



SUMMARY OF THE OPERATIONS MANAGERS GROUP MEETING 7 FEBRUARY 2007

1 Introduction from the Chairman

Due to adverse weather conditions, the Chairman Paul Dillon was unable to join the meeting, therefore Eric Vermeir acted on his behalf. In this regard Eric welcomed all participants, introduced Joe Halberstadt and Rachael Hoey from CLS and informed the Group about the apologies received and the alternates present. Finally, he reminded the Group that this was the last meeting before the Global Operations Managers Conference.

2 Approval of the agenda

The members approved the agenda of the meeting.

3 Global Conference 2007

The Secretary informed the Group of the progress on the Global Conference preparations. The conference programme and an overview of moderators and speakers were discussed. For each of the sessions, the moderators have been identified and confirmed. Moreover, notwithstanding some last minute changes, positive replies have been received from the majority of speakers. Furthermore, the members were informed about the invitation process and the number of registrations received thus far.

The proposal of the Operations Managers Working Group in NY to organise an informal dinner for members of international Operation Groups was warmly welcomed by the members.

4 CLS Consultation

Joe Halberstadt and Rachael Hoey from CLS introduced the CLS Bank Protocol for FX. They explained that the protocol aims at providing a legal and operational framework supporting the industry best practice of not requiring receipt of separate confirmation messages where related instructions are processed for settlement in CLS Bank. The protocol addresses the legal framework with confirmation of economic terms (legal): "to enable parties with FX instructions related to their underlying FX

transactions submitted to the CLS system for settlement to treat FX instructions that have been matched in the CLS system as a confirmation of each economic term of the underlying FX transaction so matched.” From an operational point of view, there is the optional adoption of stated industry best practice: “to enable parties to notify other parties of their respective current positions, as an operational matter, on the stated industry best practice of not requiring the receipt of separate confirmations of FX transactions if the related FX instructions have been matched in the CLS system.”

Moreover, CLS Bank will publish a separate protocol for each relevant product: initially FX, then non-deliverable forwards (NDFs) in mid 2007 and FX options early 2008.

Upon request, CLS explained that the comments received mainly addressed legal aspects, such as the wording used, and the format, e.g. one protocol for all the products or individual protocols for each of the products.

The members expressed some concerns regarding the access to information about those institutions which signed an adoption letter identifying which of their SWIFT addresses (BIC's) adopted the industry best practices. CLS will publish these letters on their website in an unstructured format. In a structured format the information will only be available via SSI Search.

Considerable interest was shown in the protocols for the new products (NDFs and FX options). CLS proposed to keep the Group informed of developments in this area.

5 Task Force on Trade Confirmations

The Chairman of the OMG Task Force on Trade Confirmations introduced the topic by referring to the presentation made during the last meeting where no concrete follow up had been established. After an interesting exchange of views, it was agreed to discuss the issue with the international sister groups during the Global Conference.

6 Contingency Planning

6.1 Contingency arrangements questionnaire

The Secretary introduced the overview of replies to the questionnaire on the local unavailability of SWIFT. Members who had not yet submitted a reply were invited to do so. Some general observations were shared:

- *The local SWIFT infrastructure is set up in a very resilient way, with high availability clusters and several lines from different providers.*
- *The maximum tolerable outage ranges from 15 minutes (two institutions) to 6 hours (one institution). The common denominator seems to be around 30 minutes to 2 hours, depending mainly on the time of day.*

- *The most critical payments also depend on the time of day - namely, CLS, TARGET payments and high value treasury-related payments.*
- *In addition to contingency solutions provided by the infrastructure providers e.g. CLS, TARGET, etc. tested/signed fax procedures are often referred to as an alternative in case of a total failure. Moreover, there are still a limited number of references to telex, although the services are being withdrawn in an increasing number of countries.*
- *Despite the high level of SWIFT resilience, a number of institutions indicated that they have suffered a major outage.*

The above feedback prompted an interesting discussion on the possibility of 'developing' a standardised contingency solution instead of telex. It was agreed that such solution should be easy to use and simple to implement.

During the discussion, one of the members commented that, furthermore, there are two other important aspects that need to be addressed: first, the fact that during a local unavailability/outage it is of utmost importance to get clarity on the processing status, which is not always so evident. Second, when highly critical payments are submitted via contingency means during an outage, measures should be in place to avoid duplicate processing once the infrastructure has recovered.

Finally, it was agreed to prepare a note summarising the results of the questionnaire and reflecting the discussion. Furthermore, members proposed to request the Task Force on Contingency Planning to elaborate on an 'easy to use and simple to implement' contingency solution in case of local SWIFT unavailability.

In addition to the above, reference was also made to the departure of Eloy Lindeijer from the OMG and consequently the fact that he would step down as Chair of the Task Force on Contingency Planning. Members were invited to express their interest in taking over his role as Chair of the Task Force and in this regard, Swen Gajski expressed an interest.

7 Work programme

The draft work programme for 2007 was presented to the Group and members were invited to comment. After a brief discussion, it was agreed to postpone the finalisation of the work programme until after the Global Conference so as to take into account follow-up action points identified during the Conference.

8 Any other business

The Secretary briefly reported on the last meetings of the OMG parent group, namely the MMCG and FXCG. The members were invited to read the full summaries on the website of the contact groups: www.ecb.int/paym/groups.

The Secretary also provided some feedback concerning the requests of the MMCG and FXCG to investigate if it would be possible i) to enhance the password scheme for the restricted access webpage,

ii) to have two phone numbers per bank in the pre-defined teleconference, so that in case the first line is not picked up, the second number (e.g. a mobile phone number) would automatically be called and iii) to establish a pre-defined SMS-distribution list to which the teleconference could be announced, which would allow members to call into the teleconference from their mobile phones, i.e. independent of location. It was agreed to further elaborate and test, as relevant, the above requests.

9 Next meetings

The following meeting schedule is proposed for 2007:

- *Thursday 14 June 2007*
- *Tuesday 16 October 2007*

LIST OF PARTICIPANTS – OMG Meeting 7 February 2007 in CIII

<u>Participant's organisation</u>	<u>Name of participant</u>
AIB Global Treasury	Absent
ABN Amro Bank	Absent
BNP Paribas	Ms Sophie Gatellier
Calyon Bank	Mr Laurent Côte
Commerzbank AG	Mr Swen Gajski (alternate)
Deutsche Bank AG	Absent
DEXIA-BIL	Mr Christian Glesener (alternate)
Dresdner Bank AG	Absent
Fortis Bank	Mr Marc Camus
HSBC Bank	Absent
Intesa Sanpaolo	Mr Paolo Murgia (alternate)
Nordea Bank	Absent
Rabobank	Mr René Steenhardt
Santander Central Hispano	Mr Angel del Amo Arcones
UBS	Mr Simon Gaston
Deutsche Bundesbank	Mr Wolfgang Schulte (alternate)
Banque de France	Mr Yves-Henri Normant
De Nederlandsche Bank	Mr Gerard Scheepers (alternate)
European Central Bank	Ms Annemieke Bax (Secretary)
	Mr Eric Vermeir (Chairman)
	Mr Otto Heinz
	Mr Markus Mayers
<i>Guest speakers:</i>	Mr Joe Halberstadt, CLS
	Ms Rachael Hoey, CLS