

Works in Progress for 2008

In 2007, the Committee continued its work of identifying risks associated with the evolution of the foreign exchange market. The Committee explored issues surrounding technological developments in the marketplace and considered their impact on market structure and functioning. It also discussed market practices concerning barrier options as well as established a framework for broadening the dialogue on foreign exchange to include participation from the buy-side community. Finally, the Committee continued its efforts—in conjunction with the International Swaps and Derivatives Association, Inc., and EMTA, Inc.—to publish documentation and guidance on non-deliverable forward foreign exchange transactions as well as updated documentation on foreign exchange and currency option definitions.

In early 2008, the Committee completed a review and revision of its *Guidelines for Foreign Exchange Trading Activities*. During the remainder of 2008, it plans to update its guidance on best practices for foreign exchange prime brokerage. Additionally, the Committee will continue to monitor and assess the effects of emerging issues and regulatory developments on market conditions and practices in the foreign exchange market. The Committee will also begin discussions with buy-side participants on market conditions and industry developments.

Revised Trading Guidance

As the foreign exchange industry evolves, the Committee recognizes the value of revising its guidance to address emerging issues. In early 2008, it completed a review and revision of its best-practices publication *Guidelines for Foreign Exchange Trading Activities* in order to better reflect developments in the market.

Efforts of the Working Groups

The Chief Dealers Working Group will continue to publish the Survey of North American Foreign Exchange Volume. The group will also assist the Committee in its initiative to update best-practice guidance on foreign exchange prime brokerage.

The agenda of the Operations Managers Working Group includes continuing its efforts to explore the changing nature of the confirmation process and the implications of advances in technology and electronic trading; to drive the automation of the foreign exchange option confirmation process; and to update, as needed, the Committee's guidance on managing operational risk in foreign exchange.