

Financial Markets Lawyers Group Meeting

Federal Reserve Bank of New York
33 Liberty Street
7th Floor, Main Conference Room

Thursday, February 7, 2013
8:30am – 10:00 am (New York time)

Present: Andrew Alter, James Brown, Victoria Cumings, Maria Douvas, Jill Hurwitz (for Jeff Lillien), Pamela Hutson (by phone), Robert Klein, Ruth Laslo (by phone), David Miller (by phone), Ricardo Salaman, Lisa Shemie, Garland Sims, Roland Susman (for Joanna Perkins, by phone), Bryan Woodard

Federal Reserve Bank of New York participants: Joyce Hansen, Michael Nelson, David Parkinson, Jamie Pfeifer, Nancy Schnabel, Janine Tramontana, Shawei Wang

Dodd-Frank Operational/Implementation Issues

- **CFTC Meetings and follow-up**

A summary of meetings the FMLG had with CFTC staff on January 31, 2013 was provided. Next steps on the following issues were discussed: the allocation of external business conduct rules between Executing Dealers and Prime Brokers in the context of FX Prime Brokerage, the USI-related relief laid out in the CFTC Division of Market Oversight's December 17, 2012 No-Action Letter, the FMLG's November 28, 2012 ECP look-through letter, and an expansion of pre-trade mid relief.

- **EBCR and Electronic Executions**

The group discussed the application of the External Business Conduct Rules in the context of non-anonymous electronic trading situations (such as RFS or RFQ processes) or voice brokerage, given the speed of execution and high trading volumes involved.

FX Treasury Exemption

The group discussed the challenges of complying with the Swap Trading Documentation Requirements by July 1, 2013.

Use of Reference Rates Under Investigation

As the press has reported that various FX reference rates are currently under investigation by regulators, questions about the usage of such rates were raised.

Forum on FX-related Dodd-Frank Reforms for the Buy-Side

Members discussed the possibility of the FXC/FMLG hosting a forum for buy-side firms to discuss FX-related Dodd-Frank reforms.

Legal Opinion Update

As Chair of the Opinions Subcommittee of the FMLG, David Miller summarized this year's project of collecting opinions with respect to the enforceability of the netting provisions of the International Currency Options Market (ICOM) Master Agreement, the International Foreign Exchange Master Agreement, the Foreign Exchange and Options Master Agreement and the International FX and Currency Option 2004 Master Agreement Terms and Terms Agreement from 34 jurisdictions around the world. Eight full opinions and 26 update opinions were distributed to the group on CD.

Rolling Spot

In previous meetings, the appropriate treatment of rolling FX transactions as FX spot, forward and/or swap contracts under the Commodity Exchange Act had been on the Agenda. No material developments were reported at this meeting.

CDS Consequences of SNS REAAL Nationalization

It was noted SNS REAAL was nationalized by the Netherlands on February 1, 2013, which has led to the question of whether a Credit Event under a standard Credit Default Swap purchased by a subordinated bondholder of SNS REAAL has occurred.

Updates

In light of time constraints, updates on IFEMA/FEOMA and Dodd-Frank and the 60 Best Practices were tabled to next month's meeting.

The next meeting of the FMLG will be held on Thursday, March 7, 2013.