1. Welcome by a Board Member of Unicredit

Mr Heinz Laber, Board member responsible for Operations in Unicredit, greeted the members of the OMG and reminded of the uncertain times and the many challenges that faced the commercial banking sector in Europe. He stressed the importance of networking for coming up with good solutions for Europe, and mentioned the relevance of consolidation of the back-office area during periods of slow economic and business growth. The business areas under his responsibility had undertaken steps to integrate the operations area and in particular the global consolidation of FX operations.

2. Approval of the agenda

The Chairman (F. Papadia, ECB) thanked Mr Laber for opening the meeting, welcomed the OMCG participants and greeted joining member Frank Forslund (Nordea), who replaces Anti Tainio. The Chairman reminded the Group about the substantial contribution that Anti had made to the OMCG in his 4 years as member. The agenda was approved.

3. Recent financial market developments

Dr Andreas Rees (Unicredit) presented some interesting views on why in his view the eurozone is in a better economic shape than financial markets tend to price in the financial products. Strong differences in fundamentals (government debt, current account balance) are present but, despite divergences in overall economic activity, the reforms introduced in the Eurozone are starting to work and rebalancing is taking place. The fiscal consolidation efforts are weighing on the growth of the different euro area countries, despite the abundant liquidity easing credit conditions. The ECB’s LTRO has worked well (at least temporarily) in ensuring the functioning of the transmission channel of monetary policy and mitigating the effects of deleveraging by banks and other financial institutions.
4. **Global consolidation of FX Operations**

S. Betocchi (Unicredit) presented an internal project carried out to rationalise the FX activities and operations of Unicredit. Following a wave of mergers and acquisitions, Unicredit was confronted with the need to integrate a large number of operations distributed around the world, with very different business demands to be supported by the Operations area. A large and heterogeneous landscape of systems and processes had to be integrated in order to reap the efficiencies resulting from greater scale and also to reduce the large level of operational risk resulting from a complex set-up. After having won Board approval, a front-to-back IT architecture was designed and implemented, based on a cross-asset platform, and accompanied by the implementation of global processes which increased the rate at which transactions are processed. Despite the success of the project, there remain challenges in terms of managing system upgrades and ensuring adequate skilled supporting the system.

5. **Central bank back offices - interactions between the ECB and the NCBs**

W. Schulte (Deutsche Bundesbank) gave an overview of the relationships governing the Eurosystem central banks. He focused on the interactions between back offices at the ECB and the national central banks (NCBs). His overview covered the legal principles for collaboration between ECB and NCBs, the types of Eurosystem operations carried out (foreign reserve management and monetary policy operations, including in foreign currencies) and the emergency procedures implemented in Eurosystem back offices.

6. **Activities of Working Groups and external seminars**

D Haid (UBS) debriefed the Group respectively on the activities of the SSI Working Group and on other operations sub-groups (book of work of the FXJSC Ops sub-group and of the FED OMWG. O Mastroeni (ECB) then debriefed the Group on the outcome of the Global FX Conference which took place in Frankfurt on 19 March 2012.

7. **FX - the centre of market evolution**

G Laffineur (Unicredit) made an overview of industry developments in the area of FX. In his view, the ongoing turmoil in the euro zone has enhanced activity in the forex markets, as witnessed by the increase in turnover recorded by the BIS triennial FX survey as well as the annual FX surveys being carried out in some of the bigger countries.

8. **Financial industry trends on CDS**

Kai Seeger (Unicredit) made a presentation on trends in the area of credit default swaps. After observing that gross volume is not a proper measure of market size and systemic importance of the CDS market (due to netting and compression of trades), he pointed out that US dollars and euro are the two most important currencies in global CDS market. CDS Indices dominate trading volumes in the global CDS market. Central clearing for CDS is growing in the euro segment, particularly for single-name CDSs.

9. **AOB**

The next meeting will take place in Frankfurt on 18 October 2012.