

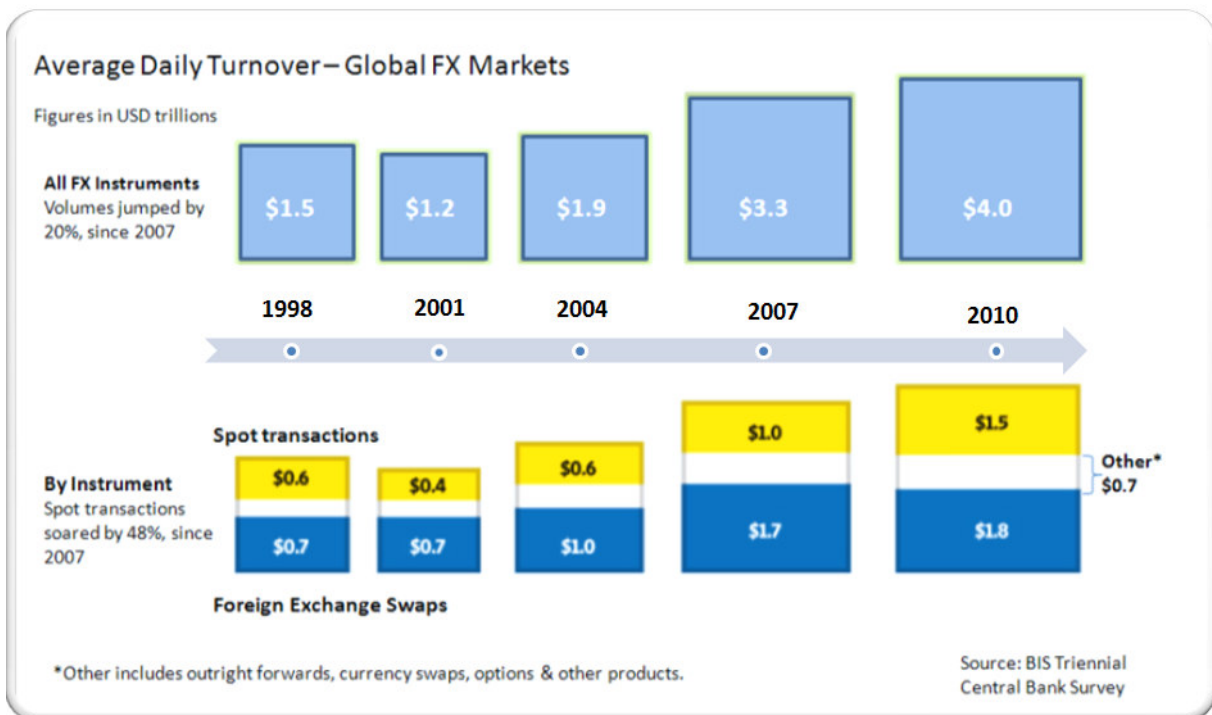
Paris, 2 September 2010

BIS confirms further growth in FX volumes.

On September 1st, the BIS (Bank for International Settlements) published the preliminary results from their triennial report on International Foreign Exchange Markets. This survey confirms that the world's greatest financial market experienced further expansion, albeit at a lesser percentage than before. Nevertheless, it also confirms that the FX market was not affected by the financial crisis.

In short, the daily traded FX volume increased from USD 3,3 trillion in 2007 to USD 4 trillion in April 2010 – this represents a 20% gain, which was markedly less than the 71% increase observed between 2004 and 2007.

The FX market is larger than all the other financial markets combined. More importantly, it enables liquidity to be efficiently distributed around the globe and remains essential for a sustainable economic growth.



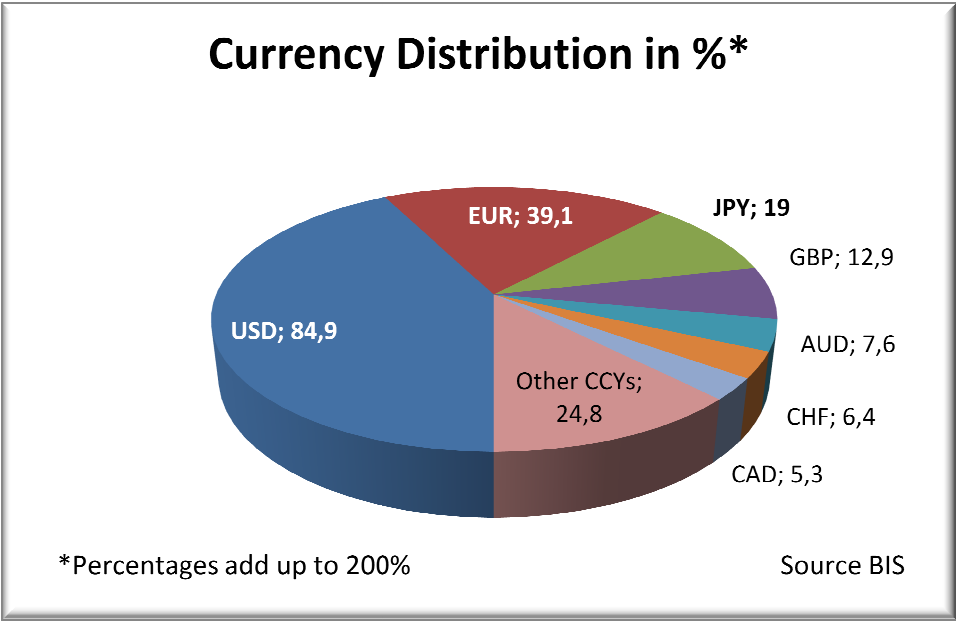
The increase in turnover was driven by a 48% growth in Spot transactions, which represent 37% of the FX market and reached USD 1.5 trillion. Another staggering increase was noted in the outright forward segment (+31%), whereas growth in the largest segment of FX Swaps was flat. Meanwhile, a marginal decrease of 2% was registered in FX Options.

In a first reaction to the release, Stephane Malrait, MD Global Head of eCommerce at SocGen London and member of the ACIFXC (ACI FX Committee) summarized a significant increase of client flow in Europe and Asia and clients are looking at more counterparties than before. He also noticed more demands for emerging market currencies and better execution using eCommerce.

On the other hand and according to Ardalan Gharagozlou, Head of GFFX Continental Europe within Deutsche Bank Frankfurt and also member of the ACIFXC affirms that speculative FX business, is on the decline in these days. 'The tendency in the FX markets still is for hedging but even more for investments. Many hedge funds, pension funds, large corporate, insurance companies discovered FX now as an asset class in their portfolio whilst pure trading for own accounts is diminishing', he adds.

The BIS survey also show that the FX market became more global with cross border transactions representing 65% of daily trading activity. This may be due to an increase in cross border trade amongst countries but also to the growing number of investors considering FX as an asset class and are investing in fast growing economies.

In the broader search of diversification, hedge funds, mutual funds and even sovereign wealth funds have all recognised the currency markets as a distinct asset class and not just a way to hedge investments made in a different currency.



As clearly highlighted above, the US dollar remained the global dominant currency, with 84,9% of all transactions. The Euro's share rose to 39% from 37%, Japanese Yen gained 1,8% to 12,9%ⁱ and the biggest decline was in the British Pound. Moreover, interesting to note that amongst the emerging countries, significant increases were seen in the Turkish Lira, Korean Won, Brazilian Real and the Singapore Dollar.

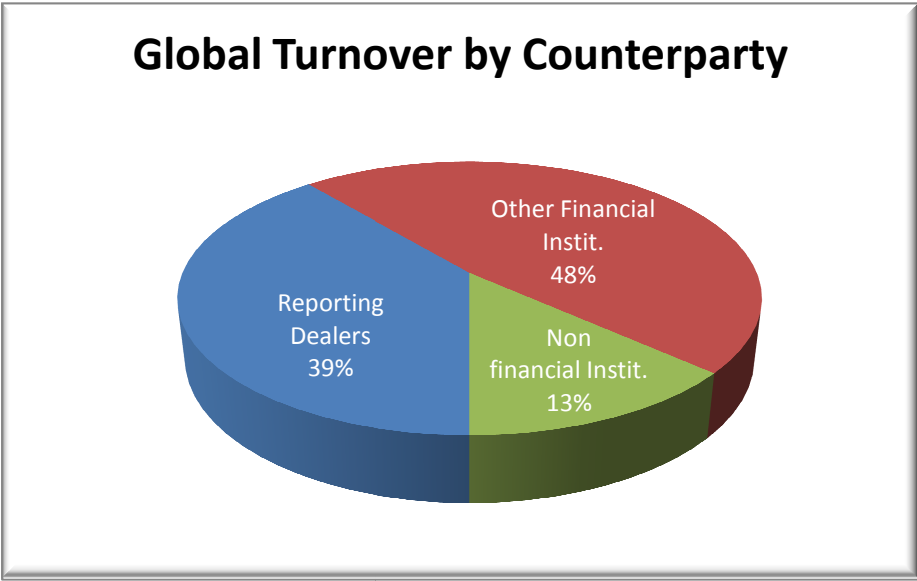
In terms of currency pairs, the EURUSD remains dominant with 28%, followed at some distance by USDJPY at 14% and USDGBP (9%).

The United Kingdom (37% market share) and the US (18% market share) are still host the worlds' largest Foreign Exchange Markets. The UK's market share increased by 2% whereas that of the US

was pretty much flat. These countries are followed by Japan (6%), Singapore (5%) and Switzerland (5%).

Trading originating from non-dealers and classified as other financial institutions, grew by 42% to USD 1,9 trillion and become the highest contributing source in today's FX Market as shown by the exhibit below. This category, mainly includes central banks, hedge funds, mutual funds and even the smaller commercial banks.

Meanwhile, trading between reporting dealers grew at a slower pace, by 11% to 1,5 trillion. Reporting dealers is defined as those financial institutions that actively participate in local and global FX markets.



The shift in currency trading from conventional banks to investors is evident by the appreciation of the Yen against other major currencies. Historically, investors have moved away from low yielding currencies to seek growth by investing in high yield ones. The Yen pays next to nothing on the interest side, yet it is trading at 15 year high. This can be for two factors, one is that international investors see the JPY as a safe haven and the other could be Japanese investors, bringing back their savings home.

Remarkable at all is the only moderate increase in the FX swaps turnover by just 3% during the past three years. Just to remind that because of the reduction or even suspension of credit lines during the crisis FX-swaps were boosted for exchanging and generating liquidity. Alike we became surprised that for the first time the non-commercial banks segment generated more volume than reporting banks. However, as ACI The Financial Markets Association we fully understand the authorities' policy concerning financial stability and strength, but it looks like the market is increasingly being shared by non-regulated counterparts. Actual initiatives will provide advantages to bank's counterparts but also could open additional global systemic risks in future.

ACI The Financial Markets Association

ⁱ Share count data add up to 200% to reflect the fact that there are two currencies in each transaction.