	SEB
Jakob Hansen	Sedlabanki
Andreas Åkerlund	Svenska Handelsbanken
Jens Vahlquist	Sveriges Riksbank
Stefanos Apostolou	Swedbank

Meeting Summary:

SFXC chair, Alexander Flatner, welcomed all to the meeting. He also welcomed Stefanos Apostolou, head of FX in Swedbank, as a new committee member. He is replacing Anders Thorsson from Swedbank.

1. Main points from the GFXC-meeting in June 2023

- SFXC Chair, Alexander Flatner from Norges Bank, presented the topics discussed at the June meeting in Mexico.
- Organizational updates: New GFXC chair appointed: Gerardo Garcia from the Central Bank of Mexico (replacing Andrea Maechler).
- Update on the evolution of adherence to the FX Global Code: Positive trend where new signings are more broadly based among market participants.
- Update from the Working Group on adherence to FXGC and demonstration of Proportionality Self-Assessment Tool.
- Preparation for the upcoming (2024) review of the code.
- Other topics discussed: The approach to price adjustment for unscheduled holidays, issues on settlement risks, increased transparency, and access to market data.

2. Status Working Group on adherence to FXGC

- In Jørn Sodborg's (Luffe's) absence, Alexander Flatner presented status for the Working Group on Motivation for Adherence by buy-side, and Fredrik Kolstad Jakobsen from Norges Bank gave a step-by-step digital presentation of the Proportionality Self-Assessment Tool.
- The previously highlighted three main pillars of the Working Group were in ongoing progress: Increased visibility (panel debates, seminars, publications podcasts), partner with industry groups and rating agencies (cooperation with the CFA institute, inclusion in the FX Hub for corporates, the aim of including the Code in ESG-ratings) and enhancing code education and training (developing the GFXC website as a knowledge hub, active promotion of the Proportionality Self-Assessment Tool and make it more accessible by translating to multiple languages).

3. Status outreach from Nordic Central Banks to buy-side on adherence to FXGC

- Progress report by Jens Vahlquist (Riksbanken), Michal Nielsen (Nationalbanken) and Alexander Flatner (Norges Bank).

4. Roundtable discussion

- The upcoming GFXC survey conducted by the Bank of England was promoted. The survey was sent out on 20th September, with a deadline on 11th October.
- There was a discussion of the effectiveness of the 2021 review of the FX Global Code. The following topics were discussed:
 - Algo Trading and TCA
 - Templates for Algo Due Diligence and TCA
 - Standardized disclosure Cover Sheet for Liquidity Provider/Platforms
 - Last Look
 - FX Settlement Risk
 - Pre-hedging
 - Anonymous Trading

There was a general view in the Committee that the templates and disclosures are useful. However, there is a need for sell-side (and GFXC as an information-provider) to increasingly make all templates and disclosures even more visible and readily available for market participants. In particular this will be useful for the buy-side when they consider usage of algos, or when considering the various algo providers/counterparties.

There was a consensus in the committee that Last Look practices have improved since the 2021 review.

The 2021 reviews of Pre-hedging and the guidance paper on Pre-hedging is viewed as a step in the right direction, but more clarity is still needed.

- Before discussing possible input to the 2024 Code review, the Committee reminded everyone of the criteria to establish areas of focus.
- There was a discussion on possible input to the 2024 Code review.



5. **Extra topic: Shortening the US Securities Settlement Process to T+1**

- The Committee discussed the upcoming change of shortening the US (and Canadian) securities settlement process from T+2 to T+1, and its possible challenges for the Scandinavian FX market.
- Overall, the impression was that not all relevant buy-side market participants were fully aware of the upcoming change taking effect in the spring next year. It was highlighted that this could challenge operational readiness, and more FX turnover being done in (previously) illiquid hours.