

Report of Works in Progress

IN 2000, THE FOREIGN EXCHANGE COMMITTEE'S KEY PROJECTS

included preparation for the start-up of the CLS (Continuous Linked Settlement) Bank and documentation of industry guidelines for the new century. More than ever, these and other Committee projects are becoming multistaged, with longer term horizons. For example, the updated *Guidelines for Foreign Exchange Trading Activities*, reprinted on pages 69-92, was published with the expectation that more frequent updates may be needed, particularly when e-commerce trading becomes more widespread and new industry best practices are better defined.

Major projects begun in 2000 that will continue into 2001 are listed below.

CLS BANK

The Committee expects to continue focusing on specialized issues involving the start-up of the CLS Bank. As in 2000, we plan to commission study groups to address specific CLS-related issues. In addition, the Committee's Operations Managers Working Group plans to continue its interaction with the CLS Bank's operations-related policy group—the North American User Group—to maintain a high level of expertise in CLS.

E-COMMERCE

The Committee understands the important role played by e-commerce in the foreign exchange industry and, as such, plans to monitor its effects and update the *Guidelines* with best practices that might be appropriate in the new setting. The Committee will work with the Financial Markets Lawyers Group (FMLG) on this initiative.

NONDELIVERABLE FORWARDS

The Committee will continue to support the efforts of the Emerging Markets Traders Association (EMTA) to improve the documentation of nondeliverable forwards. We will also work with EMTA on supporting the use of such documentation.

“T+1”

The Committee, along with representatives from the FMLG and the Operations Managers Working Group, has been working with the Securities Industry Association (SIA) to add a foreign exchange perspective to the SIA’s effort to

shorten securities settlement to one day from three.

BARRIER OPTIONS

Following the publication of new best practices for barrier options and two new templates for docu-

mentation, the Committee, working group representatives, and the FMLG will begin work on publishing a list of common terminology used in foreign exchange barrier options trading.