

Works in Progress for 2009

During the first half of 2008, the Foreign Exchange Committee revised its market guidance to reflect significant developments in the industry over the past few years, including changes in technology as well as in market structure, composition, and participation. An updated version of the *Guidelines for Foreign Exchange Trading Activities* was issued in May 2008 and published in the *2007 Annual Report* that summer. This publication incorporated new or updated recommendations on a variety of issues concerning prime brokerage, dispute resolution, and confirmation and netting; it also highlighted the importance of a sophisticated senior risk management and governance function at an enterprise level.

In 2008, the Committee, in conjunction with the International Swaps and Derivatives Association, Inc., and EMTA, Inc., published additional documentation and guidance on non-deliverable forward foreign exchange transactions and provided updated documentation on foreign exchange definitions.

In 2009, the Committee has a full agenda as it considers the significant implications of recent market events for the future of the global foreign exchange market. In particular, it plans to examine the potential impact of several possible shifts in the market landscape and in risk

management practices. Additionally, the Committee intends to strengthen its interaction with other industry groups and with the buy-side community. Maintaining a robust dialogue with these parties as well as with the broader marketplace will be perhaps more crucial than ever as global markets evolve in the years ahead.

Efforts of the Working Groups

The Chief Dealers Working Group will continue to publish the Survey of North American Foreign Exchange Volume. The group will also assist the Committee by providing relevant and timely best practice guidance on foreign exchange trading activities.

The agenda of the Operations Managers Working Group (OMWG) includes continued efforts to promote increased automation and straight-through processing of the foreign exchange option confirmation process, consistent with commitments made to regulators through the President's Working Group on Financial Markets. The OMWG will also examine methods to further mitigate settlement risk, as appropriate; recommend standards for foreign exchange novations processing; and update the Committee on the management of operational risk in foreign exchange, as needed.