



EUROPEAN CENTRAL BANK

EUROSYSTEM

OPERATIONS MANAGERS CONTACT GROUP

13 June 2016

FINAL

SUMMARY OF THE MEETING OF THE OPERATIONS MANAGERS CONTACT GROUP (OMCG) FRANKFURT – 1 JUNE 2016

1. Approval of the agenda

The Chairman, M. Stubbe (ECB), welcomed the OMCG members, who approved the agenda.

2. CLS presentation

A. Cooper (Head of Operations CLS UK), gave an overview on the recent evolution of CLS, the very important contribution to mitigating FX settlement risk and the role of multilateral netting in the process. The current CLS average daily settlement value amounts to approximately USD 5 trillion. Besides updating the Group on the existing services and the regulatory oversight set-up, he also explained the operational time-line of the core settlement service and the key contingency and failure management tools that could be deployed in the rare case of need. Finally, a mention was made to future segments where CLS intends to expand its services.

3. Migration to T2S

J. Steenhout (National Bank of Belgium) gave a presentation on their experience with the 2nd wave migration of T2S. He highlighted in particular that the settlement efficiency ratio is now back to 98.7%, which is slightly better than in the legacy settlement system. He also mentioned that this is due to the newly implemented auto collateralisation mechanism. A. Van Damme (BNP Paribas), K. Claessen (Belfius) and F. Caestecker (KBC), illustrated their experience with the 2nd wave migration of T2S from the point of view of their institutions, and mentioned that those using the auto collateralisation functionality saw a positive impact on intraday liquidity. It was reminded that close-link securities (>20% ownership) cannot be used for auto collateralisation. The good work-flow and communication between the central bank and commercial banks was emphasized. The 2-phase roll-out approach was perceived as achieving a positive reduction in project risk.

4. FX Survey and IR Survey follow-up

K Claessen (Belfius) and F Caestecker (KBC) led the discussion on the high level findings relating to FX and IR confirmation surveys. A paper for discussion was circulated to members prior to the meeting. The members agreed that the high level findings of the FX and IR confirmation surveys would be published on the OMCG website. The type of data included in these surveys cannot easily be found for such a wide array of large international participants and can be used by other institutions to do some benchmark on confirmations for different products. Members agreed that the survey should be repeated in 2018.

5. FX Global Code of Conduct

O. Mastroeni (ECB) presented the current developments related to the FX Global Code of Conduct (Code). Members were informed that the Code, adherence documents and the joint statement on the publication went online on the BIS webpage on 26 June 2016. Furthermore, the documents have been published on the OMCG webpage, including an OMCG 'supportive statement' for the Code. Members provided some additional comments on the Code and outlined that the education of the 'client' is a sensitive area for commercial banks. The group agreed that further discussions on the principles and the implementation of the Code should take place in the OMCG.

6. Confirmation and settlement processes

P Quiralte (CECABank) gave a presentation on confirmation and settlement processes from the point of view of his institution. After giving an introduction about the latest consolidation processes in the savings bank sector in Spain, the internal organisation was presented, as well as the treasury system and an overview of the confirmation quantities for the different types of products. Additionally, procedures and workflows for confirmation and settlement were illustrated.

7. AOB

The next OMCG meeting was brought forward from 29 November to 12 October 2016.