

MINUTES

DATE: Thursday, May 15th, 2025, 11:30 – 15.00 CET
LOCATION: Sveriges Riksbank
Brunkebergstorg 11, 103 37 Stockholm

Nordic FX Committee meeting

Attendees

Sveriges Riksbank	Anders Gånge (chair)
Sveriges Riksbank	Jens Vahlquist
Norges Bank	Alexander Flatner
Suomen Pankki	Niko Herrala
DNB Carnegie	Morten Salvesen
ATP fond	Thomas Bengtsson
Bloomberg	Alexander Prognimak
Danske Bank	Carl Niclas Brishammar
Jyske Bank	Jørn (Luffe) Sodborg (via Teams)
Nordea	Lars Henriksen
SEB	Anna Andrén
Svenska Handelsbanken	Andreas Åkerlund
Swedbank	Linda Byfors
KLP	John Bjørnersen
ACI FMA	Rui Correia
Norges Bank	Arne Osnes
Sedlabanki Islands	Snorri Pall Gunnarsson
Sveriges Riksbank	Anders Nordlander
Sveriges Riksbank	Sofie Ljungberg

1. Welcome and Agenda

The meeting commenced with a welcome to all participants. The agenda for the day was presented and approved. Two stand-ins participated, and one member joined via Teams.

2. New Committee Members

Two new members were introduced:

- Rui Correia - Chief Executive Officer of ACI Financial Markets Association
- Alexander Prognimak - CFA Product Management Specialist at Bloomberg

3. Global FX Committee Meeting in July

The upcoming Global FX Committee meeting in July was discussed. No formal outreach to regional committees has been made yet. The Chair attended a meeting in Basel where the agenda was discussed informally, including a panel discussion on the subject of FX data/reference rates, updates from active working groups, and the IOSCO report on pre-hedging. Two committee members will attend the July meeting, and ACI has been invited to participate in panel discussions.

4. Updates from Working Groups

a. Motivation for Adherence Working Group

The working group presented their progress, focusing on engaging asset managers and increasing collaboration between central banks globally. Opportunities on the buy-side were identified, and planned outreach activities in Hong Kong and Switzerland were discussed. The learning resources include CFA Global Code and ACI ELAC materials.

Discussion and Questions:

Plans to develop materials for asset managers that central banks can use are under discussion. A standardized letter to corporates is being prepared and will be reviewed by Nordic central banks. Letters will be sent in the name of GFXC, with the hope of co-signing by central banks. A list of corporates and asset managers is being compiled to ensure proper distribution and follow-up. The idea of appointing buy-side ambassadors was raised, especially from treasury functions. The ACI ELAC platform and the GFXC GAP analysis tool were highlighted as strategic tools for outreach. It was noted that buy-side participants may expect the Code to be perfect, but engagement is key to influencing its development.

b. Working Group on Settlement Risk

The working group presented their progress, stating that their key output for 2025 is a paper on potential impacts of the UK/EU move to T+1 securities settlement on the FX market.

c. Working Group on FX Data

A new member from Singapore has joined the working group. Two main focus areas were presented; (1) investigating the availability and use of reference data for derivatives, with a focus on FX Swaps, and (2) analyze the adoption of the updated disclosure cover sheets for liquidity providers and platforms. Six primary data providers were identified, where the conclusion was that availability and cost vary between providers. Deliverables from the working group are planned for the July meeting.

Comments:

Adoption of data practices has not yet been addressed and is unlikely to be finalized this year. ISDA is not currently involved but may be considered in the future. The group will not assess the quality of data providers. The purpose of reference prices is to evaluate transparency and availability. Swap data is more accessible than initially thought.

d. ESCB FX Expert Group

Central banks were asked to conduct GAP analyses and review the adherence of their counterparties. A coordinated press release is planned for October to confirm adherence to the Code. Emphasis was placed on both signing the Code and encouraging counterparties to do the same.

5. Outreach to buy-side participants

a. National Central Bank Updates

Sveriges Riksbank reported that one of the biggest pension funds in Sweden has signed the code but noted that due to ongoing restructuring among major pension funds in Sweden, further outreach is on hold in that sector. They will continue to reach out to governmental institutions to sign the code.

Norges Bank follows up on buy-side participants that are in a process of adhering to the code and reach out to more buy-side participants. Also, the Code was promoted in Norges Banks yearly market seminar for the financial sector.

Informal talks in Iceland with pension funds and smaller banks have been positive. Formal outreach is planned, with ESG alignment highlighted.

In Finland, sell-side engagement is strong, but buy-side lacks natural forums for contact.

b. Bank Outreach

Several banks shared their approaches to promoting the Code, where some coordinate outreach efforts and share information. Others inform clients about the Code but do not require adherence. Some use the Code as a governance example or discussion tool, but not as a client requirement.

Challenges include low traction, especially with asset managers, and difficulty in communicating the Code's relevance to the buy-side. One bank mentioned that a client signed after encouragement from a central bank. There is interest in a simplified or "lighter" version of the Code for buy-side participants. Another bank emphasized that participation in certain financial groups should require FX Code adherence.

Discussion Points:

Suggestions included creating a pool of Code-compliant clients and using the principle of proportionality as a persuasive argument. Some central banks have asked institutions to explain non-compliance in order to understand arguments for not signing the code. There is a need for better messaging and support materials for buy-side outreach. Concerns were raised that the Code feels less applicable to the buy-side, and that outreach is now reaching more hesitant institutions.

6. IOSCO Consultation on Pre-hedging

The IOSCO consultation on pre-hedging was discussed. Pre-hedging was added to the FX Code in 2020 but requires further clarification. IOSCO has launched a consultation, with input requested from the industry. Diverging views exist. The consultation aims to create a framework that is adaptable across markets. Concerns include the broad scope covering all products, market impact and fairness, especially in less liquid currencies, implementation challenges in electronic trading environments, and supervision and opt-in/opt-out mechanisms. Feedback has been limited so far, but expectations are that some recommendations will be further discussed and eventually adopted into the FX Code. Defining pre-hedging remains difficult, especially in FX markets where flows drive movement. Some noted that the consultation may not fully reflect buy-side perspectives. The topic may be addressed in future revisions of the Code, and a working group could be formed.

7. Market Conditions in Nordic FX Markets

Country updates were provided.

Sveriges Riksbank reported strong SEK performance early in the year, with increased volatility last months. Market depth has decreased and bid/ask-spreads have widened, particularly the last months.

Danmarks Nationalbank reported that the exchange rate has been stable during the first 3 months of 2025 but weakened somewhat during Liberation Day. The weakness gradually reversed, and the rate is again close to parity.

Norway reported that there has been significant NOK moves the last few months. Intraday moves were unusually high in the beginning of April, with widening bid-ask spreads and decreased market depth. Lately, market conditions have improved.

Iceland noted that the exchange rate of ISK has held broadly stable. They also noted the return of speculative flows and improved market depth. A new program involving regular FX purchases of the central bank was initiated last April.

8. Conclusions and Future Work

The meeting concluded with a summary of key points and future work: Continue making information available and promoting buy-side ambassadors. The pre-hedging topic will remain under discussion; it is complex and not easily resolved. Banks are encouraged to keep engaging with clients. The GFXC agenda will be shared once published and members may need to respond quickly.