

Meeting Minutes

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

Thursday, November 2, 2017

8:30 a.m. – 10:00 a.m. (New York time)

Present: Syed Riaz Ali, Sarah Ashkenazi (by phone), James Brown, David Buchalter, Martha Burke, Luke Farber, Terence Filewych, Jill Hurwitz, Pamela Hutson (by phone), Glade Jacobsen, Robert Klein, Tracy Ross (by phone) Jeffrey Saxon, Lisa Shemie, David Trapani, Frank Weigand, Bryan Woodard

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

Other participants: Victoria Cumings (Global Financial Markets Association, by phone)¹

EU Benchmarks Regulation

Ms. Cumings, Managing Director of the Americas at the Global Foreign Exchange Division of the Global Financial Markets Association (“GFMA FX Division”), provided the group with an overview of the GFMA FX Division’s discussions about the application of the EU Benchmarks Regulation (“Regulation”) to foreign exchange benchmarks. The group discussed various issues relating to the Regulation, particularly as it relates to the Emerging Markets Traders Association (“EMTA”)’s upcoming phase-out of its indicative surveys as backup rate sources for certain currencies.

EBC requirements for trading on SEFs

Ms. Cumings gave an update on the GFMA FX Division’s comments to the Commodity Futures Trading Commission (“CFTC”) request for public input on simplifying CFTC rules (Project KISS). Ms. Cumings said that the GFMA FX Division noted in its comments that it plans to address the application of external business conduct (“EBC”) and other requirements to FX prime brokerage in a separate submission. The group then discussed an issue related to the

¹ Ms. Cumings was only present for the discussion on the EU Benchmarks Regulation and EBC requirements for trading on SEFs.

application of EBC requirements to prime broker trading on swap execution facilities (“SEFs”). One member suggested that the GFMA FX Division ask the CFTC to clarify its position on the issue in writing. Ms. Cumings said that she would consult with the GFMA FX Division.

FX Code Update

Christina Getz, the Foreign Exchange Committee (“FXC”) Secretary, gave an update on the status of the FX Global Code survey on “last look” practices in the FX market. Ms. Getz stated that the feedback would inform discussions at the Global Foreign Exchange Committee (“GFXC”)’s meeting on November 14, which could result in a white paper.

Extraterritorial application of MiFID

Mr. Buchalter said that in his view, there have been no material developments in the implementation of the Markets in Financial Instruments Directive II (“MiFID II”) since the group discussed this topic at its prior meeting.

Opinion project update

Mr. Buchalter, Chair of the FMLG Documentation and Legal Opinions Working Group (“Opinions Working Group”), reminded members that the FMLG has decided to streamline its approach to the legal opinions project and said that the group’s initial letters to counsel in each of the jurisdictions from which it gathers legal opinions will be sent out within the month.

Update on best practices consolidation

FMLG Secretary Thomas Noone provided the group with an update on the status of the group’s review of the FXC’s and FMLG’s best practices. Mr. Noone said the members will receive an update on their categorization of each of the best practices at the next FMLG meeting.

Brexit: discussion of major outstanding questions

Mr. Noone asked member to submit questions regarding Brexit that the group can discuss with the Financial Markets Law Committee (“FMLC”) at the next quarterly discussion forum.

Administrative Matters

Members were presented with minutes from the group’s October 5, 2017, meeting and approved them.

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

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

Alternative Reference Rate Committee update

Mr. Nelson invited the group to attend the Alternative Reference Rate Committee ("ARRC") roundtable at FRBNY, which was in session.

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