



EUROPEAN CENTRAL BANK

EUROSYSTEM

OPERATIONS MANAGERS GROUP

20 March 2012

**SUMMARY OF THE MEETING**  
**ECB OPERATIONS MANAGERS GROUP (OMG)**  
**FRANKFURT – 1 MARCH 2012**

**1 Approval of the agenda**

*The Chairman (A Gaus, Credit Suisse) welcomed the participants and greeted a new member, Frank Forslund (Nordea). The Chair also thanked for their precious contribution Jose Luis Marquez (Banco do Portugal) and Gilles Mary (Banque de France), whose two-year period of appointment in the OMG was coming to an end. The agenda was approved.*

**2 Recent financial market developments**

*I. Frechard (ECB) made a presentation on recent key financial market developments. There have been improvements in major stock indices since Q4 2011, while implied volatilities declined. Yields spreads in government bonds declined after the highs experienced toward the end of 2011. There was also an improvement in the broader sentiment towards bank risks as well as in the USD dollar funding situation. Some easing took place in EURIBOR-OIS spreads, while the 3/y LTROs launched by the ECB substantial increased in liquidity in the Eurosystem. Apart from the LTROs, ECB activity was characterised by a reduction in official interest rates by 25 basis point in December 2011 and the announcement of the introduction of additional monetary policy measures (i.a. a reduction in the reserve ratio and measures to increase collateral availability).*

**3 Global FX Conference at the ECB**

*I. Frechard (ECB) informed the members about a conference being organised at the level of the central bank FX Committees, which takes place in Frankfurt on 19 March 2012. The OMG Secretary would debrief the OMG members about the outcome of the conference at the May meeting.*

**4 Update on regulatory developments**

*S. Bening (ECB) provided the Group with the latest information about the implementation status of the EMIR Regulation in Europe and the Dodd-Frank Act (DFA) in the US. An overview was given on some issues relating to clearing and reporting obligations. A reference was made also to the additional requirements stemming from the MiFIR regulation on the side of clearing and reporting. Concerning Dodd-Frank Act, some final rules were published by the CFTC, while some fundamental rules have yet to be approved. Clearing of FX swaps was mentioned, as was the progress made on the Volcker rule. Some*

concerns were expressed by members on the ability of regulators to meet the planned implementation timetable.

## **5 Discussion on Best Practices**

*A Gaus (Credit Suisse) debriefed the members on the presentation that he had made in February to the ECB Foreign Exchange Contact Group about the organisation and achievements of the OMG during his Chairmanship, and the work done on Best Practices. He then updated the OMG on the work carried out on Best Practices. Comments had been received from the international FX Committees, from vendors and from interested market participants this was carried out in the first 2 months of 2012. The Best Practices were going through a final review and would be launched on 24 March and published on the ACI web in April this year.*

## **6 Teleconference - Development of FX Trade Repository**

*C Plant (Goldman Sachs) and D Thomas (DTCC) briefed the group on the work being carried out on the development of an FX trade repository. After briefly reviewing the global regulation being put in place mainly in the US but also in Europe and in Asia, a description of the design principles of a global trade repository was given. This included the mandated timeline for the FX asset class, ways to achieve the global coverage, the benefits of global data, connectivity, reporting by participants and messaging.*

## **7 Developments in operations area of central banks in response to the crisis**

*M Stubbe (ECB) explained to the Group the impact of the financial crisis in the back offices of the Eurosystem central banks, in particular of the ECB. After explaining the rules that govern monetary policy operations and the non-standard measures introduced following the start of the crisis, which had a profound impact on the ECB balance sheet, he reviewed the way that the eligibility criteria and the risk control measures have evolved. He described the various “waves” of non-standard measures that were introduced (so-called “enhanced credit support approach”) and commented on the substantial number of measures that had been put in place since mid-2007.*

## **8 Future OMG work topics**

*O Mastroeni (ECB) gave a feedback to the Group on the suggestions provided to the OMG Secretariat by written procedure, in particular, future topics that the OMG could develop, replies to the call for volunteers to present topics at the OMG meetings, and suggestions for possible external speakers as well as enhanced cooperation with professional associations in the FX space.*

## **9 AOB**

*The group was informed about the intention to promote the OMG to the level of “contact group” like its two parent groups (the ECB FXCG and MMCG). This follows the specific recognition that in its nine years of existence the OMG has worked well, has increased the range of covered topics, has increasingly developed its focus on FX and money market operational issues with a back office aspect, both in the context of normal and of crisis situations, and has increasingly promoted cooperation with similar operational groups working under the aegis of other major central banks in the world. The Group was then informed by J Hill (RBS) about the developments in the working group on SSIs. The Group was also*

*informed that, in recognition of the substantial work performed by the OMG, an upgrade of this group to the level of the parent Contact Groups was being considered. This would imply that the Group would be able to set its agenda autonomously and would initially be chaired by a representative from the ECB. Finally, it was reminded that the next meeting would take place in Muenchen on 22 May 2012, hosted by HypoVereinsbank-Unicreditbank, and organized by S Betocchi (Unicredit).*