

CANADIAN FOREIGN EXCHANGE COMMITTEE

Report on Activities

2004

Canadian Foreign Exchange Committee Report on Activities 2004

The Canadian Foreign Exchange Committee (CFEC), which has met regularly since its establishment in 1989, is composed of senior representatives from financial institutions actively involved in the foreign exchange market in Canada and the U.S. dollar/Canadian dollar market globally (a membership list is attached). Its objective is to provide a forum for the regular discussion of issues and developments pertinent to the foreign exchange market, including the review of market practices and procedures. As the Committee is representative of the Canadian foreign exchange market generally, it also serves as a channel of communication between the foreign exchange market in Canada and other organizations and official institutions, both within Canada and abroad.¹

Market Developments and Policy Issues

Each meeting of the CFEC includes a Tour de table in which there is an exchange of views on foreign exchange (and other financial) market developments as well as economic developments from the time of the last meeting. The CFEC also acts as a forum for the Bank of Canada to obtain the views of participants in the foreign exchange market on various policies and issues and, similarly, for market participants to bring issues of concern to the attention of the Bank.

Over the past year, the CFEC discussed a number of topics at their meetings. Of particular interest in 2004 was the continued appreciation of the Canadian dollar. Early in the year, the Bank of Canada surveyed the member banks on the CFEC to gather information on the foreign exchange hedging activity of Canadian corporations. The results of this survey were discussed at the subsequent CFEC meeting.

CLS Bank, which began its operations in September 2002, continues to be a topic of discussion for the CFEC. CLS Bank is a global multi-currency settlement bank that was designed to reduce the risk involved in settling foreign exchange transactions. It does this on the basis of the payment-versus-payment principle, in which the two sides of a foreign exchange transaction are settled simultaneously. This virtually eliminates the credit risk associated with foreign exchange settlement. As the use of CLS grows globally and the

1. The full document of "Objectives and Organization", which was originally developed by the Committee in 1990, and was most recently revised in May 2003, is attached.

Canadian banks undertake technology investments and make other adjustments to participate in CLS, issues arise that are discussed by the Committee.

Twice per year, the CFEC members take turns hosting a dinner after the meeting in which a speaker is invited to give his/her views on a topic of interest to the Committee. In January, the Bank of Canada hosted the meeting in Ottawa. David Gibbins, a long-time member of the CFEC who had just retired, spoke about the last 25 years in financial markets and the current state of affairs in the foreign exchange market. David Dodge, the Governor of the Bank of Canada, also spoke about, among other issues, the important work the CFEC is doing to ensure that the ACI Model Code - the industry standard for best practices in the foreign exchange market in Canada - is implemented. At the May meeting, CIBC World Markets hosted the dinner and Jeff Rubin, the Chief Economist at that financial institution, presented his outlook for the Canadian and U.S. economies and currencies.

Canadian Committee for Professionalism

The Canadian Committee for Professionalism (CCFP), which is sponsored jointly by the CFEC and the Financial Markets Association of Canada (FMAC), was inaugurated in 1993. This independent Committee reports regularly to the CFEC, and its guiding mission is to promote a high standard of professionalism and ethical conduct in the Canadian foreign exchange market. The Document of Organization for the CCFP, a copy of which is appended to this report, was last updated in January 2001. The CCFP met regularly in 2004 and has been active in promoting its objectives in conjunction with the CFEC. A list of the members can be found at the end of this Report.

Another objective of the CCFP is to arbitrate disputes, upon request, between two or more counterparties. While it is only on rare occasions that the CCFP has received any formal request for arbitration, the Committee has provided advice and direction on issues related to best market practices.

Canadian Overnight Index Swap Market

One issue the CCFP was asked to clarify this year is the use of date conventions for Canadian Overnight Index Swaps (COINS). COINS are fixed/floating swaps where the floating rate is tied to the overnight repo rate (known as the Canadian Overnight Repo Rate Average or CORRA). There are many traders from different product markets (e.g., foreign exchange forwards, repos and interest rate swaps) with different date conventions that make use of COINS, which has led to some confusion over the date conventions to be used for COINS. In a letter dated February 24, 2004 (attached at the end of this Report), the CCFP gave its recommendations for market best practices concerning COINS date conventions. The letter was also signed by the Chair of the CFEC and the President of the FMAC.

ACI Model Code and Outreach to Risk Managers

In 2001 the CFEC, along with the CCFP and the FMAC, adopted the ACI Model Code as the standard for best market practices in the Canadian foreign exchange market. This Code replaced guidelines that were previously revised in 1997. The Model Code was first published in the year 2000 by ACI - The Financial Markets Association, the global umbrella organization of foreign exchange associations. It combined the recommendations of six pre-existing codes of conduct (those of New York, London, France, Singapore, Tokyo and the original ACI Code). Input was also received from various foreign exchange committees, regulatory authorities and central banks around the world. The Code is kept current through updates that result from the regular review of the Code by the ACI Committee for Professionalism, a committee which includes Canadian representation (currently Lynn Kennedy, who is also on the CCFP).

Most financial institutions already have their own internal code of market principles and personal conduct. However, the ACI Model Code is meant to govern markets in general, and can serve as a benchmark in that an internal code should be at least as rigorous and comprehensive as the ACI Model Code. Moreover, given that the ACI Model Code serves as a guide for the inter-professional market, it can be used as a point of reference when there is a disagreement between dealing institutions.

At the request of the CFEC, the CCFP undertook a review of professional standards and practices in the Canadian marketplace to see if there are any areas where improvements could be made. It was thought that while the front office staff of dealers and brokers are aware of the ACI Model Code, it is less certain how familiar others, such as those responsible for risk management, are with these specific guidelines. Accordingly, the CFEC, the CCFP and the FMAC have distributed the ACI Model Code for compliance to the risk management departments of financial institutions in Canada.

Operations Managers Working Group

The Operations Managers Working Group (OMWG) was established in 2003 and held its inaugural meeting in September of that year. The purpose of this group is to focus on operational issues such as delivery or settlement problems, confirmation procedures and best practices, business continuity planning, SWIFT messaging issues, the movement toward straight through processing and electronic confirmations etc. A list of the members can be found at the end of this Report.

In 2004, the Canadian OMWG reviewed two best practices documents that were published by the New York OMWG at the request of the New York Foreign Exchange Committee. The first publication, "*Management of Operational Risk in Foreign Exchange*," recommends 60 best practices for firms to use as a resource or checklist for when they regularly evaluate their policies and procedures to manage operational risk. The second

publication, “*Recommendations for Nondealer Participants*,” is a condensed version of the 60 best practices that is geared towards nondealer participants who, while perhaps not as active in foreign exchange, could benefit from the recommendations.

The Canadian OMWG has endorsed these two publications as valuable resources for assisting with periodic risk self-assessment. As these are recommendations as opposed to rules, each firm must evaluate how closely the best practices should be followed in relation to their own unique circumstances. Foreign exchange market participants are encouraged to review the documents with the relevant departments within their organization and, where appropriate, incorporate the recommendations into their policies and procedures (see the letter attached dated November 29, 2004).

Market Statistics

2004 Triennial Survey

All the bank members of the CFEC and a number of other financial institutions in Canada participated in the 2004 Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. The *turnover* part of the survey covered foreign exchange contracts and interest rate derivatives, and was conducted on a locational basis in April 2004. The *amounts outstanding* part of the survey covered foreign exchange, interest rate, equity, commodity and credit derivatives, and was collected on a consolidated basis as at June 30, 2004. The results of the survey can be found at the CFEC website (www.cfec.ca) under the page on foreign exchange volumes and rates.

Regular Derivatives Market Statistics

Statistics on derivatives markets from approximately 60 major global dealers in the Group of 10 (G10) countries are collected regularly. This was originally a proposal of the Euro-currency Standing Committee of the Bank for International Settlements (BIS) and was approved by the governors of the central banks of the G10 countries in January 1997. Three Canadian financial institutions are participating in this reporting, and consolidated amounts outstanding were collected for the first time as of 30 June 1998 and have been collected every six months thereafter. The data collected covers foreign exchange, interest rate, equity and commodity derivatives. The BIS issues a press release with the aggregated global summary results of this survey after each reporting date. This year, credit default swaps were added to the statistics collected, with a first reporting date of 31 December 2004.

Daily/Weekly Reporting

The Bank of Canada coordinates, on behalf of market participants, the compilation of regular reports on the volume of foreign exchange business against Canadian dollars.

The information is aggregated by the Bank of Canada and is distributed to the participants each month in the form of market totals. Market participants use the data to calculate their relative market shares.

Charts and tables of selective summary data from these series for spot, outright forward and foreign exchange swap volumes covering the period from 1999 to 2004, are appended. This information may be helpful in indicating trends and broad orders of magnitude. However, while every effort is made to ensure the accuracy of the information presented, the informal nature of the reports, as well as some arbitrary adjustments to translate weekly to monthly statistics, mean the data should not be interpreted precisely.

IFXCO, IFEMA and ICOM Master Agreements

Over the last few years the CFEC has, in conjunction with the Foreign Exchange Committee of New York, the British Bankers' Association and the Tokyo Foreign Exchange Market Practices Committee, sponsored work on three Master Agreements: the International Foreign Exchange Master Agreement (IFEMA), the International Currency Options Market Master Agreement (ICOM), and the International Foreign Exchange and Options Master Agreement (FEOMA). In 1997, the CFEC, along with the above-noted committees, obtained legal opinions as to the enforceability and validity of the netting provisions of the updated IFEMA, ICOM and FEOMA Master Agreements in various jurisdictions including Canada. An update on the legal opinion is obtained each year. In 2004, the CFEC agreed to co-sponsor an updated master agreement known as the International Foreign Exchange and Currency Option (IFXCO) Master Agreement. IFXCO is based on the 1997 FEOMA agreement. Like FEOMA, IFXCO covers spot and forward foreign exchange transactions and currency options. There are no plans to publish updated versions of IFEMA or ICOM.

Business Continuity Planning

While each financial institution undertakes its own business continuity planning which includes, for instance, having back-up systems and off-site facilities, there is an interest to also ensure that system-wide business continuity arrangements are in place. Following a review of the experience in the wake of the September 11, 2001 terrorist attacks, the CFEC put together a contact list for the Canadian foreign exchange market. The intention of the list, which is updated regularly (most recently in December 2004), is to give participants in the foreign exchange market the means to contact one another in the event of an emergency if the normal channels of communication are not working.

Organization and Membership

The CFEC issues this report on an annual basis to inform financial institutions that are active in the foreign exchange market about the Committee's activities and membership. Over the course of the year, updates on the activities of the Committee can be found on the CFEC's website (www.cfec.ca) under the links to either the announcements of the Committee or the minutes of meetings. The website also contains an up-to-date membership list, information on foreign exchange volumes and rates, articles of interest to the foreign exchange community and links to the websites of other foreign exchange committees and organizations.

There were a number of membership changes on the Committee in 2004. At the end of the year, John Aloisio from RBC Capital Markets replaced Rob Wittmann, and Bernard Piché from Laurentian Bank replaced Normand Faubert. Two other members also stepped down from the Committee: J-F Courville from State Street Canada and Even Berntsen from JP Morgan Chase. After its annual general meeting and elections, the FMAC is now being represented on the CFEC by its new President, Carmen Perricone. Firas Askari, the former President of FMAC, has stepped down from the Committee. The contributions of those who have left, as well as those who remain on the Committee and its subcommittees and working groups, are greatly appreciated.

Sheryl Kennedy
Chair

Canadian Foreign Exchange Committee
Report on Activities
2004

Canadian Foreign Exchange Committee Membership, January 2005

Sheryl Kennedy, Deputy Governor (Chair)
Bank of Canada, Ottawa

John Aloisio, Managing Director
RBC Capital Markets, Toronto

Vincent Butkiewicz, Vice President
National Bank of Canada, Montreal

Craig Ellis, Managing Director
CIBC World Markets, Toronto

Cliff Feehan, Managing Director
TD Securities, Toronto

Jeff Feig, Managing Director
Citigroup, New York

Susan Gammage, Executive Vice President
Reuters America Inc., New York

Dan Gandy, Manager
Freedom International Brokerage, Toronto

Sharon Grewal, Vice President (Chair, CCFP, an ex officio post)
RBC Capital Markets, Toronto

Sandra Lavoratore, Chief
Department of Finance, Ottawa

Brad Meredith, Senior Vice President
HSBC Bank Canada, Toronto

Carmen Perricone, Vice President (President, FMAC, an ex officio post)
State Street Canada, Toronto

Bernard Piché, Senior Executive VP & Treasurer
Laurentian Bank, Montreal

Jamie Thorsen, Executive Managing Director
Bank of Montreal, Chicago

Bernard Vives, Managing Director & Treasurer
Société Générale Securities, Montreal

Barry Wainstein, Vice Chairman
The Bank of Nova Scotia, Toronto

Rob Ogrodnick, Senior Analyst
Bank of Canada, Toronto

(Secretary)

Other Committee Members January 2005

Canadian Committee for Professionalism (CCFP)

Sharon Grewal (Chair)	RBC Capital Markets
Chris Benham	CIBC World Markets
Dan Gandy	Freedom International Brokerage
Lynn Kennedy	Bank of Montreal/Nesbitt Burns
Steve Kent	TD Securities
Martin Legault	National Bank of Canada
Brendan Luxton	Bank of Nova Scotia
Brad Meredith	HSBC Bank Canada
Rob Ogrodnick	Bank of Canada
Carmen Perricone	President, FMAC
John Walks	State Street Canada

Operations Manager Working Group (OMWG)

Jean Naphine (Chair)	RBC Capital Markets
Andy Sittambalam (Vice Chair)	Scotiabank
Becky Alush	CIBC World Markets
Alain DeMontigny	Bank of Montreal
Richard Épaule	National Bank
Sam Jeries	TD Bank Financial Group
Maylin Koo	Citibank Canada
André Richard	Laurentian Bank
Ramesh Sankar	HSBC Bank Canada
Donna Wareham	State Street Bank & Trust Company
Rob Ogrodnick (Secretary)	Bank of Canada

Membership Subcommittee

Sheryl Kennedy (Chair)	Bank of Canada
Craig Ellis	CIBC World Markets
Jamie Thorsen	Bank of Montreal
Barry Wainstein	Bank of Nova Scotia

CANADIAN FOREIGN EXCHANGE COMMITTEE

Document of Objectives and Organization

May 2003

I. Objectives

The objectives of the Committee are:

- to provide a forum for the regular exchange of views on foreign exchange market developments;
- to identify, analyse and comment on issues pertinent to the foreign exchange market;
- to review procedures, practices, and technical issues in the foreign exchange and related financial markets;
- to provide a channel for communication between the foreign exchange market in Canada and organizations and official institutions within Canada and abroad; and,
- to promote, to the community at large, the activities, decisions and views of the Committee, as representative of the Canadian foreign exchange market generally.

II. Organization

1. The Committee is comprised of senior officers of institutions actively participating in the Canadian foreign exchange market and the Canadian dollar market globally.
2. The composition of the Committee is to reflect the interests of the major Canadian dollar market-making institutions in Canada and such other interests of the foreign exchange community as the standing Membership Sub-committee (as described below) believes will contribute positively to the ongoing work of the Committee. It shall include one representative each from the inter-dealer voice and electronic broking communities, the Department of Finance and the Bank of Canada. The Committee may also include up to two non-resident representatives from major Canadian dollar market-making institutions based outside of Canada.
3. The President of the Financial Markets Association of Canada and the Chairperson of the Canadian Committee for Professionalism, if they are not already members in their own right, are to be non-voting, ex-officio members.

4. An officer of the Bank of Canada will serve as Secretary to the Committee.
5. The Committee will not exceed 16 voting members, excluding the Secretary. A quorum is two-thirds of voting members. Members each have one vote. The Chair votes only in the case of a tie. Members appoint substitutes, from their own organizations, to attend on their behalf on an exceptional basis. Substitutes are to be considered possible candidates for future membership.
6. Initially, one third of the members will serve a term of three years, one third for a term of two years, and a final third for one year. Thereafter, each member will normally serve for a term of three years, although membership will remain, at all times, at the pleasure of the Committee. For consistency, all terms will be deemed to end on April 30.
7. Members serve on the Committee as individuals, to reflect the broader interests of the foreign exchange market, rather than that of the firm which employs them.
8. The Chair of the Committee is elected by and from the current members of the Committee, for a term determined by the Committee. The standing Membership Subcommittee (see below) recommends appropriate candidates for this position.
9. The Committee meets three times each year, or more frequently, as required. At each meeting, the date and location of the next meeting are decided by those present.
10. A standing Membership Subcommittee, consisting of a Chairperson, who is the member from the Bank of Canada, and three other members, as determined by the full Committee, identifies and proposes individuals for membership, based on their personal stature, breadth of experience and anticipated ability to contribute to the work of the Committee. The three other member positions serve a term of three years, with each one expiring in a different year on April 30.
11. The Committee may form ad hoc subcommittees, chaired by any of its members, to study specific issues. Outside participants may be invited to serve on such subcommittees.
12. The Committee will issue an Annual Report of its Activities, to be sent to all the financial institutions in Canada known to be active in the foreign exchange market, informing them of the Committee's activities and membership.
13. The Secretary prepares and circulates a notice and the minutes of each meeting to all members and their substitutes.

CANADIAN COMMITTEE FOR PROFESSIONALISM
Document of Organization
January 2001

The Canadian Foreign Exchange Committee (CFEC) and the Financial Markets Association of Canada (FMAC) are joint sponsors of an independent Canadian Committee for Professionalism (CCFP), formed in 1993.

Mission Statement:

To promote a high standard of professionalism and ethical conduct in the Canadian foreign exchange markets.

Objectives:

1. To *advocate* the continuing improvement of market practices to enhance the self-regulatory nature of the foreign exchange markets in Canada.
2. To provide *educational* vehicles which foster the understanding of the foreign exchange markets and related financial markets, in practice and theory.
3. To *arbitrate* disputes, upon request, between two or more members of the community or the institutions they represent.
4. To *communicate* with foreign exchange market professionals, and related trade associations, on matters relating to market practices and ethical conduct.

Committee Members:

The Committee is composed of a maximum of nine individuals who will be invited to join the CCFP at the request of the CFEC and FMAC, for a term of two years, with half the sitting Committee being present making a quorum, as follows:

1. The Chairperson of the CFEC or his/her designate.
2. The President of FMAC or his/her designate.
3. One member representing each of the major Canadian dollar market-making institutions in Canada.

4. One representative each from the Montreal foreign exchange community, the inter-dealer broker association, the foreign bank sector and the Bank of Canada.

Each individual on the Committee may satisfy one or more of the above requirements. A minimum of two members on the Committee should also be sitting members on the CFEC. All the members should have a broad knowledge of the foreign exchange markets in Canada, sufficient stature in the community to engender respect, and an anticipated ability to contribute to the work of the Committee. Traditionally the past President of FMAC has been asked to chair the Committee. If that is not possible, the Committee will select a Chairperson from its membership.

Committee Procedures:

1. The Committee will meet at the Chair's request. The format of the meeting will be informal, and the Committee will report to the CFEC on a regular basis. Any recommendation or issue paper prepared by the Committee will be presented for discussion at the CFEC before distribution and public disclosure.
2. The Committee will use FMAC as a vehicle to distribute information to the market.

February 24, 2004

Dear Market Professional,

Re: Canadian Overnight Index Swap Date Conventions

The Canadian Committee for Professionalism has been asked to clarify the date convention used for Canadian Overnight Index Swaps ("COINS"). Participants in the COINS market are accustomed to the various date conventions for the traditional products they trade such as foreign exchange forwards, repos, and interest rate swaps, to name a few, and this has led to some confusion over the date convention used for COINS.

We are aware that the subject of day count may cause confusion in some instances, due to the differing ways in which the various sectors of the global financial markets approach their businesses. To ensure the efficiency and integrity of the market, it is vital that the market terminology that evolves has a sound technical basis and is professionally and universally recognized. The language may be brief or concise, but there must be no room for ambiguity or misunderstanding as to what is being conveyed.

In June 2001, The Canadian Foreign Exchange Committee, the Canadian Committee for Professionalism, and the Financial Markets Association of Canada adopted The Model Code as the standard for best market practices in the Canadian foreign exchange marketplace. The Model Code was published during the year 2000 by ACI-Financial Markets Association with participation from all regions of the globe and in consultation with numerous regulatory bodies and central banks. As such, the Model Code represents a global perspective, offers a comprehensive guideline to best market practices, incorporates sound market principles, and is written in a spirit consistent with Canadian standards.

In order to clarify this issue, The Canadian Committee for Professionalism recommends the following as being 'market best practice', which should be used in conjunction with the methodology currently outlined in the Model Code:

- If the maturity date of a trade falls on a non-business day, the maturity date shall be moved to the *next* valid settlement day in Canada.
- The exception to this will be 'end-end' quotes, or quotes for 1, 2, 3 months etc., where the value of the trade falls at month-end. If the corresponding maturity date falls on a non-business day, the maturity date will be brought back to the last business day of that month.
- A '1-week' quote will always be a period of seven days or more. If the maturity date falls on a non-business day, the maturity date should be moved to the next business day, regardless of what calendar month it falls in. Anything less than this should not be termed '1 week' but becomes a 'broken-dated short date' quote.

The ACI's recommended methodology for day count conventions may be found in The Model Code, 'Business Hours and Time Zone Related', Chapter 1.3, supported by 'Market Terminology and Definitions', Chapter 11, Part 2. ISDA Modified Business Day Convention can also be referenced, as it is consistent with the Model Code.

As a word of caution, we would like to express that the problem with conventions is that they are taken to be consistent in their application, but sometimes it is not possible to define a particular convention that will be applicable in all jurisdictions. In all dealing conversations, it is strongly recommended that where there is any doubt, it is best to err on the side of caution and clarify what is being proposed rather than risk using any terminology that could be misinterpreted.

If you have any questions or comments regarding this announcement, please feel free to contact any of the undersigned. This letter will be available on-line on the CFEC website at www.cfec.ca and the FMAC website at www.fmac.ca.

Sincerely,

Sheryl Kennedy, Chair
Canadian Foreign Exchange Committee

Sharon Grewal, Chair
Canadian Committee for Professionalism

Firas Askari, President
Financial Markets Association of Canada

THE CANADIAN FOREIGN EXCHANGE COMMITTEE LE COMITÉ CANADIEN DU MARCHÉ DES CHANGES

150 King Street West
Suite 2000
Toronto, Ontario
M5H 1J9

November 29, 2004

Dear Foreign Exchange Market Participant,

Managing operational risk in foreign exchange requires constant self-evaluation and reassessment of existing controls.

At the request of the Foreign Exchange Committee (FEC) in the United States, the Operations Managers Working Group (OMWG) has published the two papers listed below. These committees are sponsored by the Federal Reserve Bank of New York.

1) **Management of Operational Risk in Foreign Exchange** – this paper was intended to serve as a resource for firms as they regularly evaluate their policies and procedures to manage operational risk. The document recommends 60 best practices to consider when evaluating operational controls.

2) **Recommendations for Nondealer Participants** – this paper, which is a condensed version of the 60 best practices, is geared towards nondealer participants who, while perhaps not as active in foreign exchange, could benefit from the recommendations.

These papers can be found under “Announcements” at the web sites of either the Canadian Foreign Exchange Committee (at www.cfec.ca) or the U.S. Foreign Exchange Committee.

There have been many changes in foreign exchange trading and settlement procedures since the papers were first published. These include higher volumes, the introduction of the euro, the globalization of processing centers, an increased focus on contingency management, regulatory and anti-money laundering requirements, and CLS processing – to name a few. As the industry has evolved the OMWG has reviewed and updated the documents to ensure they remain relevant.

The Canadian Operations Managers Working Group (Canadian OMWG), a working group of the Canadian Foreign Exchange Committee (CFEC), has reviewed the most recent publication of the documents, dated November 2004, and endorses them as valuable resources for assisting with periodic risk self-assessment. It should be noted that these are not rules per se, but recommendations. Each firm must evaluate how closely the best practices should be followed in relation to their own unique circumstances.

On behalf of the CFEC and the Canadian OMWG, we encourage you to review the documents with relevant departments within your organization and, where appropriate, incorporate the recommendations into your policies and procedures.

Yours truly,

Sheryl Kennedy
Chair, CFEC

Jean Naphine
Chair, Canadian OMWG

Table 1
Selected Monthly Canadian Dollar Foreign Exchange Market Volumes
C\$ Billions, Jan/99-Dec/04
Outright Spot Transactions

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% Chge
Commercial Clients														
04	41	37	45	43	43	42	39	35	41	40	46	49	502	-5
03	44	44	47	47	50	45	45	35	44	44	39	44	527	3
02	42	34	46	45	43	40	50	39	42	48	41	42	514	-3
01	47	45	51	44	44	51	43	40	43	43	41	36	528	-3
00	44	41	50	45	42	50	42	44	43	47	47	47	543	19
99	35	34	42	35	35	39	36	37	38	37	42	48	457	-9
Foreign-Domiciled Financial Institutions and Investment Flow Business														
04	116	109	129	122	110	107	97	96	112	103	115	133	1349	-4
03	108	102	116	114	124	124	144	103	116	121	113	117	1403	20
02	103	84	97	92	102	98	120	89	93	117	88	83	1166	13
01	95	90	103	93	83	100	81	79	67	84	90	71	1035	1
00	81	92	102	77	88	84	74	82	79	102	85	76	1022	-3
99	84	92	93	93	101	94	90	86	95	88	82	61	1058	-5
Total Retail^a														
04	166	156	184	175	165	160	145	140	168	152	171	195	1974	-3
03	162	154	172	169	183	180	200	148	171	174	161	171	2045	14
02	155	126	152	147	154	147	181	137	144	176	136	134	1789	6
01	155	146	168	148	136	161	133	127	118	137	140	116	1683	-1
00	136	147	167	133	139	144	126	134	132	161	141	135	1695	4
99	128	134	146	140	144	143	134	132	142	133	133	118	1626	-6

a. Total Retail includes commercial clients, Canadian-domiciled investment flow business, and foreign-domiciled financial institutions and investment flow business.

Table 2
Selected Monthly Canadian Dollar Foreign Exchange Market Volumes
C\$ Billions, Jan/99-Dec/04
Outright Forward Transactions

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	%Chge
Commercial Clients														
04	27	28	34	31	25	27	26	28	24	25	28	30	331	-7
03	29	32	34	27	32	27	31	21	29	28	32	33	356	21
02	26	19	23	25	28	26	30	19	22	30	23	24	295	-5
01	31	24	30	25	25	35	27	23	25	23	27	18	312	13
00	22	19	25	21	23	23	17	23	23	29	28	27	277	18
99	17	22	19	19	17	22	20	18	18	18	24	20	234	-10
Total Retail^a														
04	48	50	58	55	50	55	46	47	50	44	57	61	622	-1
03	52	51	53	47	55	49	57	44	53	51	58	57	627	20
02	49	34	43	41	49	48	49	34	38	56	42	40	521	-9
01	59	50	54	45	43	59	43	46	41	41	52	39	572	8
00	39	39	50	42	42	43	35	39	42	55	53	50	528	10
99	35	40	37	43	33	44	39	34	51	38	47	41	482	2

a. Total Retail includes commercial clients, Canadian-domiciled investment flow business, and foreign-domiciled financial institutions and investment flow business.

Table 3
Selected Monthly Canadian Dollar Foreign Exchange Market Volumes
C\$ Billions, Jan/99-Dec/04
Interbank, Foreign Exchange Swap and Total Transactions

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% Chge
Canadian Banks ("Interbank") - Outright Spot and Outright Forward														
04	34	34	39	37	33	34	35	28	34	32	36	42	418	-9
03	38	37	39	37	40	39	42	32	37	40	33	45	460	-8
02	42	36	40	46	50	39	49	38	37	46	41	37	501	-7
01	58	48	60	51	42	51	37	38	36	41	47	31	541	-9
00	52	54	53	50	51	47	42	42	44	55	55	50	594	-11
99	60	63	63	53	52	59	51	44	58	57	52	53	666	-27
Total Foreign Exchange Swaps														
04	500	463	573	544	539	520	442	485	541	564	527	590	6289	-8
03	564	560	623	535	528	579	613	502	510	630	570	608	6823	6
02	541	435	493	536	527	518	623	600	543	562	565	498	6442	-1
01	583	473	616	549	562	552	494	525	542	527	527	544	6494	10
00	471	514	596	451	505	529	420	440	453	492	513	523	5908	-10
99	538	513	670	599	524	616	459	541	545	541	567	487	6601	-18
TOTAL (Outright Spot, Outright Forward and Foreign Exchange Swaps)														
04	748	703	854	811	787	769	668	700	793	792	791	888	9303	-7
03	816	802	887	788	806	847	912	726	771	895	822	881	9955	8
02	787	631	728	770	780	752	902	809	762	840	784	709	9253	0
01	855	717	898	793	783	823	707	736	737	746	766	730	9290	6
00	698	754	866	676	737	763	623	655	671	763	762	758	8725	-7
99	761	750	916	835	753	862	683	751	796	769	799	699	9375	-16

Chart 1
Canadian Foreign Exchange Market Volumes
 (Billions of \$C/Quarter, Q1/98 – Q4/04)

- Total Spot, Forward & Swaps
- - - Swaps
- · · Spot
- · - Forwards

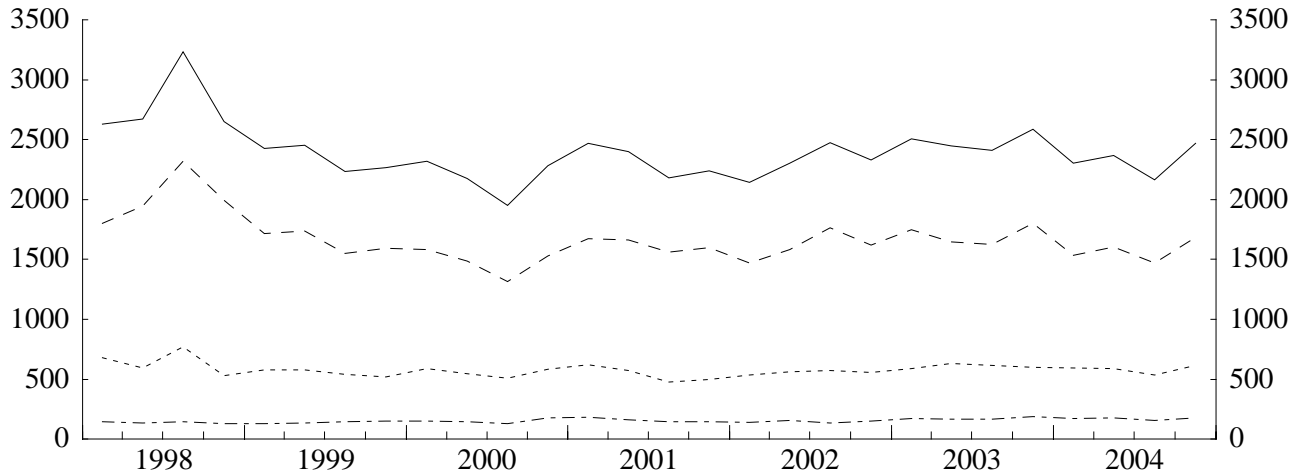


Chart 2
Spot Market Volumes
 (Billions of \$C/Quarter, Q1/98 – Q4/04)

- Total Spot Market
- - - Canadian Interbank
- · · Foreign-domiciled FI's & Investment Flows
- · - Commercial Clients
- · - Canadian-domiciled Investment Flows

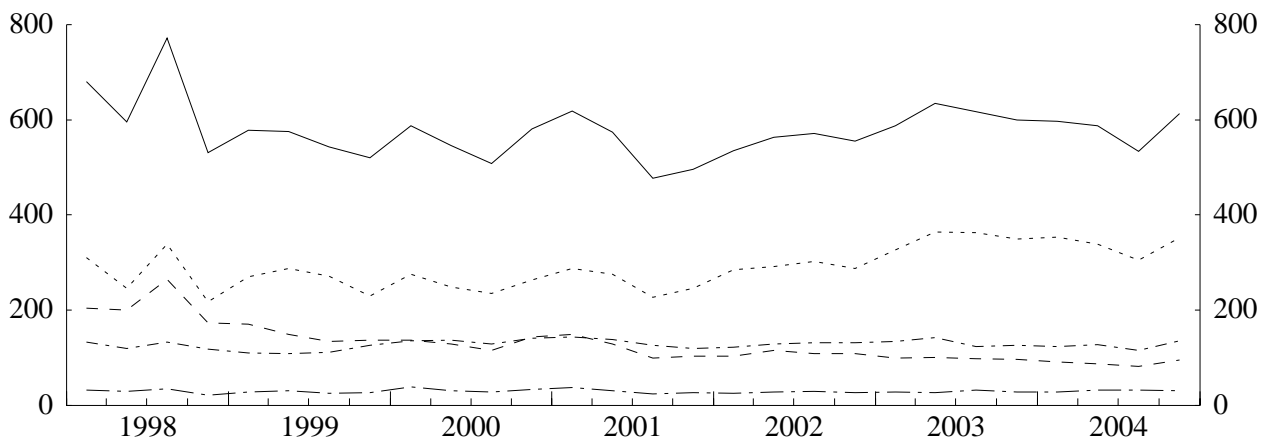


Chart 3
Forward Market Volumes
 (Billions of \$C/Quarter, Q1/98 to Q4/04)

- Total Forward Market
- - - Commercial Clients
- · · Foreign-domiciled FI's & Investment Flows
- · - Canadian-domiciled Investment Flows
- - - Canadian Interbank

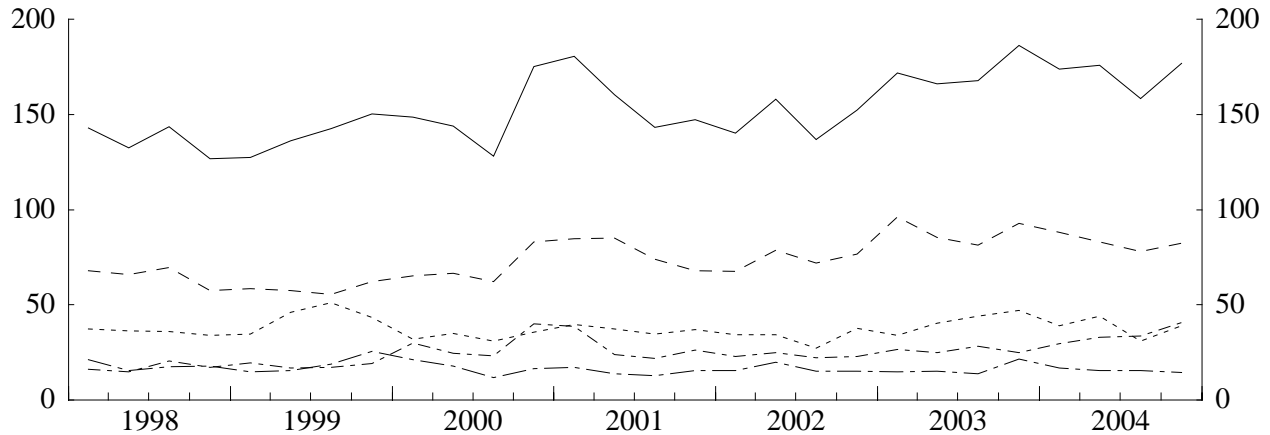


Chart 4
Swap Market Volumes
 (Billions of \$C/Quarter, Q1/98 to Q4/04)

- Total Swaps
- - - Canadian Interbank
- · · Foreign-domiciled FI's & Investment Flows
- · - Commercial Clients
- - - Canadian-domiciled Investment Flows

