

Meeting Minutes

Federal Reserve Bank of New York
33 Liberty Street
13th Floor

Thursday, March 2, 2017
8:30 a.m. – 10:00 a.m. (New York time)

Present: Syed Riaz Ali, David Buchalter, Maria Douvas-Orme (by phone), Terence Filewych, Jill Hurwitz, Pamela Hutson (by phone), Glade Jacobsen, Amelia Kaufman (by phone), Robert Klein, Matthew Lillvis, Jeffrey Saxon, Lisa Shemie, David Trapani, Frank Weigand, Bryan Woodard (by phone)

Federal Reserve Bank of New York (“FRBNY”) participants: Michael Nelson, Thomas Noone, Jamie Pfeifer, Ben Snodgrass, Angela Sun

FX Code Update

FRBNY Staff Attorney Ben Snodgrass and FRBNY Policy Advisor Jamie Pfeifer provided the group with an update on the status of the second phase of the FX Global Code (the “Code”). Mr. Snodgrass and Ms. Pfeifer also informed the group that they would receive a draft of the Code that reflects the results of those discussions and requested feedback before the draft is submitted to the Bank for International Settlements Governors in advance of the Global Economy Meeting.

CFXC Membership

FMLG Acting Chair Michael Nelson asked members if they could provide the group with any background on the China FX Committee (“CFXC”), as some of their firms’ Chinese units are represented on the CFXC.

CFTC Discussion

Robert Klein informed the group that staff in the Commodity Futures Trading Commission (“CFTC”)’s Division of Market Oversight have expressed an interest in continuing prior discussions with the FMLG on issues related to prime brokered foreign exchange transactions on swap execution facilities (“SEFs”).

The group discussed whether their firms might be interested in having the FMLG engage with the CFTC. One member said that these issues would benefit from prime brokers’ input as well as the input of members’ firms. Mr. Nelson suggested that the group discuss this topic again at the next meeting.

Margin Rules Status

The group discussed implementation of the new variation margin rules, which became effective March 1, including the rules’ effect on efforts to update trading documentation. Members observed that there had not been any significant disruptions in market functioning. Mr. Nelson suggested that the group agenda the discussion on updating trading documentation for the next meeting.

FXC Sponsorship

Mr. Nelson informed the group that the Foreign Exchange Committee (“FXC”) would seek to end its sponsorship of Annex A to the 1998 FX and Currency Option Definitions and other rate source definitions developed by the Emerging Markets Traders Association.

2017 Quadrilateral Proposed Agenda

FMLG Secretary Thomas Noone asked members to assist him in coordinating speakers and to provide feedback on agenda topics for the 2017 Quadrilateral Meeting of the FMLG, the European Financial Markets Lawyers Group, the Financial Markets Lawyers Committee (“FMLC”), and the Financial Law Board. Mr. Nelson asked members to inquire about whether any of their firms would be willing to sponsor a reception for the event.

Working Group on October 2016 GBP Flash Crash

Mr. Filewych informed the group that the ad hoc working group that was formed to review the Bank for International Settlements (“BIS”) report on the October 2016 GBP flash crash had reviewed the report in connection with the barrier options published by the FXC in

2000. Mr. Filewych reported that no working group members had expressed concerns about the continued robustness of the best practices.

Administrative Matters

Members were presented with minutes from the group's February 2, 2017, meeting and approved them.

Members were presented with minutes from the group's February 10, 2017, call with the Financial Markets Law Committee and approved them.

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

Mr. Noone, standing in for FMLG Treasurer Martha Burke, gave a brief update on the group's finances.