

foreign exchange committee



Minutes of the Operations Managers Working Group (“OMWG”) Meeting, November 18, 2021

Meeting was held via teleconference

OMWG Members:

James Wallin	Alliance Bernstein
John Fusco	Bank of New York Mellon
Alfred Pollock	Citigroup
Daniel Lennon (Chair)	CLS
Susan Page	Credit Suisse
Varun Patel	Goldman Sachs
Matthew Smith	JP Morgan
Marcellus Fisher	PIMCO
Anthony Ghibesi	Standard Chartered
Stace Banta	Statestreet
Thomas Caballero	UBS
Lisa Mahon Lynch	Wellington
Tahir Mahmood	Wells Fargo
Sherine Shah	XTX

Federal Reserve Bank of New York (“FRBNY”)

Thomas Noone
Kathy Ramirez (Secretary)
Geza Sardi
Daniela Seci

Other Participants:

Amolak Roopra	CLS
Aleksandra Petkovic	Federal Reserve Board of Governors
Kelly Roberts	Federal Reserve Board of Governors
Chris Vogel (FXC Chair)	TD Securities

CLS Update

The number of member incidents are at pace with prior years, while pay in delays are trending slightly higher. Forty percent (40%) of member incidents occurred on a Monday implying that weekend technology changes are the main driver for incidents. Members were invited to review the effectiveness of contingency procedures, ensuring that they are still fit for purpose.

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FXC Update

The FXC, in their last meeting of the year, covered (1) Neha Narula, a director at the Massachusetts Institute of Technology, presentation on stable coins and central bank digital currency (“CBDC”); (2) market discussion on inflation and central bank messaging regarding the topic; and lastly (3) return to the office discussion.

CLS Currency Onboarding: Chilean Peso

In order for a currency to be designated as a CLS currency, efforts must progress through three phases:

- In the engagement phase CLS engages with the local market (such as existing settlement members who wish a currency to be considered for eligibility), or the central bank of issue for the currency.
- Next, in the due diligence phase, CLS and the central bank of the currency perform a gap analysis to determine whether eligibility criteria are met, and how to close any identified gaps.
- Lastly, in the implementation phase, CLS performs extensive testing with the central bank, settlement members and nostro banks. CLS will also seek and complete regulatory approval to bring the currency forward during this phase.

In May 2019, CLS received a letter of intent from the central bank of Chile to onboard the Chilean Peso. Since then, CLS has hosted several workshops and information sessions with settlement members and nostro banks. Market reforms passed in 2021 facilitated the transition of the Chilean peso from an NDF to a deliverable currency, a key point in which CLS can progress in the stages. Currently, CLS is about to enter the implementation phase with a target go live in 2023.

Financial Markets Lawyers Group (“FMLG”) Update

The FMLG is considering future areas of focus and the resources needed for support. Some of its current focus may be shifted to other FRBNY-sponsored committees as the FMLG progresses on this effort. In its upcoming meeting, the group will debate the relevance of white papers and commentaries on the FX Global Code and its effects on the interpretation of the Code.

Replay: Discussion with DTCC Institutional Trade Processing

DTCC ITP (formerly known as OMGEO) and some members of the OMWG discussed two main themes that lead to straight through processing breaks related to SSI maintenance. The first one is related to counterparty behavior where a counterparty entering its information in the system is not following best practices as prescribed by DTCC ITP. An example is the use of “-“, “N/A” or other characters when filling out fields within the system. Hardcoding such fields, such as account number, is not possible because account numbers follow different formatting depending on location. The other theme is system specific. An example of this is field labeling such as “CASH” or “FX CASH” which could cause confusion for users.

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FXC

DTCC ITP has accepted an invitation from the OMWG to attend one of its meetings to further discuss system specific opportunities with members. In the interim, OMWG members are asked to provide any system specific issues that DTCC can investigate. For counterparty specific behaviors, members are asked to contact and discuss this with DTCC ITP through their usual channels.

Updated Statement of Commitment

Members were reminded to provide an updated Statement of Commitment following the conclusion of the three-year review of the FX Global Code.

Administrative Matters

OMWG meetings for 2022 will be distributed to members early next year.