



EUROPEAN CENTRAL BANK

EUROSYSTEM

OPERATIONS MANAGERS CONTACT GROUP

18 March 2016

SUMMARY OF THE MEETING OF THE OPERATIONS MANAGERS CONTACT GROUP (OMCG) FRANKFURT – 8 MARCH 2016

1. Approval of the agenda

The Chairman, M. Stubbe (ECB), welcomed the new members of the OMCG and presented the agenda, which received approval from the members.

2. Confirmation practices in the commercial banking space

A. Van Damme (BNP Paribas Fortis) made a presentation on the FX confirmation and settlement processes of her institution. An illustration of the trading services offered across countries as well as products and clients scope was made. The presentation covered the confirmation and matching processes and provided statistics on the type of confirmation instrument used (e.g. SWIFT, paper, CLS) and across the range of FX products. Moreover, evidence was presented on the confirmation times for FX derivatives, both for financials and non-financial (corporates) including an overview of the matching methods, escalation procedures and settlement flows.

3. FX Survey and IR Survey follow-up

K. Claessens (Belfius) moderated a discussion on the comparison of findings of the surveys. The discussion was structured around the qualitative part of the surveys and more specifically, on the responses on confirmation, settlement and event related questions. The main points discussed were the confirmation matching contents, matching of master agreement data, differences in signature checks between FX and IR products and the percentages of FX matching SSI's and Netting.

4. T2S – First experiences

E. Rescigno (Intesa Sanpaolo) presented the experiences in his institution with the T2S 'first wave' migration. He underscored the importance of players and markets with critical mass joining as Direct Participants in order to exploit fully growth opportunities and develop customer support

strategies. Banca d'Italia and the Italian Central Securities Depository provided continuous support throughout the migration process. Intesa Sanpaolo's areas that were mainly affected by the migration were the Treasury (centralisation of liquidity management in a single pool, optimisation of the collateral management process and improved forecasting of cash), the IT area (new architecture development, business requirements, and adaptation to ISO20022) and the Operations area (harmonisation of domestic and cross border settlement processes). The outcome of the migration was largely successful, the percentage of transactions settled via T2S increased swiftly and reached pre-T2S levels in a matter of a few weeks.

5. Business Impact of Money Market Statistics Regulation

P. Nicoloso (ECB) gave an update on the Money Market Statistical Reporting Regulation (MMSR). After explaining the timeline until April 2016, he presented the final phases of the implementation, which will take place between April and end-June 2016. During this transition period, the reporting agents will be permitted to report flexibly MM statistics. As of 1 July 2016 agents will be required to report data on a daily basis and achieve a full automation of day-to-day processes, as required by the regulation. The importance of data formatting requirements was pointed out. They have to be fully compliant with the new ISO20022 standard. Data publication will be on an aggregated basis. The ECB's Money Market Survey will be discontinued and the current Money Market Study published by the ECB will be replaced by a new report based on MMSR statistics. The measure of success for the MMSR will be that of, among others, achieving minimal percentages of reporting errors.

6. Single Code of Conduct

GC Marhic, O Mastroeni and S Gebauer (ECB) reviewed the work related to the Single Code of Conduct (SCC) and presented the general thrust of the comments provided by central banks and market participants. Comments received by members indicated a keen interest in continuing to support this initiative. A few members also noted that the discussion on SCC emphasized maintaining high standards for the Code, in order for it to be effective and widely applicable to market participants.

7. Update on EMIR and global derivatives data harmonization

L. Fache Rousova and M. Osiewicz (ECB) gave an update on EMIR and global derivatives data harmonization. EMIR requires the reporting of all derivative transactions to Trade Repositories for both OTC and exchange-traded derivatives for all asset classes. The data collection process was described. EU regulators have already initiated several projects to use the EMIR data and undertaken significant steps towards improving the design of data quality, among others, the design of validation rules implemented by TRs (Level 1 and Level 2 validations), the draft revision of

standards on reporting (under Article 9 of EMIR) the consultation on the revision of standards on access, the aggregation and comparison of TR data (under Article 81 of EMIR). Furthermore, EU regulators accessing and working with the data (incl. ECB and ESRB) also contribute to the identification and resolution of data quality caveats. Further work remains necessary: a CPMI-IOSCO Working Group on Harmonisation of key OTC derivatives data elements has been set up, which aims at providing data harmonisation guidance for the standardisation of key data elements by the end of 2017.