

Meeting Minutes

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

Thursday, September 8, 2016
8:30 am – 10:00 am (New York time)

Present: Syed Riaz Ali, James Brown, David Buchalter, Martha Burke, Sarah Donnelly (by phone), Maria Douvas-Orme (by phone), Luke Farber (by phone), Terence Filewych, Jill Hurwitz, Pamela Hutson (by phone), Robert Klein (by phone), Matthew Lillvis, Tracy Ross (by phone), Jeffrey Saxon (by phone), Lisa Shemie, Hector Velez (by phone), Bryan Woodard

Federal Reserve Bank of New York (“FRBNY”) participants: Christina Getz, Lisa Kraidin, Michael Nelson, Tom Noone, Benjamin Snodgrass, Angela Sun

Other participants: Bob Pickel¹

PRIME Finance and Regulatory Developments

Mr. Pickel gave a presentation to the group on P.R.I.M.E. Finance, an arbitration forum for financial disputes. Following the presentation, the group asked questions about the types of clients and disputes that the forum is targeting.

Administrative Matters

FMLG Acting Chair Michael Nelson announced the departure of former members Ricardo Salaman and Jeff Lillien and introduced two new members to the group: Syed Riaz Ali, Assistant General Counsel at JPMorgan Chase & Co., and Christian Artmann, Managing Director and Associate General Counsel at Deutsche Bank AG. Lisa Shemie, formerly Executive Director and Assistant General Counsel at JPMorgan Chase & Co., will remain an FMLG member in her current role as Assistant General Counsel at Bats Global Markets. Mr. Nelson also announced that FMLG Secretary Lisa Kraidin will be stepping down as FMLG Secretary. Mr. Nelson introduced Ms. Kraidin’s successor, Tom Noone, who will assume the role on October 1.

¹ Mr. Pickel was only present for the portion of the meeting on PRIME Finance and Regulatory Developments.

FMLG Treasurer Martha Burke offered a brief update on the group's finances.

Members were presented with minutes from the group's June 2, 2016, meeting and approved them without dissent.

Implementation of New Margin Rules for Uncleared Swaps

The group discussed issues that some of their firms encountered during implementation of the new margin rules for uncleared swaps. Members also commented on the regulatory response to implementation difficulties and on potential future issues that could arise with respect to implementation.

Electronic Trading Disruptions

The group discussed issues related to electronic trading disruptions, including certainty of execution and inconsistencies in standards across trading venues. Mr. Nelson suggested that this topic be placed on the agenda for the next FMLG meeting.

New Business

Mr. Nelson solicited topics from the group for the next agenda. One member suggested that implementation of the new margin rules remain a topic on the next agenda as firms prepare for the second compliance date.

Update on Global FX Code

Foreign Exchange Committee Secretary Christina Getz and FRBNY Staff Attorney Benjamin Snodgrass updated the group on the latest developments to the Global FX Code (the "Code"). Ms. Getz stated that the second phase draft of the Code had been completed and would be ready for distribution to the foreign exchange committees by October 3. Ms. Getz also mentioned to the group that the Fed is holding a compliance workshop which would focus on topics related to the Code.

Mr. Snodgrass updated the group on the progress of the adherence workstream. He stated that market participants on the foreign exchange committees and central banks are currently thinking about adherence issues, such as the possibility of tying membership in the foreign exchange committees to adherence to the Code, but no decisions have yet been made. The group briefly raised questions on how adherence would be enforced. One member suggested that the group that is working on adherence issues related to the Code engage antitrust counsel.

ICOM, IFEMA, FEOMA and IFXCO

Ms. Kraidin informed the group that the FMLG's Steering Committee (the "Committee") has been in discussions with Mr. Nelson and Ms. Burke regarding the next membership assessment. Ms. Burke proposed a preliminary assessment amount to the group. Following a discussion on the continuing value of the annual legal opinion update project to members' firms, the group concluded that a working group should be created to consider the annual legal opinion update project and alternatives.

Ms. Kraidin asked the group whether there were any objections to the assessment amount. No objections were raised. Ms. Kraidin then informed the group that Mr. Nelson and the Steering Committee would come to a final determination regarding the assessment amount.