

**SUMMARY OF THE MEETING OF THE
OPERATION MANAGERS CONTACT GROUP (OMCG)
FRANKFURT – 20 MARCH 2014**

1. Approval of the agenda

The Chairman, M Stubbe (ECB) welcomed the new members of the OMCG. The agenda of the meeting was approved.

2. Regulation and collateral fluidity

G De Vidts and A Hill (ICMA) presented a draft report on the impact of regulation on financial markets. The increased importance of collateral for the functioning of financial markets was recalled. After introducing the concept of ‘collateral equilibrium’ and describing the notion of ‘collateral fluidity’, the impact of market and regulation on demand and supply of collateral and its fluidity was mentioned. The important role that bank funding desks play in this process was underlined, together with the increased pressure that the regulatory initiatives are putting on treasury management in financial institutions.

3. Efficiently managing intraday trading operations

R Kipper (Commerzbank) made a presentation about efficiently managing intraday trading operations at his institution. Key definitions were explained, about the types of operational risks in FX and the procedures and instruments to mitigate it (efficient confirmation and matching, use of CLS, netting agreements). It was mentioned that STP processing is widely used for FX operations. Members in the Group also mentioned that a benchmarking exercise among the institutions represented in the OMCG could be further discussed.

4. Update on impact of regulation

A Harvey (AFME-GFXD) gave an update on the European legislation, in particular the developments in EMIR reporting and clearing, and MifiD developments. He then presented an overview of relevant and target dates for global OTC FX. Finally, he gave an update on the status of the financial transaction tax and the way it might impact FX users.

5. Working Groups on Market Standards

The two OMCG Working Groups presented the progress made in the respective working streams and discussed the way forward in terms of deliverables. It was agreed to focus the work on some specific topics among those identified during the Group discussions. Advanced drafts of the deliverables would be made available for the next OMCG meeting.

6. Activities of international working groups

T Evans (HSBC) informed the group about the activities of other international working groups, to which he took part.

7. Evidence value of trade confirmations

F Jaulin (ECB) presented some issues arising from written trade confirmations. A set of questions was previously circulated to the members, asking for views on possibly differing market practices as concerned trade confirmations for EUR- and USD-denominated securities trades, and the use of email versus fax confirmations. It was mentioned that the legislation and the orientation of the Courts in some jurisdictions determine which means is prevalently used. The differentiation in the customs and practices suggested that there may be a benefit in organising a new workflow on confirmations and negative affirmations.

8. Effects of the French Financial Tax

A Bouille (Société Generale) made a presentation on the effects and experience made with the French FTT on the French market, from the point of view of her institution.

9. AOB

The next OMCG meeting will take place on 25-26 June 2014.