



## Minutes

November 13, 2019

### Seventh Meeting of the Mexican Foreign Exchange Committee

---

Mexico City, Wednesday, November 13, 2019, 5:00 p.m.

Location: Ve por Más, Paseo de la Reforma 365, Colonia Cuauhtémoc, Z.C.06500, Alcaldía Cuauhtémoc, Mexico City

Host: Ve por Más

Attendees:

#### **Members**

**Gerardo Israel García López** – President, Bank of Mexico.

**Juan García Padilla**, Bank of Mexico.

**Gilberto Romero Galindo**, Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve Por Más.

**Alejandro Aguilar Ceballos**, Operadora de Fondos Banorte, S.A de C.V. SOFI., Grupo Financiero Banorte

**Alejandro Faesi Puente**, Grupo Financiero Banorte, S.A.B. de C.V.

**Alfredo Sordo Janeiro**, SAM Asset Management S.A. de C.V. S.O.F.I.

**Andrés Moreno Arias**, Afore Sura, S.A. de C.V.

**Eduardo Riba Aspe**, Enlace Int, S.A de C.V.

**Fidel Martínez San Martín**, Grupo Financiero Citibanamex, S.A de C.V.

**Javier Alvarado Chapa**, Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero.

**Joaquín Caicedo Russi**, Banco J.P. Morgan, S.A., Institución de Banca Múltiple, J.P. Morgan Grupo Financiero.

**José Castro Godard**, Coca-Cola FEMSA, S.A.B. de C.V.

**José Ignacio Torres H. Mantecón**, Vector Casa de Bolsa, S.A. de C.V.

**Juan Carlos Escalera**, Refinitiv

**Juan José Hicks Pedrón**, Scotiabank Inverlat, S.A.

**Luis Betancourt Barrios**, Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander México.

**Matt O'Hara**, 360 Trading Networks, Inc. (Americas)

**Pedro Arroyo**, Asociación Mexicana de Instituciones Bursátiles, A.C. (AMIB).

**Rodrigo Guzmán**, Mexichem, S.A.B. de C.V.

**Sergio Méndez**, Afore XXI Banorte, S.A. de C.V.



### **Secretariat**

**Mayte Rico Fernández** – Secretary, Bank of Mexico.

### **Other attendees**

**Gerardo Molina Adame**, Bank of Mexico

**Luis Murray Arriaga**, Bank of Mexico

**Pilar Figueredo Díaz**, Bank of Mexico

**Ximena Alfarache Morales**, Bank of Mexico

### **AGENDA**

#### 1. Welcome

Gerardo Israel García López, in his position of General Director of Central Bank Operations of Banco de México, was introduced as the new President of the Committee. The President of the Committee welcomed all attendees of the seventh meeting of the Mexican Foreign Exchange Committee (MFXC) and thanked Gilberto Romero, member of the MFXC, for his support in the preparation and hosting of this meeting.

In addition, the President welcomed José Castro Gordard, from Coca-Cola FEMSA, S.A.B. de C.V., as new member of the Committee.

#### 2. Global Foreign Exchange Committee (GFXC) and the FX Global Code

The President of the Committee thanked members for their participation in the annual survey on adoption of the FX Global Code, which was carried out by the GFXC. Additionally, it was discussed with members of the Committee the priorities and areas of focus that the GFXC established as part of the three-year review of the FX Global Code. Among the main issues discussed were the necessity of further promotion of the Code among buy-side market participants for its increased adoption, electronic trading in FX markets, etc. In general, there was also a common recognition of a positive impact from the Code on FX market practices.



Finally, the members of the Committee received an update regarding the number of participants adhered to the FX Global Code in Mexico and the number of participants registered in the Public Registry of the MFXC and the Global Index of the GFXC.

### 3. Developments in the global FX market

Members of the Committee discussed the relevance of the exchange rate fixings in local and global financial markets. Additionally, the members of the Committee received an update on the transition process planned by LCH and the CME Group with regards to the adoption of the new reference rate published by the Federal Reserve, which is the Secured Overnight Financing Rate (SOFR).

Furthermore, members also discussed the progress made on the adoption of a new risk free reference rate in Mexico, in particular, referring to the Overnight TIIE Funding Rate.

Also, the members of the Committee discussed some of the results of the 12th Triennial Central Bank Survey of Foreign Exchange and Over-The-Counter (OTC) Derivatives Markets, which was recently published by the Bank for International Settlements (BIS). The general opinion from members was that the Mexican peso maintains its high liquidity conditions, reflects a deep market, good functioning of the derivatives market and presents optimal trading conditions. On the other hand, it was considered that the decrease in trading volume from the Mexican peso in relative terms to other currencies was due to some factors such as the higher level of interest rates in Mexico relative to other countries, the role of some reserve currencies, and recent developments around commercial issues, particularly in Asia.

### 4. Mexican Foreign Exchange Committee

Members of the Committee agreed to translate to English the document on the analysis of FX trading on electronic platforms in Mexico and the use of such platforms to operate the Mexican peso. In addition, members also approved to translate the documents published by the MFXC in regard to adoption of the Code for different financial sectors in the country, as well as for the Committees of other jurisdictions that may have requested it.



##### 5. Any other business

Members were presented with the proposal of inclusion of a new market participant to the Committee. This proposal was analyzed and discussed and was further voted and approved. Moreover, the invitation for a new potential member was proposed and also approved by consensus.

The next meeting is scheduled for January 28, 2020. Additionally, it was mentioned that a calendar proposal would be sent to members in order to analyze the viability of the proposed schedule for everyone.