



SCANDINAVIAN FX COMMITTEE, MINUTES

Thursday, May 23rd, 11:30 – 1500 CET

Location: Norges Bank, Bankplassen 2, 0151 Oslo, Norway

Agenda:

1. GFXC updates and suggested course of action for the 2024 review of the FXGC
2. Status Working Groups on adherence to GFXC, FX settlement risk, FX data
3. Status outreach from Scandinavian Central Banks to buy-side
4. Discussion topic: T+1 settlement
5. Market conditions in the Scandinavian FX markets

Attendees:

Kim Winding Larsen (via Teams)	ACI FMA
Thomas Bengtsson	ATP
Niko Herrala (via Teams)	Bank of Finland
Jason Need	Bloomberg
Michal Nielsen	Danmarks Nationalbank
Christian Törnqvist	Danske Bank
Morten Salvesen	DNB
Jørn Luffe Sodborg	Jyske Bank
Pål Martinsen	Nordea
Alexander Flatner (chair)	Norges Bank
Arne Osnes	Norges Bank
May-Iren Walstad Wassås	Norges Bank
Anna Andrén	SEB
Jakob Hansen (via Teams)	Sedlabanki
Andreas Åkerlund	Svenska Handelsbanken
Jens Vahlquist	Sveriges Riksbank
Robin Ahlen	Sveriges Riksbank
Stefanos Apostolou (via Teams)	Swedbank

Meeting Summary:

1. GFXC updates and suggested course of action for the 2024 review of the FXGC

- The SFXC chair (Alexander Flatner) presented.
- Organizational updates: new co-vice chair of GFXC.
- Update on the evolution of adherence to the FX Global Code. The trend of a gradual increase in the number of signings is continuing, and the buy-side is still lagging.
- Update on the use of the Proportionality Self-Assessment Tool: The tool is widely used and is seen as a success. It helps to isolate the relevant principles in the Code to your organization and is also useful in training and educating of staff. It was also referred to possible improvements of the tool.



- Update on GFXC's letter to ISDA addressing the possibility of establishing guiding principles for Price Adjustment for Unscheduled Holidays.
- Update on the main results from the GFXC survey conducted by the BOE in October 2023 among market participants, and in January 2024 among Local FX Committees. The focus in the October survey was awareness and adherence to the code, effectiveness of the previous review of the Code (2021), and topics for the upcoming review (2024). Focus in the January survey was priorities of the Local FX Committees for the 2024 review of the Code. Most survey respondents thought that the Code in general remains fit for purpose. Focus areas for the upcoming review is FX settlement risk, FX data collection and awareness and availability.
- Timeline for the 2024 review of the Code was presented.

2. Status Working Groups from SFXC WG members

- Jørn Sodborg from Jyske Bank presented status for the WG for adherence and their work going forward. Focus of the WG is to increase its visibility and marketing of the Code, through media posts, panel debates, educational channels, dialogue with rating agencies, various industry organizations, coalition with Greenwich survey. A suggestion was to add a reference to the Code in KYC requests.
- Thomas Bengtsson from ATP presented status and timeline from the WG on FX settlement risk and FX data. Focus of the WG on settlement risk will be to better understand actual settlement risk, the drivers behind settlement risk and how settlement risk can be reduced. Focus of the WG on FX data is to analyze how the use of FX data could be made more transparent and more accessible to all market participants and how to enable a level playing field.

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

- Update from Jens Vahlquist from Riksbanken: one of the large pension funds has recently signed.
- Michal Nielsen from Nationalbanken reported from their continuous outreach to Pension Funds and large corporates.
- Update from Alexander Flatner from Norges Bank: 2 buy-side institutions have signed the Code.

4. Discussion topic: transition to T+1 settlement

- Thomas Bengtsson (ATP) presented this topic from the asset manager industry, and Anna Andrén (SEB) from the sell-side bank community.
- The risk mitigation- and efficiency reasoning behind the accelerated settlement timeline has clear benefits but could also pose challenges for FX execution and settlement. Some liquidity-effects and transaction costs are to be expected, particularly in times of heightened uncertainty and volatility.
- Some market participants have actively prepared by increasing US local presence, creating a robust operational setup for increased pre-funding, and preparing BO staff.
- The banks should allow for widened cut-off times, and to service the increased client-demand at new hours.
- Experience with T+1 will be valuable in the process of the 2024 review of the Code and for market participants adaption.



5. Market conditions in the Scandinavian FX Markets

- Christian Tornqvist from Danske gave an update on the DKK and SEK market. Morten Salvesen from DNB on the NOK market.
- While liquidity in the Scandi FX-markets at times can be challenging, the markets are well functioning.
- Non-bank participants increasingly step into the market as liquidity providers or algorithmic/tech-providers.