

**SUMMARY OF THE MEETING OF THE OMCG
- OPERATIONS MANAGERS CONTACT GROUP -
FRANKFURT, 12 OCTOBER 2016**

1. Approval of the agenda

The Chairman, M. Stubbe (ECB) welcomed a new member, and presented the agenda which was approved by the members.

2. Distributed ledger and block chain technology: implications for post-trade

K. Löber (ECB) gave a presentation on implications of distributed ledger technologies (DLTs), with a focus on the so-called 'blockchain' technologies. After explaining the concepts behind DLT and the future pervasive applications in the financial services industry, he explained the possible disruptive impacts that such digital innovation could bring, and the challenges raised with respect to governance, legislation and regulation. The potential for substantial development and impact on the payments and settlement industry are currently being monitored both from a central bank and a commercial bank perspective. In light of the issues at stake, it was suggested to members to provide their contribution to any future consultation papers or surveys on the topic.

3. Impact on the Brexit vote on operational tasks in the banking sector

L. Meyer (Citi Bank) outlined some views on the impact on bank operations following the referendum vote in the United Kingdom. Members had a tour-de-table, mentioning their

perspective; they also highlighted the operational challenges posed by the current debate relative to 'passporting', data security policy, and the free movement of labour for their bank operations. The challenges faced by the pursuit of more centralisation in post-trade offices are heavily contingent on infrastructures used, as well as on individual organisation and structure. Members noted that these challenges need to be carefully assessed not only considering the recent complex regulatory changes, but also with a view to the new European Union regulatory dynamics put in motion by Brexit.

4. Confirmation and settlement processes at a major market player

F. Forslund (Nordea) gave a presentation on treasury confirmation and settlement processes at his institution. After providing an overview of Nordea's trading locations, he developed on the specificities of its post-trade functions, with a focus on the recent near-shoring of some of its operational activities. He then presented the types of products settled and typical confirmation procedures, and illustrated them with some key figures. It was noted that digital platforms used in Treasury are increasingly accelerating the speed and shortening the timing of trades and confirmations. Members then discussed general settlement rules and issues encountered daily.

5. OMCG work programme 2017 and Chairman's address to other ECB contact groups

Members provided feedback on the Secretariat's work programme proposal for 2017, and agreed to further develop two strands of work: regulatory changes and technological innovation. It was also highlighted that these themes, inasmuch as relevant, would be the object of further cooperation with the three other ECB contact groups so as to benefit from more synergies and enhance the work done by the contact groups.

6. FX Single Code of Conduct

GC. Mahric (ECB) gave an update on the latest developments on the Single Code of Conduct of best FX practices. After having published Phase 1 text of the Code, the new draft of the Code now concentrates on Phase 2 text (governance; execution; risk management and compliance; plus some examples). The first draft of Phase 2 text was circulated to OMCG members for comments. The final version of the Code is envisaged for publication in May 2017. In addition, a second work stream is currently addressing aspects related to Adherence to the Code, an essential element for ensuring its implementation.