



EUROPEAN CENTRAL BANK

EUROSYSTEM

OPERATIONS MANAGERS GROUP

2 December 2011

SUMMARY OF THE MEETING
ECB OPERATIONS MANAGERS GROUP (OMG)
FRANKFURT – 15 NOVEMBER 2011

1 Approval of the agenda

The Chairman (A Gaus, Credit Suisse) welcomed the participants and greeted 2 new members, Roland Kipper (Commerzbank) and Michel Stubbe (ECB). The agenda was approved.

2 Recent financial market developments

I. Frechard (ECB) made a presentation on recent key financial market developments. Financial markets were characterised by a sharp correction over the summer, generated by continued perceived uncertainty, while credit concerns expanded due to renewed concerns over sovereign debt and financial institutions. Yields spreads in government bonds experienced new highs in some countries. The downward trend in EURIBOR ceased and then reversed substantially while EONIA experienced increased volatility. The trend toward lower levels of refinancing of bank counterparties came to a halt and reversed in the recent period. ECB activity was marked by a reduction in official interest rates by 25 basis point in November, the extension of the swap line with the Fed until 1 August 2012, the continuation of the 1-week and 3-month USD providing operations, renewed interventions in euro debt markets, and the announcement of the continuation of the fixed-rate full allotment for liquidity providing operations at least until July 2012.

3 Debriefing of the Global Operations Group seminar (NYC)

D Haid (UBS) debriefed the Group on the topics discussed at the Global Operations Group seminar held in New York City on 18-19 October 2011. The initial session on the first day was devoted to a recap of the activities and achievements of the FX Operational Groups operating in the more important currency areas. The second day opened with a tour of the gold vault at the Fed. Thereafter, there were a number of panel sessions centred on topical issues such the ongoing regulatory reform in the US and Europe (including central clearing and reporting of data to central depositories), some updates from services providers. A final “crystal ball session” with key providers on operational management issues closed the seminar.

4 Update on regulatory developments

M Milford (ECB) provided the Group with the latest information about the implementation status of the Dodd-Frank Act (DFA). He mentioned that a third of the rules have yet to be put in place, including some key rules defining swaps, swap participants and other important definitions. Some challenges to the implementation process remained, including the approval of the budget of the regulatory institutions that have to implement the DFA, as well as the costs that will be incurred for implementing DFA. Concerning the European EMIR Directive is concerned, the EU Finance Ministers have recently agreed the approach to the regulation of derivatives, while the actual implementation is not expected to occur before end-2012.

5 SWIFT updated on recent initiatives

J Halberstadt (SWIFT) made a status update on the work done by SWIFT on a number of topics. On FX derivatives trade repositories SWIFT is participating in building a solution for an industry mandated repository. On legal entity identifiers (LEI) the need to respond to requirements from global regulators set the road for building a new standard for identifying parties to financial transactions and generating a new ISO standard. Further topics touched upon included an update on netting position confirmations, on SSI distribution messages, and consolidated fund managers reporting.

6 Industry regulatory update in the FX world

J Kemp and M Lewis (AFME, SIFMA, ASIFMA) summarised the 2011 priorities of their associations of affiliation in fields such as clearing and reporting, trade repository and vendor accreditation and best practices implementation. Thereafter, a view on the 2012 plans of the association was given to the OMG members.

7 Activities of the OMG working groups

A Gaus (Credit Suisse) explained the recent progress made in the working group on best practices, explained the actions taken in the group and the Road Map towards the implementation of the best practices: bringing together the various streams of work, external review by the wider financial community, marketing and launch of the new best practices, to be followed by deployment by the market participants.

8 AOB

The 2012 OMG meetings will take place on 1 March, 22 May and 18 October. The Group also debated possible topics to be investigated next year.