



EUROPEAN CENTRAL BANK

EUROSYSTEM

OPERATIONS MANAGERS GROUP

18 October 2010

**SUMMARY OF THE MEETING**  
**ECB OPERATIONS MANAGERS GROUP (OMG)**  
**FRANKFURT – 14 OCTOBER 2010**

**1 Approval of the agenda**

*The new Chairman welcomed the participants. The agenda was approved.*

**2 Recent financial market developments**

*Ivan Frechard (ECB) made a presentation on recent key financial market developments. Financial markets have been characterised by some turbulence around May due to renewed concerns over sovereign debt. Most financial markets have recovered since then and perceived uncertainty as measured by implied volatility is back moderate levels. On money markets, the downward trend in EURIBOR halted and EONIA edged slightly higher. The number of participating banks in the ECB main refinancing operations remained stable amid a generally lower level of refinancing. ECB activity was marked by interventions in euro debt markets, the reintroduction of liquidity providing operations in USD and new provisions in the framework for monetary policy implementation.*

**3 Operational experiences in a changing paradigm**

*Leigh Meyer (Citi) made a presentation on the experiences of an operations manager in a big commercial bank, a global player, in the aftermath of the financial crisis and narrated the challenges posed by the new post-crisis environment in terms of customer relationships, internal resources, cost issues. A forward-looking agenda was presented, listing the main objectives to be pursued: expense management, risk management and mitigation as well as standardisation are expected to gain importance. Finally some views on the “brave new world” ahead was described, and the paradigm shift that is currently affecting the financial industry was mentioned: regulatory environment, desirable business models and changing resource requirements.*

**4 Activities of the OMG working groups**

*The Chairman A Gaus made a status update on the work done by the Task Force on Best Practices. Following the allocation of topics to the members of the task force, an implementation plan has been devised; key topics identified and a workshop has been organised, bringing together all the members of the Task Force. J Hill (RBS) then gave an update on the work done in London on SSIs. Some of the*

*procedural problems in selecting vendors to fulfil the objectives of the SSI task force have been solved; vendors will be asked to meet certain requirements in order to qualify as data repositories.*

## **5 Presentation on the Wall Street reform measures in the US**

*M Milford (ECB) made a presentation on the Dodd-Frank Act which is intended to reshape the way that Wall Street will work in future. This wide-ranging reform of the US financial system includes many new statutes, and amends numerous others. Among others, it covers issues as diverse as systemic risk regulation, regulation of depository institutions, bank holding companies, the regulation of OTC derivatives, prohibition of proprietary trading by an insured depository institution (Volcker Rule), strengthening the regulation of the securities markets (including rating agencies), establishing new regulatory institutions; and reforming the Federal Reserve's lending and governance. Attention was drawn to the tight deadlines for implementing the reform and to the fact that implementation will be time-consuming and complex. The presentation then focused specifically on the reform of what are currently referred to as OTC traded products as well as reforms that will affect all exchange-traded derivatives.*

## **6 Managing Performance and Capacity in the FX Industry**

*The Chairman A Gaus debriefed the OMG on the first meeting of the CLS Ecosystem Group on capacity and performance. He mentioned the primary focus identified by the group for its work and underlined the importance of devising measures for improving scaleability of CLS services in order for it to respond with adequate speed to periods of stress situations and increased settlement requirements.*

## **7 FED letter initiative**

*D Haid (UBS) reminded the OMG participants of the main objectives of the Fed Letter Initiative, namely the commitment by the largest financial players to develop matrix reporting, electronic processing of confirmations, life cycle event processing, central settlement (CLS) and provide transparency. He then updated the group on the most recent progress made by the largest financial market player in the latest period.*

## **8 Activities and OMG meetings in 2011**

*O Mastroeni (ECB Secretary) reminded the main activities that had been achieved by the Group under the new Chairman in 2010 and asked the OMG to confirm the proposed OMG meetings dates for next year. These were confirmed to be:*

- 15 February 2011 at the ECB*
- 20 May 2011 external meeting*
- 18 October 2011 at the ECB*