Minutes of the Operations Managers Working Group (“OMWG”) Meeting, September 12, 2019

Host: Federal Reserve Bank of New York (“FRBNY”)

OMWG Attendees:

James Paviolitis  Barclays
Mark Cox  Blackrock
Kelly Roberts  Board of Governors
Alfred Pollock  Citigroup
Daniel Lennon (Chair)  CLS
Aaron Ayusa  Credit Suisse
Christy Grant  Credit Suisse
Brittany Panzino  Eaton Vance
Juna Nashi  Goldman Sachs & Co.
Nicholas Picini  HSBC
Matthew Smith  JP Morgan Chase
Brian Derby  Morgan Stanley
Tom Wipf  Morgan Stanley
Marcellus Fisher  PIMCO
Anthony Ghibesi  Standard Chartered
Claudia Cassinari  SWIFT

Federal Reserve Bank of New York

Robert Impalli
Thomas Noone
Sanja Peros
Kathy Ramirez
Geza Sardi (Secretary)
Ralph Ventresco

FMLG Update

Thomas Noone provided the OMWG with the Financial Markets Lawyers Group (“FMLG”) update which included discussions of the annual Quadrilateral meeting held in July, Oral argument in the United States v. Johnson, currency controls in Argentina; FX Global Code three-year review.
In addition to the above, the FMLG also discussed a recent article from Reuters which identified sudden movements between the close-of-business in New York and the beginning of the trading day in Tokyo. The article posited that these “FX Flash Crashes” and the subsequent frequency and severity of price moves were the result of automated or algorithmic trading. Similarly, a 2016 report from the Bank of International Settlements and a 2019 report from the Reserve Bank of Australia, which assessed “flash crashes” in sterling and yen, respectively were also discussed. The FMLG members were interested in the most effective stabilizers—factors that cause prices to move back to normal levels; whether the benefits of a daily market close for major currencies would outweigh potential costs; “off-market” trading venue policies and contractual terms (which provide frameworks for resolving disputes over aberrant prices); and the role for central banks and monetary authorities going forward.

**FXC Update**

Chris Vogel, Chair of the Foreign Exchange Committee (“FXC”), joined the meeting via teleconference and delivered FXC updates from their previous meeting which included the results from the BIS Triennial Survey, discussions about the FX Global Code three-year review, the Bank of England’s FX Global Code survey, and intermeeting calls that the FXC intends to test by year end.

**SWIFT Update**

Claudia Cassinari from SWIFT updated the group on the SWIFT Standards Release that is scheduled for November 2019, the status of ISO 20022 migration efforts as well as SWIFT Customer Security Programme (“CSP”) developments.

**CLS Update**

Daniel Lennon, the CLS representative, indicated that volumes for 2019 to date have been consistent. Mr. Lennon also highlighted that Member weekend technology changes remain the primary driver for Member incidents.

**Alternative Reference Rates Committee (“ARRC”) Update**

Thomas Wipf, Chair of the Alternative Reference Rates Committee provided an update on ARRC efforts to replace LIBOR. Mr. Wipf discussed the background of the work to replace LIBOR as well as the path forward to implementing risk free rates in the US.

**Protracted Outage**

Robert Impalli and Ralph Ventresco from the Federal Reserve Bank of New York advised on the Fedwire Protracted Outage and CLS contingency exercises conducted in 2019. Mr. Impalli provided a high level process overview on how nostro banks would be able to settle USD pay-ins in the event Fedwire is down. Similarly, Mr. Ventresco presented on how a small group of
depository institutions would be able to settle prioritized payments should an outage in Fedwire occur.

**Joint Foreign Exchange Joint Standing Committee (“FX JSC”) and OMWG Session**
Daniel Lennon welcomed the group’s feedback for a joint FX JSC Operations Sub-Committee and OMWG session in 2020. Mr. Lennon invited the group to send proposed topics and any member interest in attending sessions at the Bank of England in person.

**2020 Meeting Schedule**
Mr. Lennon proposed an increase in meeting frequency from four times a year to six. The increase in frequency was generally accepted by members who were in attendance. Mr. Lennon requested members to send any additional feedback via email.

**Administrative Matters**
The next OMWG meeting will be on November 21, 2019.