

**Meeting Minutes**

Federal Reserve Bank of New York  
33 Liberty Street  
7<sup>th</sup> Floor

Thursday, October 5, 2017  
8:30 a.m. – 10:00 a.m. (New York time)

*Present:* Syed Riaz Ali, Sarah Ashkenazi, David Buchalter, Martha Burke (by phone), Maria Douvas-Orme, Terence Filewych, Jill Hurwitz, Pamela Hutson (by phone), Robert Klein, Matthew Lillvis, Jeffrey Saxon (by phone), Lisa Shemie, Frank Weigand

*Federal Reserve Bank of New York (“FRBNY”) participants:* Christina Getz, Michael Nelson, Thomas Noone, Ben Snodgrass, and Angela Sun

**FX Code: Global Code survey**

Christina Getz, the Foreign Exchange Committee (“FXC”) Secretary, gave an update on the status of the FX Global Code survey on “last look” practices in the FX market. Ms. Getz stated that the feedback would inform discussions at the Global Foreign Exchange Committee (“GFXC”)’s meeting on November 14, which could result in a white paper.

**Alternative reference rate update**

FMLG Acting Chair Michael Nelson tabled the alternative reference rate update until the next FMLG meeting.

**New QFC rule**

Ms. Burke raised some questions relating to the Board of Governors of the Federal Reserve System’s final rule on restrictions on qualified financial contracts of global systemically important banking institutions. Members discussed other questions that they have about the rule. Mr. Nelson said that he would consider asking FRBNY staff to speak about the rule to the FMLG.

## **Extraterritorial application of MiFID**

Mr. Buchalter raised some of the impacts that the implementation of the Markets in Financial Instruments Directive II (“MiFID II”) will have on U.S. firms. Members discussed the potential impacts of MiFID II on U.S. firms and on the market, particularly the question of whether FX spot contracts are in scope. Mr. Nelson suggested that the group discuss MiFID II again at the next meeting.

## **Discontinuance of EMTA surveys; EU Benchmarks Regulation and FX**

Mr. Jacobsen discussed the Emerging Markets Traders Association (“EMTA”)’s plans to phase out its indicative surveys as backup rate sources for certain currencies. Members exchanged views on how this could affect FX contracts if there were a disruption event.

Mr. Filewych brought up another issue related to EMTA’s template terms for FX transactions. He said that while central bank rates are exempt from the EU Benchmarks Regulation (“Regulation”), rates published by non-central bank sources are not exempt from the Regulation. Mr. Filewych said that this could affect FX trading in certain currencies if the rates published by non-central bank sources are not compliant with the EU Benchmarks Regulation. Mr. Nelson suggested that the group discuss these topics again at the next meeting.

## **EBC requirements for trading on SEFs**

Mr. Saxon raised a question regarding external business conduct (“EBC”) rules as they relate to prime broker trading on swap execution facilities (“SEFs”) and suggested that the issue could benefit from CFTC guidance. After brief discussion, the group decided to direct this question to the Global FX Division (“GFXD”) of the Global Financial Markets Association. Mr. Nelson suggested that the group invite Victoria Cumings of the GFXD to the FMLG’s next meeting, to which members agreed.

## **Best practices consolidation**

FMLG Secretary Thomas Noone provided the group with an update on the status of the group’s review of the FXC’s and FMLG’s best practices. Mr. Noone provided the group with FRBNY staff’s initial assessment of which best practices should be updated or archived. Mr. Nelson proposed that the group form a subcommittee to commence the review. Several members volunteered for the subcommittee.

## **Brexit: ISDA's major contractual questions**

Mr. Noone suggested that members review the International Swaps and Derivatives Association ("ISDA")'s FAQs on the implications of Brexit for ISDA documentation, in case members see issues that the group can discuss with the Financial Markets Law Committee ("FMLC") at the next quarterly discussion forum.

## **Administrative Matters**

Members were presented with minutes from the group's September 7, 2017, meeting and approved them.

Mr. Noone reminded members that several of their firms still have their periodic assessment outstanding.

Ms. Burke gave a brief update on the group's finances.