



Minutes of the Operations Managers Working Group (OMWG) Meeting, March 28, 2019

Host: Federal Reserve Bank of New York (FRBNY)

OMWG Attendees:

James Wallin	Alliance Bernstein
Alfred Pollock	Citigroup
Daniel Lennon (Chair)	CLS
Aaron Ayusa	Credit Suisse
Christy Grant	Credit Suisse
Brittany Panzino	Eaton Vance
Juna Nashi	Goldman Sachs & Co.
Michael Przebieglec	HSBC
Nicholas Picini	HSBC
Matthew Smith	JP Morgan Chase
Marcellus Fisher	PIMCO
Anthony Ghibesi	Standard Chartered
Lafir Thassim	UBS

Federal Reserve Bank of New York (Ex Officio)

Thomas Noone
Geza Sardi (Secretary)
Kathy Ramirez

Welcome

Geza Sardi, the OMWG Secretariat, opened the meeting by welcoming Daniel Lennon from CLS as the new OMWG Chair. Mr. Lennon expressed his enthusiasm in the new role and is looking forward for active, open, and transparent dialogue with the rest of the OMWG members.

Annual Antitrust Reminder

Thomas Noone provided the group with the Antitrust Guidelines for Members of the Federal Reserve Bank of New York's Advisory and Sponsored Groups. In addition, Mr. Noone expressed that adherence to these guidelines is mandatory and is a condition on participation in any group. He also referred to the Foreign Exchange Committee ("FXC") website for an electronic copy of the Antitrust Guidelines.



FXC Update

Chris Vogel, chair of the Foreign Exchange Committee (“FXC”), joined the OMWG meeting via teleconference. Mr. Vogel thanked members of the OMWG for its partnership and provided the members with an FXC update. Mr. Vogel highlighted that the FXC has a diverse representation of the FX wholesale market, having representation from buy-side and sell-side firms, market utilities such as CLS, and corporations. Mr. Vogel added that these corporations that have joined the FXC have signed the FX Global Code Statement of Commitment. The FXC is not only looking to increase membership, but also focus on increasing participation from its members. Additionally, Mr. Vogel provided market updates as well as perspectives on Brexit.

FMLG Update

Mr. Noone provided the members with a Financial Markets Lawyers Group (“FMLG”) update. Specifically, Mr. Noone highlighted discussions on: (1) LIBOR Transition, (2) buy side interest in the International Swaps and Derivatives Association (“ISDA”) novation protocol, (3) overlap and potential conflict between the Fixed Income, Currencies and Commodities Markets Standards Board (“FMSB”) and the FX Global code, (4) prime broker external business conduct obligations and swap execution facility (“SEF”) trading, (5) discussions of materials from the Bank of International Settlements, the European Central Bank, and the Bank of Canada on crypto asset regulation, (6) relevant FX prosecutions, (7) discussions on the Tokyo FXC issued market recommendation regarding obligations that mature during the extended bank holiday (golden week) in Japan, (8) discussions on whether there should be a revision of FX definitions, (9) discussion on EU benchmark regulation, (10) discussions on Brexit and reference rates, highlighting concerns about equivalence for benchmark administrators in the UK and EU following “exit day”, and lastly, (11) preparation for the annual Quadrilateral meeting in Tokyo. In addition to continuing discussions for the above, Mr. Noone also mentioned upcoming topics to the FMLG such as JPM Coin, manufactured defaults, enforcement of industry codes, and regulatory/policy preferences for branches versus subsidiaries.

CLS Update

The CLS representative emphasized that CLS observed a significant spike in late pay-ins in 2018. Liquidity issues, operational issues, staff availability, as well as weekend technology changes were highlighted as key drivers for late pay-ins. A member notice was distributed to all CLS Member Banks on February 28, 2019 to highlight changes in late pay-in fees. The change in fees is designed to be a deterrent rather than act as a revenue opportunity for CLS.

Initiatives and topics for future OMWG sessions

Members of the OMWG expressed that novations are uncommon but very labor intensive, making novations expensive. A member suggested making novations a continuing action item addressing key aspects of the protocol. Specifically, the member suggested looking into how both buy and sell side firms view the protocol, determine the reason(s) for limited buy-side uptake, and highlight issues and/or concerns, if any, with the protocol as it stands for OMWG members.

foreign exchange committee

FXC

A member highlighted that there have been firms adopting customized solutions for FX clearing. As a future initiative, the member suggested to perform a deep dive into the current clearing landscape and what the industry is doing in terms of allocation, netting and client clearing.

Members have expressed interest in discussing digital currency and any operational impacts associated with it. Lastly, members also expressed an appetite for a contingency playbook, coming up with a member contact list to increase connectivity should an outage arise.