

## 2017 Quadrilateral Conference Minutes

Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York  
Benjamin Strong Room, 10<sup>th</sup> Floor

Friday, July 14, 2017

On July 14, 2017, the Financial Markets Lawyers Group (“FMLG”) hosted the 2017 Quadrilateral Conference (“Quadrilateral”)—a joint meeting of the FMLG, the Financial Markets Law Committee (“FMLC”), the Financial Law Board (“FLB”), and the European Financial Markets Lawyers Group (“EFMLG”). The meeting was held at the Federal Reserve Bank of New York. Participants included members of the FMLG, FMLC, FLB, and EFMLG, as well as other invitees from the official sector and private sector.

The Quadrilateral began at approximately 8:25 a.m.

FMLG Chair Michael Nelson opened the Quadrilateral with some welcoming remarks and introduced Andrew Olmem, the keynote speaker. Mr. Olmem is the Special Assistant to the President for Financial Policy. He also serves on the National Economic Council (“NEC”). In his keynote, Mr. Olmem described the NEC’s role in the development of the Presidential Executive Order on Core Principles for Regulating the United States Financial System (“Executive Order”) and briefly discussed the contents of the Treasury Department’s first report issued under the Executive Order. Mr. Olmem then outlined some regulatory topics that will be covered by subsequent Treasury Department reports. A brief question-and-answer session followed. Topics included international standard setting bodies, the Financial Stability Oversight Council, and regulatory treatment of foreign banks.

FMLG member Maria Douvas-Orme moderated the first panel on the FX Global Code and attorney ethics. Ms. Douvas-Orme summarized the development of the FX Global Code of Conduct (the “Code”) and provided an overview of the Code’s contents and adherence mechanisms. The panel then addressed specific issues surrounding the non-regulatory nature of the Code, how the Code will interact with existing regulatory regimes, and how the Code will be applied in different jurisdictions.

Following a break, FMLG member Robert Klein moderated a panel on U.S. regulatory developments. Mr. Klein gave a presentation on regulatory priorities and enforcement activity at the Commodity Futures Trading Commission. Each member of the panel then gave a presentation on other regulatory developments in the U.S., including the Labor Department’s fiduciary rule, developments in Bank Secrecy Act and Anti-Money Laundering compliance, and potential statutory and regulatory changes that could result from passage of the Financial CHOICE Act.

Following a break, FMLG member Sarah Ashkenazi moderated a panel on non-U.S. regulatory developments. Members of the panel presented on recent developments regarding the Securities Financing Transactions Regulation (“SFTR”), the Tokyo Interbank Offered Rate (“TIBOR”), the Bank Recovery and Resolution Directive (“BRRD”), and the Markets in Financial Instruments Directive (“MiFID II/MiFIR”).

The group then convened for lunch in the Liberty Room. At lunch, Joanna Perkins, the FMLC Chief Executive, moderated a panel discussion on Brexit and its implications for financial services. Ms. Perkins began by commenting on recent developments in the UK, including the results of the June 8 snap election and the publication of the EU withdrawal bill. Ms. Perkins also shared some insights from a paper that the FMLC recently published on Brexit. The panel then discussed issues such as the status of and outlook for Brexit negotiations and the effect that Brexit will have on the regulatory regime for central counterparties. A brief question-and-answer session followed.

During the fourth panel, FMLG member Pamela Hutson moderated a panel on margin requirements for non-centrally cleared derivatives. Hutson asked the panelists a series of questions on the margin rules. Panelists shared observations on the status of the industry’s compliance with the margin rules, challenges and lessons learned for firms in their compliance efforts, differences between U.S. and EU rules, and difficulties that lie ahead as firms prepare for future phases of implementation.

The fifth and final panel addressed fintech and FX. FMLG member Jeffrey Saxon served as moderator. Panelists gave presentations on regulatory and voluntary efforts to address cybersecurity issues; the new licensing system for “Virtual Currency Exchange Service Providers” in Japan; legal considerations arising from blockchain, initial coin offerings, and virtual currency exchanges; and emerging market abuse enforcement questions related to algorithms, artificial intelligence, and machine learning.

Mr. Nelson gave some concluding remarks and thanked the attendees for their participation. The Quadrilateral ended at approximately 4:30 p.m.

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