

foreign exchange committee



Minutes of the Operations Managers Working Group (“OMWG”) Meeting, May 26, 2022

Meeting was held via teleconference

OMWG Members:

James Wallin	Alliance Bernstein
Eric Wesolowski	Bank of New York Mellon
H.J Knerr	Bank of New York Mellon
Louis Rosato	Blackrock
Daniel Lennon (Chair)	CLS
Susan Page	Credit Suisse
Brittany Panzino	Easton Vance
Matthew Smith	JP Morgan
Marcellus Fisher	PIMCO
Thomas Caballero	UBS
Lisa Mahon Lynch	Wellington
John Fusco	Wells Fargo
Sherine Shah	XTX

Federal Reserve Bank of New York (“FRBNY”)

Thomas Noone
Sanja Peros
Kathy Ramirez (Secretary)
Geza Sardi
Daniela Seci

Additional Participants

Aleksandra Petrovic	Federal Reserve Board of Governors
Stanley Oliver	Standard Chartered

FXC Update

Sanja Peros, Secretary of the New York FXC, provided updates from the last FXC meeting:

- Update on the Trade Association for the Emerging Markets’ (“EMTA”) fixing rate migration from MOEX to WMR for USD/RUB NDF;
- Global Financial Markets Association’s (“GFMA”) efforts to issue a multilateral close out agreement;

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- GFXC meeting topics that will likely include strengthening buy-side adoption, FX settlement risk, and data availability where the code looks to determine fair and equitable access to market data for all market participants; and
- Market discussion regarding tightening financial conditions, reflections on the recent FOMC meeting, and the Ukraine conflict.

Financial Markets Lawyers Group (“FMLG”) Update

The FMLG has not met since the last OMWG meeting, however, Thomas Noone shared topics for the next meeting which will include alternatives in which the FMLG may operate in the future, market developments related to Ukraine, and multilateral agreements that the GFXC is working on.

CLS Update

Daniel Lennon highlighted downward trends on the number of pay-in delays, member incidents, and target deadline breaches which are indicative of members being better prepared for contingency situations. Weekend technology changes remain the driver to member incidents.

Discussion: US Securities Settlement Cycle to T+1, Impact on FX Operations

SIFMA has kicked off its communication strategy on the shortened settlement window for US securities within the industry. Regulatory announcements and industry white papers are expected in the coming months. Members have started internal discussions but deep dives into the topic are required to understand the broader impact of this initiative.

There is no expected change in CLS deadlines for trade submission. This cut-off remains at 6:30 CET. CLS settlement members who have direct access to CLS will have minimal impact as a result. However, there is possible impact on firms that use a third-party provider to submit CLS transactions as these providers may impose earlier deadlines. Custodian banks and prime brokers may also impose a different deadline because of this change. Firms are encouraged to speak with their providers and their custodians to understand potential changes caused by the shortened settlement cycle.

Members have expressed concern that market participants may default to gross settlement for non-CLS eligible currencies, especially on Asian currency pairs. There is also an anticipation of increased manual intervention in the processing and settlement of APAC related business activity.

Members have agreed that a greater adoption is needed on services that promote industry netting such as SWIFT netting messages and CLS Net to address settlement risk.

Administrative Matters

The next OMWG meeting will be on July 14th, 2022