

# REPORT OF WORKS IN PROGRESS

**T**he Committee emphasized the importance of planning for Y2K in 1999 and devoted considerable effort to composing *Y2K: Best Practices in the Foreign Exchange Market* last October. The Committee also published new best practice guidelines for force majeure events in December. The guidelines resolved some of the important trading issues that had been extensively debated by members. The Committee also worked on a number of projects in 1999 that will continue into 2000:

- **BARRIER OPTIONS**

A subgroup of the Committee, including representatives from thirteen institutions, agreed on a new set of best practices with respect to barrier options. In a second stage of the project, the working group will seek to standardize definitions and confirmations for the most commonly traded barrier options instruments.

- **CLS BANK**

The Committee recognizes that the introduction of CLS (Continuous Linked Settlement) Bank is designed to bring major changes to the settlement and funding of foreign exchange. The Committee plans to monitor CLS's progress in setting up its new system and to focus specifically on assessing the system's impact on liquidity, third-party payments, and operational efficiencies. Finally, the Committee will support the interaction of CLS with the independent advisory groups set up in 1999.

- **NONDELIVERABLE FORWARDS**

The Committee plans to provide further support to a project undertaken by the Emerging Markets Traders Association to improve documentation of nondeliverable forwards (NDFs). The Committee will participate in the project when needed.

- **LEGAL INITIATIVES**

The Committee will support ongoing initiatives of the Financial Markets Lawyers Group, including the updating of netting opinions and the monitoring of legislative matters affecting the foreign exchange market. The Committee will also review the impact on the foreign exchange market of a proposed change in the timing of securities settlement to "T+1."

In addition, several new projects have been suggested for 2000. These include the following:

- **TRADING IN ONE NAME**

The Committee plans to survey, for informational purposes, recent industry initiatives to trade in one legal name.

- **UPDATE OF THE COMMITTEE'S TRADING PRACTICE PAPER**

The Committee intends to revise its paper on trading practice to incorporate current practices.

The Committee hopes to distribute the updated version of the paper to a broad global group that includes small institutions and trading entities.

- **MONITORING OF E-COMMERCE ISSUES**

The Committee plans to study the trading of foreign exchange on the Internet, particularly as it affects important market issues such as price discovery, transparency, and liquidity.