



EUROPEAN CENTRAL BANK

EUROSYSTEM

OPERATIONS MANAGERS GROUP

27 October 2009

SUMMARY OF THE MEETING
ECB OPERATIONS MANAGERS GROUP (OMG)
FRANKFURT – 8 OCTOBER 2009

1 Approval of the agenda

The Chairman welcomed the participants and asked them to approve the agenda. The Chairman announced that Bill Boss (UBS) who had been coordinating the OMG's Task Force on trading confirmations, had moved on to other tasks in his institution and will step down from being member of the OMG. The Chairman reminded the members about Bill's substantial contributions to the work of the OMG, wished him success in his new position and greeted Daniel Haid, who replaced Bill at this meeting..

2 Update on turbulence in the financial markets and operational impact

The overall tenor of the presentation by Ivan Frechard (ECB) was that the general market sentiment has improved, leading most financial markets to recover to the levels seen more than a year ago. Stock markets have been recovering and the indicators on perceived uncertainties have also declined recently. Furthermore, credit concerns in the market have eased considerably, FX volatility has come down and the number of participating banks in the ECB's main refinancing operations has declined.

3 Presentation by SWIFT

Jackie Farrow and Joe Halberstadt (SWIFT) presented a full update on SWIFT's 2008-9 FX programme related activities and highlighted new initiatives currently being progressed. It also shared with the group its FX Advisory Group members' view of the FX world today and SWIFT's role in supporting the FX post-trade lifecycle. Current solutions outlined included: Corporate and buy-side automation; the new Bloomberg initiative (a new partnership between Bloomberg and SWIFT, now live, providing a full lifecycle STP solution for Bloomberg OMS customers); continued support for CLS; FX options (and matching); FX order confirmations. One of the key developments related to a new Standard Settlement Instruction (SSI) message solution for cash (FX and payments) which will be delivered as part of SWIFT's Standards Release in 2010 (Nov). The new solution will consist of a structured, authenticated and validated FIN message which can be sent to all users on the SWIFT network or just to a defined list

of users (BICs) on the network. The solution will accommodate multiple currency updates in a single message and will have currency specific field usage rules. Users are now assisting SWIFT in defining and finalising the structure and content of the new SSI message solution. SWIFT extended an invitation to ECB OMG members to participate in this exercise noting a tight deadline of mid-late November, 2009.

4 Teleconference - CLS

Phil Kenworthy (CLS) teleconferenced from London his presentation. After having updated the Group on the latest service figures and disruption analysis, he recalled that on 1 July 2009 CLS had migrated from a volume based to a new methodology for calculating billing prices based both on volume as well as value settled in each transaction. This change, motivated by a change in the size and frequency of trades, was introduced seamlessly and has benefited many clients. The Group was updated on the Aggregation services currently being developed by CLS and mentioned that it would probably be ready to be rolled out by end-2009. Finally it was mentioned some activities of the recently formed CLS cross market working group; primary topics covered by the working group related to third party participation and missing participation in CLS. On this last point, it was mentioned that according to preliminary calculation, the portion of the eligible FX traffic going through CLS is higher than estimated by market surveys (e.g. BIS), possibly up to 75%. Efforts are being made to check gaps in data and eventually take on board this traffic.

5 Update on T2S - Target2Securities

Stefania Secola (ECB) gave an update on the TARGET2–Securities (T2S) project, mentioning the reasons that will benefit Europe's currently fragmented securities settlement market. It was emphasised that ensuring settlement in central bank money is an important feature of the T2S platform and that this platform will enhance efficient and integrated financial markets in Europe but it will be neutral in terms of competition between the different service providers. After having outlined the project timeline and the major milestones of the project, Stefania described the governance of the project, the pricing policy and the communication to the markets on T2S.

6 Presentation on comparing FX Best Practices

Andreas Gaus (Credit Suisse) introduced the issue by recalling the number of different Code for Best Practices in the FX markets and stylising some of the main differences between the Codes. He then proposed to the Group the idea of promoting an international effort driving to a unified Code for Best Practices, indicating that some form of co-operation with the other FX Committees would be necessary to achieve this. The Group would follow-up on this issue in a forthcoming meeting.

7 Work of OMG Task Forces on SSIs & on Trade Confirmations

The objective at this meeting was to summarise the work done so far by the two Task Forces, with a view to inform the parent groups on the findings so far and also to decide whether there was merit in continuing the work and which focus this should take. Heiko Kroeber (Commerzbank) first illustrated the activities on SSIs, recalled the main milestones of the work in the past 2 years, including the work done in cooperation with SWIFT leading to the latter preparing a specific MT message type that could contribute to further harmonisation of pre-settlement activities (MT298 but more likely named MT6xx). It provides the possibility for SWIFT users to communicate SSI changes by the means of an authenticated and standardised message instead of using a free communication. Heiko concluded the main objective of the OMG SSI task force has been achieved and proposed that his Task Force could continue work on SSIs by focusing on post -settlement events (like investigations and interest claim settlement), which the Group agreed to do. Andreas Gaus (Credit Suisse) then recalled the work done by the task force on trading confirmations and proposed some ways forward for the task force. He also reminded that the position of co-ordinator left vacant by Bill Boss will need to be covered.

8 Internal organisation

Chairman Rene Steenhardt informed members of the Group that the term of the members of the three Eurosystem central banks sitting in the Group was ending in 2009. The Chairman thanked the representatives of the Banca d'Italia, Banco de Espana and Banque Nationale de Belgique for their important contribution to the work of the OMG. He also announced that these members would be replaced by the representatives of the Deutsche Bundesbank, the Banque de France and the Banco do Portugal for the period 2010-11. The Chair finally announced that his term was also coming to an end and a new Chair should be appointed soon, to start his 2-year term in 2010. The Group agreed to the proposal of Andreas Gaus as nominee to the chairmanship and asked the Secretary to inform the OMG's parent groups about this nomination. The OMG members and the Secretary of the Group thanked Rene for the effort and the guidance he had assured to the Group during his term and wished him the very best in his future endeavours.

9 Other business

The proposed dates for OMG meetings in 2010 are:

- Thursday 4 February
- Friday 21 May
- Thursday 14 October