



Minutes of the Joint Foreign Exchange Committee and Operations Managers Working Group Meeting

Meeting, July 9, 2014

Host: UBS

FXC Attendees:

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| ADNAN AKANT | Fischer Francis Trees & Watts |
| CHRISTOPHER BAE | Bank of America Merrill Lynch |
| ANTHONY BISEGNA | State Street |
| ROBERT BOGUCKI | Barclays |
| TIM CARRINGTON | RBS |
| ROBERT CATALANELLO | Credit Agricole CIB |
| PETER CONNOLLY | Wells Fargo |
| DANIEL GLEIZER | Banco Itau BBA |
| MOHAMMED GRIMEH | Standard Chartered |
| HARI HARIHARAN | NWI |
| MOTI JUNGREIS | TD Bank |
| RUSSELL LASCALA | Deutsche Bank |
| REBECCA PATTERSON | Bessemer |
| SENAD PRUSAC | Morgan Stanley |
| PAUL RICHARDS | UBS |
| TROY ROHRBAUGH | JP Morgan Chase |
| DANIEL SILBER | HSBC |
| KOICHI TAKENAKA | Mizuho |
| CHRIS VOGEL | Blackrock |
| PHIL WEISBERG | Thomson Reuters |
| JOSE LUIS YEPEZ | Citigroup |

OMWG Attendees:

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| JAMES ANDREWS | JP Morgan |
| KATHERINE ANDREWS | Bank of America |
| MICHAEL DEBEVEC | Blackrock |
| STEPEHEN DOBSON | Deutsche Bank |
| ROB DUFF | HSBC |
| ROB EBY | Wells Fargo |
| JOHN FERRAIUOLO | Barclays |
| LARRY FITZGERALD | Standard Chartered |
| JORGE HIDALGO | Barclays |
| MARK KAUFMAN | JP Morgan |
| DANIEL LENNON | CLS |
| RICHARD MALING | State Street |
| MICHAEL REESE | UBS |
| TONY ROCCHIO | Bank of New York Mellon |
| KEN ROZYCKI | Brown Brothers Harriman |
| EISSO VANDERMEULEN | EBS |
| JAMES WALLIN | Alliance Bernstein |



Federal Reserve Bank of New York Attendees

CHRISTINA GETZ

ANNA NORDSTROM

JAMIE PFEIFER

SIMON POTTER

SHAWEI WANG, Counsel

MICHAEL NELSON, Counsel

1. Update on FXC and OMWG workstreams

The FXC Chair, Troy Rohrbaugh, welcomed members from the Foreign Exchange Committee and the Operations Managers Working Group (OMWG). He provided an update on the FXC workstream to review best practices documents and noted that FXC members will continue to give presentations of the documents at upcoming meetings. He also indicated that the FXC may launch a longer-term effort to update and consolidate the best practices documents. The FXC Chair also updated the group on the FXC workstream focusing on FX liquidity landscape. Since the last FXC meeting, members of the liquidity workstream identified particular liquidity metrics, currency pairs and time horizon to conduct an analysis of the FX liquidity landscape.

James Wallin, co-chair of the OMWG, provided an update on the work of the OMWG. He noted that some OMWG members reviewed the Execution-to-Settlement Recommendations for Nondealer Participants document. Those OMWG members compared findings with FXC members that reviewed the document at the last FXC meeting in May. James Wallin also updated the group on an OMWG effort to identify areas to improve operational efficiencies between the buy side and sell side while onboarding clients and communicating trade allocations.

2. Dodd-Frank implementation update

Eisso Vandermeulen, Phil Weisberg and John Ferraiuolo discussed the implementation of the Dodd-Frank regulation in the FX market. Mr. Vandermeulen began the discussion with an update on the current SEF landscape. He discussed trading volumes on SEFs, share of activity across SEFs and geographic regions.

Phil Weisberg discussed some challenges that the FX market could face with the implementation of Dodd-Frank mandatory trading of NDFs on SEFs. Mr. Weisberg also noted that firms will have to prepare for new trading practices, relationships with clearing brokers and clearing houses, and settlement procedures.

John Ferraiuolo discussed the implementation of SEF trading in the credit and rates market and highlighted some aspects of that implementation that could apply to FX products. He recommended preparing in advance for any regulatory changes in FX products. He also highlighted that market participants should take note of the expiration of the CFTC time-limited no-action relief on the topic of void ab initio trades on June 30, 2014 as it might impact operations for some firms.



3. FXC and OMWG member presentation on Management of Operational Risk in Foreign Exchange, “Sixty Best Practices”

Rob Eby, Chair of the OMWG, Rob Duff and Tony Rocchio presented the [Management of Operational Risk in Foreign Exchange, or “Sixty Best Practices”](#) document to the group. Rob Eby noted that the document was updated in October 2013 and opined that it contains largely up-to-date information. They each discussed main sections of the document and highlighted the major themes and key content. Private sector members discussed how to best incorporate new regulations in the U.S. and Europe into the document.

4. OMWG member presentation on Execution-to-Settlement Recommendations of Non-dealer Participants

FXC members, Adnan Akant and Chris Vogel and OMWG members, Mike Debevec, Richard Maling, Michael Reese, Ken Rozycki presented the [Execution-to-Settlement Recommendations for Non-dealer Participants](#) document to the group. Ken Rozycki noted that an OMWG work group reviewed the document. The comments from the OMWG work group were largely in agreement with the comments that FXC members expressed about the document at the [May FXC meeting](#).

Private sector members noted that an updated version of the document could be very useful for various market participants. Members and Counsel agreed to continue to discuss the best approach for updating the document at future meetings.

5. Market discussion

The FXC chair facilitated a discussion on market developments. He raised various topics including, price changes in the equity market since the last meeting, the monetary policy outlook for the Bank of England and the People’s Bank of China, recent monetary policy action by the European Central Bank, better-than-expected U.S. economic data and the current level of low volatility across markets.

Private sector members commented on market conditions during the end of the third quarter, noting that some congestion on dealer balance sheets may have contributed to specialness and fails in some U.S. Treasury market securities. Private sector members also discussed the low level of volatility across markets and some lack of strong conviction to deploy capital in the current environment. Some private sector members also discussed the importance of inflation expectations in the United States when considering the outlook for monetary policy.

6. Other business

The Chair noted that the next FXC meeting is scheduled for September 19 at 11:00 AM (PST) and will be hosted by Wells Fargo. The next OMWG meeting is scheduled for October 8 at 3:00 PM (EST) and will be hosted by Bank of America Merrill Lynch.