

Foreign Exchange Contact Group
Frankfurt, Wednesday 8 June 2011

SUMMARY OF THE DISCUSSION

1. Review of recent market developments

The Group reviewed and discussed the latest market developments, following the presentation made by Michael Metcalfe, Head of Macro Strategy at State Street.

2. EU regulatory changes as regards derivative transactions

Mark Milford (ECB) made a presentation on the main aspects of the OTC derivatives reform being implemented in the European Union, with a focus on FX markets.

The draft proposed EU regulation is still a work in progress. It foresees the reporting of all trade details to a trade repository and an obligation to clear centrally all classes of derivatives that have been declared subject to the clearing obligation. As regards FX derivatives, mandatory clearing standards are not yet settled and an exemption is still possible. The European Parliament plenary vote on the Regulation is expected in July and the Regulation is expected to be in force by end 2011.

Mark Milford took the opportunity to make an update on the Dodd-Frank Act. The US Treasury Secretary proposed on 27 April 2011 a determination to exempt FX swaps and forwards from central clearing requirement of DFA.

The presentation was followed by a discussion on the possible impact of regulatory changes, introduced by Robin Poynder, FXCG member from Thomson Reuters.

3. Capital controls and FX interventions

Derek Halpenny, European Head of Global Currency at Bank of Tokyo-Mitsubishi, made a presentation on capital controls and FX interventions, focusing on Asian currencies.

Capital flows to Asia have reached new highs in 2010 and are expected to stabilise going forward. As a result, FX reserves increased quickly and several Asian countries have resorted to capital controls and macro-prudential measures. Asian currency performances are very much linked to equity flows and Chinese FX policy. Capital flow measures have not reversed the trend towards Asian currencies' appreciation against the US dollar. FX valuation plays a key part in the international acceptance of capital flow measures and the IMF has offered a template for dealing with capital flows.

4. Other Business

The secretary made a debriefing of the global FX committee's meeting that took place in Ottawa on 4 April 2011.

The next FXCG meeting will take place on 5 October 2011 from 16:00 to 19:00 at the ECB premises.

List of participants
Foreign Exchange Contact Group Meeting

02 February 2011

CVI, 2nd floor, Eurotower, 13:00 to 16:00

<u>Participant's organisation</u>	<u>Name of Participant</u>	
Bank of Tokyo Mitsubishi UFJ	Mr Yasushi Kobayashi	
BHF-Bank	Mr Matthias Klein	
BNP Paribas BFI	Mr Robert de Groot	
BBVA	Mr Francisco Javier Fernandez	
Citigroup	Mr Bernard Sinniah	
CECA	Mr Jose Manuel Villaverde	
Commerzbank	Mr Christian Druke	
Credit Suisse	Mr Martin Wiedmann	
Deutsche Bank AG	Mr Steffen Orben	
Dexia	Mr Franck Luxembourger	
ICAP	Mr Steve Toland	
Morgan Stanley	Mr Richard Oliver	
Nordea	Mr Morten Tysnes	
Royal Bank of Scotland	Mr Roger Hawes	
Royal Bank of Canada	Mr Tony Botting	
State Street	Mr Christopher Freeman	
Scotia Capital	Mr Barry Wainstein	
Thomson Reuters	Mr Robin Poynder	
Unicredit	Mr Nick Crawford	
European Central Bank	Mr Francesco Papadia, Chairman	
European Central Bank	Mr Holger Neuhaus	
European Central Bank	Mr Ivan Fréchar, Secretary	
<u>Guest Speakers</u>		
Dexia	Mr Anton Brender	
European Central Bank	Mr Mark Milford	
Scotia Capital	Mr Pablo Bréard	
<u>National Central Banks</u>		
Banque Nationale de Belgique	Mr Francois Biquet	TC 3231
Banco de España	Mr Jose Luis Jimenez	
Banque de France	Ms Sophie Perez	TC 3332
Bank of Greece	Ms Maria Bekiari	TC 3055
Banca d'Italia	Ms Maria Lucia Marras	
Banco de Portugal	Mr Jorge Alves	TC 3633
Central Bank of Ireland	Ms Danielle Keaden	TC 3514
Central Bank of Cyprus	Mr Andreas Mylonas	TC 2241
Central Bank of Malta	Mr Mario Bugeja	TC 2614
De Nederlandsche Bank	Mr Bob Coppes	
De Nederlandsche Bank	Ms Petra Steenbakker	
Deutsche Bundesbank	Ms Christine Glockmann	TC 4944
Eesti Pank	Ms Janno Luurmees	TC 2113
Oesterreichische Nationalbank	Mr Peregrin Chelik	TC 4324
Banka Slovenije	Mr Mateja Pavlik	TC 2841
Suomen Pankki	Mr Tuomas Välimäki	TC 3814