



EUROPEAN CENTRAL BANK

EUROSYSTEM

OPERATIONS MANAGERS GROUP

24 November 2008

DGM/BAO/2008/79

SUMMARY OF THE MEETING
OMG – ECB’S OPERATIONS MANAGERS GROUP
FRANKFURT - 10 NOVEMBER 2008

1 Introduction and approval of the agenda

The Chairman welcomed the participants and asked them to approve the agenda, which was done. He also greeted Stephan Bender (external guest speaker - Deutsche Bank and introduced the alternate from Deutsche Bank, Gerhard Rak, who was replacing Michel Daly for this meeting.

2 Recent trends in the e-FX business

Stephan Bender (Deutsche Bank), global head of FX trading at Deutsche Bank Frankfurt reported about new trends with regards to liquidity, market segmentation and data management. Although FX market appears on a growth trend, his opinion was that it is very important to differentiate between the various sources of liquidity in the electronic FX trading space. The impact of liquidity aggregators and the progress in new technology with regards to execution and trading algorithms on liquidity are areas where further analysis is needed.

3 Update on turbulence in the financial markets and operational impact

Ralph Weidenfeller (ECB) made a presentation on the Eurosystem’s response to the financial market turmoil in terms of the provision of liquidity to Eurosystem monetary policy counterparties. He then described credit market and equity market developments. Relevance was given to the increased amount of liquidity granted to counterparts, to the behaviour of the EONIA in recent times and to the very substantial use of the ECB’s deposit facility by counterparts. All of this has resulted in a burgeoning Eurosystem balance sheet. The Group then had a discussion on the operational impact of the turmoil. There was agreement that CLS had proved to be very resilient during these turbulent times. However, some issues of a very operational nature (I/O swaps, bilateral payments not transiting through CLS and next-day payments) were identified as possible issues to be looked at in future.

4 Work of the Task Forces on SSIs and Trade Confirmations

Bill Boss (UBS) made a round-up of the activity of the Task Force on Trade Confirmations. He recalled that there had been a number of meetings and initiatives on confirmations and re-iterated the idea to integrate the actions of the OMG with those of the wider FX community (principally the Fed's FXC and the BoE's JSC) as well as with that of service providers. The Chairman raised the issue that the OMG should be in close contact with these groups. It should seek to align itself to these initiatives while not duplicating them. This point was generally accepted by the Group which mandated the Chairman, Secretary and Task Force coordinators to continue these contacts with other groups and seek to foster them further. There was agreement among members that an interim report on best practices on SSIs and Trade Confirmation (detailing the work done so far and the findings) should be compiled

5 Presentation on TARGET2-Securities

Nacho Terol (ECB) gave a detailed presentation of the T2S project. He mentioned the advantages of a common platform and emphasised the fact that traditional corporate action activities of CSDs would not be impacted by T2S. A number of interesting questions followed the presentation.

6 2009 calendar of OMG meetings and work program

Dates for the 2009 meetings of the OMG were discussed as initially proposed in the draft agenda: respectively 12 February, 6 May and 12 October 2009. The dates were approved but for the 12 October, which was changed to 8 October 2009. The dates will be posted on the ECB OMG website.

The Work Program 2009 was then discussed. Members asked the Secretary to mention to the parent groups of the OMG (MMCG and FXCG) at their next meetings whether the OMG should address additional specific topics during 2009.

Besides compiling an interim report on best practices on SSIs and Trade Confirmation, the Group also agreed that members would continue to give presentations on selected issues with a view to spread knowledge that would benefit other members. Members were asked to come up with some suggestions for topics and to mail them to the Secretary.

Work would be organised on potential problems that might have a systemic risk impact on FX settlement (e.g. CLS issues). The group would also review its organisation with respect to contingency communication and planning. The group took note of the new teleconference set-up organised by the ECB to overcome the technical problems recently encountered. This set-up was successfully tested around end-October.

The members were also of the idea that a list of tasks of the group could be defined and/or updated. This list of tasks would also focus on how the OMG would improve the way it worked and the quality of its output.

7 Other business

The Secretary gave a debriefing of the Global Operations Managers Conference held in Tokyo on 15-16 October 2008, to which 3 members of the OMG participated.

The Secretary gave some indications on how members could rapidly update themselves on information being published by the ECB by using the “RSS feeds” provided by the ECB. An instructions document was circulated.

Finally the Secretary updated the members on the topics discussed by the MMCG and FXCG after the OMG’s meeting in May.

Final list of participants

OMG- Meeting
10 November 2008, CVI (2nd floor) - from 11:00 to 16:00

<u>Participant's organisation</u>	<u>Name of participant</u>	
AIB Global Treasury	Ms Adrienne Burke	
Banco Santander	Mr Jose Muñoz	
CECA	Mr Pablo Quiralte	
Credit Suisse	Mr Andreas Gaus	
Deutsche Bank AG	Mr Gerhard Rak	
Dexia-Bil	Mr Christian Glesner	
Fortis Bank	Mr Bart Baudewyn	
HSBC Bank	Mr Mike Neale	
Nordea	Mr Antti Tainio	
Rabobank	Mr René Steenhardt	Chairman
UBS	Mr William Boss	
Banco de España	Mr Pedro Tejado	
Banca d'Italia	Mr Aldo Marinozzi	
European Central Bank	Mr Orazio Mastroeni Mr Harm Metselaar	Secretary
<i>Guest Speaker – Deutsche Bank</i>	Mr Stefan Bender	
<i>Guest Speaker – ECB</i>	Mr Ralph Weidenfeller	
<i>Guest Speaker – ECB</i>	Mr Jose-Ignacio Terol	