

SWEDISH SECURITIES DEALERS ASSOCIATION

To
Basel Committee on Banking Supervision
(baselcommittee@bis.org)

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SSDA comments on the Supervisory guidance for managing risks associated with the settlement of foreign exchange transactions

The Swedish Securities Dealers Association represents the common interest of banks and investment firms active on the Swedish securities market. The mission of SSDA is the maintaining of a sound, strong and efficient securities market in Sweden. SSDA pro-motes members' views with regard to regulatory, market and infrastructure related issues. It also provides a neutral forum for discussing and exchanging views on matters which are of common interest to its members. SSDA has a close cooperation with other trade associations in Sweden, the Nordic area and Europe.

The SSDA welcomes the opportunity to comment the Consultation Paper on Supervisory guidance for managing risks associated with the settlement of foreign exchange transactions

The document gives a very good, both overview and detailed instructions of how to follow up risks in foreign exchange trading. Our members in the Swedish market all feel that this are risks that they all follow today and that the new updated guidance just confirms that they are on the right track to reduce and follow-up on settlement risks.

Guideline 7: Capital for FX transactions

We feel that the capital requirement for foreign exchange activity already exist to a large extent. We do have capital requirement on our outstanding contracts (replacement risk) through the credit exposure to our counterparties. We will emphasis that the only part of the foreign exchange settlement risk where increased capital requirement could be needed if for the short period from spot to final settlement (normally 2 banking days) if the transaction is not PVP.

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