

foreign exchange committee



Minutes of the Operations Managers Working Group (“OMWG”) Meeting, September 30, 2021

Meeting was held via teleconference

OMWG Members:

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| James Wallin | Alliance Bernstein |
| John Fusco | Bank of New York Mellon |
| Louis Rosato | Blackrock |
| Juna Nashi | Citadel |
| Alfred Pollock | Citigroup |
| Daniel Lennon (Chair) | CLS |
| Susan Page | Credit Suisse |
| Varun Patel | Goldman Sachs |
| Nicholas Picini | HSBC |
| Matthew Smith | JP Morgan |
| Anthony Ghibesi | Standard Chartered |
| Richard Maling | Statestreet |
| Claudia Cassinari | SWIFT |
| Leah Genone | SWIFT |
| 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)
Daniela Seci

Other Participants:

| | |
|-------------------------|------------------------------------|
| Kelly Roberts | Federal Reserve Board of Governors |
| Chris Vogel (FXC Chair) | TD Securities |

FXC Update

The FXC welcomed Peter Johnson from Jump Trading and discussed his presentation on Digital Currency. As the growth of digital currency continues to increase exponentially, the FXC

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reflected on its impact to the FX market. Members suggested including the topic in future meetings.

The group also discussed the results of the FX Volume Survey, where members provided their opinions on drivers of volumes and volatility seen in the FX market. Lastly, the group had their markets discussion on interest rate hikes around the globe, supply chain, debt ceiling, inflation, and reactions to the FOMC meeting.

CLS Update

An emerging trend of rising pay-in delays and member incidents has been seen from the beginning of July through the current month. Metrics for pay-in delays and incidents are both trending higher than the last two years. Root cause analysis point to contingency procedures not updated for remote work. Some examples include the use of facsimiles to send forms, or requirements for a wet signature which would normally be acceptable during a contingency situation in an office setting, but not achievable in a work from home posture. Members are urged to take a fresh look at their contingency procedures to ensure it can meet its objectives.

Financial Markets Lawyers Group (“FMLG”) Update

The FMLG recently concluded its Quadrilateral conference with its sister organizations namely the Financial Markets Law Committee, European Financial Markets Lawyers Group, and the Financial Law Board. A considerable amount of time at the Quadrilateral was spent discussing digital currency, projects by the BIS innovation hub, and labor transition updates from the US, Britain, and Japan.

SWIFT

SWIFT recently issued a paper on digital currencies which highlights how the industry is evolving and the challenges it’s facing. The paper also explains how SWIFT can help the industry address these challenges in a standardized way.

SWIFT continues to work on the migration to ISO 20022 and to deliver the transaction management platform for payments. Lastly, SWIFT standards that will go live in November 2021 have been made public.

Due Diligence Request Discussion

An increase in regulatory standards plus a greater need for transparency from vendors, market utilities, and business partners resulted in an uptick in due diligence requests. Members shared how these are handled in their respective firms.

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COV-19 Operating Model

More firms have started to return to the office full time, with some supporting a hybrid working environment. Barriers preventing staff from a full return to the office include childcare, typically when the child is being required to quarantine from home after exposure at school.

Administrative Matters

FX market participants feed their standard settlement instruction (“SSI”) in OMGEO. Members observed that there is a lot of inconsistency in the way customers enter their information in the system leading to straight through processing (“STP”) breaks. As such, there is an appetite to work with OMGEO to standardize the way SSI information is being entered in the system. The group agreed to have a conversation with OMGEO and potentially invite them to a future meeting.

The next OMWG meeting will be on November 18, 2021.