

**Foreign Exchange Contact Group**  
Frankfurt, Wednesday 2 February 2011

## **SUMMARY OF THE DISCUSSION**

### **1. Review of recent market developments**

The Group reviewed and discussed the latest trends in FX markets, following the presentation made by Anton Brender, Chief Economist at Dexia Asset Management.

### **2. Wall Street reform measures in the US**

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

The Dodd-Frank Act (DFA) was signed into law on 21 July 2010. Most derivatives-related rules mandated by the DFA must be issued by July 2011. The DFA imposes central control on all “OTC” derivatives by making them tradable only on exchanges or swap execution facilities and increases central control over exchange traded derivatives. Foreign exchange swaps and forwards shall be regulated in exactly the same way as all other derivatives unless the Treasury Secretary makes a determination to exempt them from provisions of the DFA (except its antifraud and antimanipulation provisions). Against this background, the US department of the Treasury solicited comments on whether such an exemption is warranted. Various market organisations provided comments arguing for an exemption.

### **3. Latin American currency markets**

Pablo Bréard, Head of International Research at Scotia Capital, made a presentation on the core Latin American currencies, focussing on the economic and currency outlook.

Emerging markets have been leading the world economic recovery since 2009. This holds true for Latin America, and in particular for Brazil, which represents 43% of the regional GDP. After a significant setback in 2008, net foreign capital inflows have resumed an upward trend and have posted new highs since 2007. The USD-adjusted total return of Latin American equity markets has been one of the highest in the world since the trough reached in March 2009. High capital inflows have exacerbated local currencies’ appreciation and have led to FX reserves accumulation and other intervention mechanisms.

Economic growth in the region has been above 6% in 2010 and unemployment has declined markedly, leading to price pressures and monetary policy tightening in some countries (Brazil, Chile, Peru). Consistently, the fiscal situation and the credit outlook have improved. For once, Latin America is benefiting from an endogenous financing and is on track for a sustainable economic growth.

#### **4. Other Business**

The next meeting will take place on 8 June 2011 from 13:00 to 16:00 at the ECB premises.

**List of participants**  
**Foreign Exchange Contact Group Meeting**

**02 February 2011      CVI, 2<sup>nd</sup> 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	
<b><u>Guest Speakers</u></b>		
Dexia	Mr Anton Brender	
European Central Bank	Mr Mark Milford	
Scotia Capital	Mr Pablo Bréard	
<b><u>National Central Banks</u></b>		
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