

MEMBERSHIP SUBCOMMITTEE REPORT

The Membership Subcommittee advises the Federal Reserve Bank of New York regarding potential candidates for membership in the Foreign Exchange Committee. The Subcommittee also makes recommendations regarding Subcommittee assignments and considers organizational changes for the Committee. Given the rapid changes in the structure of the foreign exchange market, in 1996 the Subcommittee recommended that the Committee admit a new type of member—a representative of the electronic brokering community.

COMMITTEE STRUCTURAL CHANGES

At the end of 1996, the Committee instituted several changes to its meeting schedule and organizational structure in response to a changing membership composition.

Schedule

In light of Committee members' increasing seniority within their firms and the greater geographic dispersion of membership, the Committee will reduce the number of meetings per year from eleven to eight.

SUBCOMMITTEE/WORKING GROUP STRUCTURAL CHANGES

Subcommittees:

Committee members will no longer be assigned to standing Subcommittees. Instead, the Committee will organize ad hoc Subcommittees around specific projects. Members will therefore have additional flexibility in making contributions to the Committee's efforts. It is the Committee's goal to provide a means for Committee members to choose to work on projects of particular interest.

Working Groups

Over the past several years the Committee has moved increasingly toward using Working Groups for its project

work. These Working Groups serve as repositories of knowledgeable individuals who conduct project research and produce many of the Committee's papers. The general Working Group composition includes representatives from a wide cross section of market participants (Committee and non-Committee-member firms). In all cases, the members are technical experts in the area of a Working Group's current project.

The Committee has instituted the following changes in recognition of the shift in way the Committee works and to ensure the an effective Committee - Working Group linkage:

- One or two Committee members will serve as Liaisons to each Working Group.
- Committee-member Liaisons will not chair the Working Groups per se, but they will attend meetings, provide guidance, monitor progress, and report on developments. In addition, Committee-member Liaisons will bring topics forward for general Committee consideration;
- Working Groups will retain flexibility and operate as they choose, with or without an internal chairman. A member of the Working Group may attend Committee meeting as an observer.
- A Federal Reserve Bank of New York staff member will sit on each Working Group.

With these changes, each Working Group will maintain at least three lines of communication to the Committee: through the Committee member Liaisons, a Working Group member who attends the Committee meeting, and the Federal Reserve staff representative.

The changes were adopted by the Committee effective January 1, 1997. The Committee's Document of Organization reprinted starting pp. 101 - 102 has been updated to reflect these changes.