

Foreign Exchange Contact Group
Frankfurt, Tuesday 9 September 2008

SUMMARY OF THE DISCUSSION

1. Review of market developments

The Group reviewed and discussed the latest trends in financial markets, particularly in FX markets, following the presentation made by Philipp Nimmermann, market economist at BHF bank.

2. Recent trends in the e-FX space

Fergal Walsh, head of automated trading at Citibank New-York, made a presentation about the various new aspects of FX e-trading. He stressed the importance of technology and how the decrease in entry costs have attracted retail flows and allowed traders to concentrate on bigger flows and strategies.

Stefan Bender and Dierk Reuter, global head of e-FX trading at Deutsche Bank reported about new trends with regards to liquidity, market segmentation and data management. Although FX market turnover is still growing, they are of the opinion that it is very important to differentiate between the various sources of liquidity in the electronic FX trading space. The impact of liquidity aggregators and the progress in new technology with regards to execution and trading algorithms on liquidity are not fully understood yet.

3. Currency union plans in Arabic countries

Philipp Nimmermann from BHF Bank made a presentation on the Arabic (and Asian) currency union plans. The most advanced currency union plan is the Gulf Cooperation Council (GCC), between Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates, which is targeted in 2010. Mr. Nimmermann raised the issue of the appropriate currency peg, and whether it would make sense for the GCC countries to include oil in a possible currency basket.

4. Other business

- a.) The chairman informed about the forthcoming Global Operations Manager Conference in Tokyo.
- b.) The tentative 2009 calendar will be circulated and the consultation for the work programme 2009 will start in October.
- c.) The next meeting will take place on 4 December 2008 from 13:00 to 16:00 at the ECB premises.

LIST OF PARTICIPANTS

Participant's organisation	Name of participant
Bank of Tokyo-Mitsubishi UFJ	Mr Shunichiro Totsuka
BHF-Bank	Mr Jörg Isselmann
BNP Paribas	Mr Patrick Mauberque
Citigroup	Mr Bernard Sinniah
Credit Suisse	Mr Martin Wiedmann
Deutsche Bank	Mr Stefan Bender
ICAP	Mr Steve Toland
Morgan Stanley	Mr Jeremy Smart
Royal Bank of Canada	Mr Mark Iles
Royal Bank of Scotland	Mr Roger Hawes
State Street Bank	Mr Chris Freeman
Nova Scotia Capital	Mr Barry Wainstein
UBS	Mr Urs Bernegger
European Central Bank	Mr Francesco Papadia - Chairman
European Central Bank	Mr Werner Studener
European Central Bank	Mr Ivan Frechard - Secretary

National Central Banks

Deutsche Bundesbank	Mrs Christine Glockmann	Teleconference
Banco de España	Ms Marta Sáinz	
Banque de France	Ms Vincent Legroux	Teleconference
Banque Nationale de Belgique	Mr Francois Biquet	Teleconference
Bank of Greece	Mr Panagiotis Pliatsikas	
Central Bank and Financial Services Authority of Ireland	Mr William Molloy	Teleconference
Banca d'Italia	Mr Antonio Marras	
Banco de Portugal	Mr Jorge Alves	
Banque centrale de Luxembourg	Mr Francois Zenner	Teleconference
Central Bank of Malta	Mr Saviour Briffa	Teleconference
De Nederlandsche Bank NV	Mr Kees van Paddenburg	Teleconference
Oesterreichische Nationalbank	Mr Wolfgang Hengelmüller	
Banka Slovenije	Mr Matevz Zbasnik	Teleconference
Suomen Pankki	Ms Eija Salavirta	
Swiss National Bank	Mr Marcel Zimmermann	Observer

Guest speakers

Mr Philipp Nimmermann, market economist, BHF Bank
 Mr Fergal Walsh, Global head of automated trading, Citibank New-York
 Mr Dirk Reuter, global head of e-FX trading, Deutsche Bank