

foreign exchange committee



Minutes of the Operations Managers Working Group (“OMWG”) Meeting, March 15, 2022

Meeting was held via teleconference

OMWG Members:

Daniel Lennon (Chair)	CLS
Brittany Panzino	Easton Vance
Matthew Smith	JP Morgan
Marcellus Fisher	PIMCO
Sherine Shah	XTX
Anthony Ghibesi	Standard Chartered
Tahir Mahmood	Wells Fargo
Louis Rosato	BlackRock

Federal Reserve Bank of New York (“FRBNY”)

Thomas Noone
Kathy Ramirez (Secretary)
Geza Sardi
Daniela Seci
Shawai Wang
Alex Cohen
Michelle Ezer
Sanja Peros

Operational Discussion: Developments in FX Operation related to the Russia-Ukraine Conflict

The group gathered for an impromptu meeting to discuss how the Russia-Ukraine conflict is impacting FX operations. Members have observed the below key points:

- Varying interpretations of what US sanctions against Russia means in practice have led to an increase in transaction processing time. Parties to a trade, such as Legal and compliance teams, third party vendors, and global custodians may aid the transaction along its life cycle and therefore take a longer time to process it. Separately, members did not experience similar issues on Russian counter sanctions.
- To an extent, FX rollovers have decreased and been replaced by close-outs where rollovers are typically expected.

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- The removal of Russian banks from the SWIFT network have raised concerns about cyberattacks and the possibility of a retaliation against the network. This prompted firms to discuss messaging alternatives with their custodians and other providers.
- Responsiveness by the Russian Central Bank to address inquiries have been inconsistent.
- Firms that switched their nostros from sanction to non-sanction banks had to do so very quickly. Firms also needed to ensure the change in settlement instructions were communicated promptly to all their customers.
- Behaviors that helped reduce settlement risk include:
 - Ensuring that payments are made out of nostros that have sufficient balances;
 - Arranging for payments to be split into smaller amounts to facilitate flow of liquidity; and
 - Netting transactions as much as possible.

Administrative Matters

The group will meet as per its usual schedule, on April 7, 2022.