

Meeting Minutes

Federal Reserve Bank of New York
33 Liberty Street
13th Floor

Thursday, April 6, 2017
8:30 a.m. – 10:00 a.m. (New York time)

Present: Syed Riaz Ali, Christian Artmann, Sarah Ashkenazi, James Brown (by phone), David Buchalter, Martha Burke, Maria Douvas-Orme, Luke Farber, Terence Filewych (by phone), Jill Hurwitz (by phone), Pamela Hutson (by phone), Glade Jacobsen, Amelia Kaufman (by phone), Robert Klein, Matthew Lillvis, Jeffrey Saxon, David Trapani, Oda Wypior (by phone)¹

Federal Reserve Bank of New York (“FRBNY”) participants: Christina Getz, Michael Nelson, Thomas Noone, Ben Snodgrass, Angela Sun

CFTC Update

Robert Klein informed the group that staff in the Commodity Futures Trading Commission (“CFTC”)’s Division of Market Oversight have expressed an interest in continuing prior discussions with the FMLG on issues related to prime brokered foreign exchange transactions on swap execution facilities (“SEFs”). The group discussed whether to renew a request that the FMLG previously submitted to the CFTC, in which the FMLG asked for confirmation that its model SEF rules would form an acceptable basis for the on-SEF execution of prime brokered foreign exchange transactions. The group agreed to renew the request. The group also agreed to request an in-person discussion with the CFTC.

FX Code Update

FRBNY Staff Attorney Ben Snodgrass provided the group with an update on the status of the second phase of the FX Global Code (the “Code”). Mr. Snodgrass informed the group that the second phase of the Code will be submitted to the various regional foreign exchange committees at the next global foreign exchange committee meeting in May. Following that

¹ Ms. Wypior was present for the “CFTC Update” portion of the meeting.

meeting, the second phase of the Code is expected to be published, along with an update on adherence. The group then discussed various issues related to adherence.

Margin Rules Status

The group discussed the industry's progress in implementing the new variation margin rules. Members observed that the compliance is ticking upward, but also noted some difficulties in amending older agreements and engaging certain counterparties.

FMLG Guidance on Trading Authorization Letters

FMLG Treasurer Martha Burke asked the group to consider updating a letter from the FXC to market participants dated July 14, 2005, regarding trading authorization letters. Some members indicated that their firms are actively using or making reference to the letter. Mr. Nelson asked Ms. Burke to convene a subcommittee to consider potential updates to the letter.

MAS Guidance on Binary Options and Unregulated Platforms

Luke Farber provided the group with a brief update on a warning issued by the Monetary Authority of Singapore to investors on risks in trading binary options on unregulated platforms.

FXC Documentation Sponsorship

Mr. Nelson informed the group that the FXC would be ending its sponsorship of Annex A to the 1998 FX and Currency Option Definitions and other rate source definitions developed by Emerging Markets Traders Association. Mr. Nelson said that the FXC would release a statement announcing the end of its sponsorship.

2017 Quadrilateral Update

FMLG Secretary Thomas Noone reminded members to provide feedback on agenda topics for the 2017 Quadrilateral Meeting of the FMLG, the European Financial Markets Lawyers Group, the Financial Markets Lawyers Committee ("FMLC"), and the Financial Law Board. The group discussed potential changes to the agenda.

Administrative Matters

Ms. Burke gave a brief update on the group's finances.

Members were presented with minutes from the group's March 2, 2017, meeting and approved them.

Mr. Nelson reminded members that several of their firms still have their periodic assessment outstanding.

Other Topics

One member raised an issue related to migrating to multilateral trading facilities. Mr. Nelson asked members to determine whether their firms were similarly concerned about the issue.