



F M L G | F I N A N C I A L M A R K E T S L A W Y E R S G R O U P

Meeting Minutes

Federal Reserve Bank of New York
33 Liberty Street
13th Floor

Thursday, November 3, 2016

8:30 am – 10:00 am (New York time)

Present: Syed Riaz Ali (by phone), Christian Artmann, James Brown, David Buchalter, Martha Burke, Maria Douvas-Orme, Luke Farber, Terence Filewych, Jill Hurwitz (by phone), Pamela Hutson, Glade Jacobsen, Robert Klein (by phone), Matthew Lillvis, Jeffrey Saxon, Lisa Shemie, Bryan Woodard

Federal Reserve Bank of New York (“FRBNY”) participants: James Bergin, Christina Getz, Michael Nelson, Thomas Noone, Benjamin Snodgrass, Angela Sun

Other participants: Victoria Cumings, Global Financial Markets Association

Implementation of New Margin Rules for Uncleared Swaps

The group continued its discussion from the previous meeting on questions that members have regarding the application of the new margin rules to FX products. One member said that a number of firms represented on the FMLG have expressed an interest in addressing some of these questions to regulators. FMLG Acting Chair Michael Nelson offered to facilitate the conversation and suggested that the group refine its questions.

GFMA Perspective from Victoria Cumings

Victoria Cumings, Managing Director for the Americas at the Global FX Division of the Global Financial Markets Association (“GFXD”), provided the GFXD’s perspective on the application of the new margin rules to FX products and on the kinds of questions that still need to be resolved.

FMSB Update

Members raised concerns about possible overlap between the FX Global Code (the “Code”) and the FICC Markets Standards Board (“FMSB”)’s draft standard covering conduct in the FX market. One member suggested that the FMLG reach out to the firm that serves as outside counsel to the FMSB.

Introduction

Mr. Nelson introduced James Bergin, Deputy General Counsel and Senior Vice President at FRBNY and new member of the FMLG, to the group. FMLG members introduced themselves to Mr. Bergin.

FX Code Update

Ms. Douvas-Orme, who represents her firm on the Foreign Exchange Committee (“FXC”) in addition to the FMLG, and FXC Secretary Christina Getz updated the group on the latest developments to the Code. One member raised the possibility of retaining antitrust counsel to consider issues related to the FX Code adherence workstream. Members discussed the issue and decided to relay this suggestion to the Market Participants Group (“MPG”), which supports the Foreign Exchange Working Group (“FXWG”) in its work on the Code.

Calendar for Phase III FX Code

FMLG Secretary Thomas Noone notified members of the dates proposed for the three FXC working group calls on the third phase of the Code. Several members volunteered to consolidate FMLG member comments in advance of the working group calls.

Assessment Update

David Buchalter, Chair of the FMLG Opinions Subcommittee, gave an update on the amount of the next assessment and the assessment process. He also stated that the FMLG would be gathering opinions from a decreased number of jurisdictions for the next legal opinions update project. Members discussed the cost of the project and various alternatives.

Administrative Matters

Members were presented with minutes from the group’s October 6, 2016 meeting and approved them.

FMLG Treasurer Martha Burke offered a brief update on the group’s finances.

Mr. Nelson told members that he is in the process of scheduling the 2017 Quadrilateral Meeting of the FMLC/FMLG/FLB/EFMLG. Mr. Noone told members that he would be scheduling the FMLG's quarterly call with the FMLC.

New Business

Mr. Nelson solicited topics from the group for the next agenda. One member suggested that the FMLG take a look at the best practices for the barrier options market published by the FXC in 2000, in light of the GBP/USD flash crash that occurred on October 6, 2016. Mr. Nelson agreed that this should be added to the agenda.