

Financial Markets Lawyers Group Meeting

Federal Reserve Bank of New York
33 Liberty Street
7th Floor, Main Conference Room

Thursday, June 5, 2014
8:30 am – 10:00 am (New York time)

Present: Andrew Alter, James Brown, Martha Burke, Victoria Cumings, Sarah Donnelly, Maria Douvas (by phone), Luke Farber, Pamela Hutson (by phone), Robert Klein, Jeff Lillien, Ricardo Salaman, Lisa A. Shemie (by phone), Garland Sims, Lawrence Young

Federal Reserve Bank of New York participants: Christina Getz, Joyce Hansen, Michael Nelson, David Parkinson, Shawei Wang

SEFs and the FX Market

Members of the Dodd-Frank Operational/Implementation Working Group briefed the larger group on their ongoing work regarding FX prime brokerage arrangements on swap execution facilities (“SEFs”). In conjunction with outside counsel, the working group has finalized draft SEF model rules and a letter to the CFTC.

Dodd-Frank Operational/Implementation Issues

The group discussed its work with outside counsel to develop implementation steps, best practices, and form notices for PB/FX Intermediary (“FXI”) arrangements. All FMLG member comments have been incorporated into draft Illustrative Implementation Steps and Best Practices, which have been provided to counsel for the FXI coalition for comment.

The group also briefly revisited the topic of the Commodity Futures Trading Commission’s (“CFTC”) request for comment on swap data reporting and recordkeeping requirements. The comment period closed on May 27, 2014 and the group noted that the International Swaps and Derivatives Association (“ISDA”) and the Global Financial Markets Association (“GFMA”) both submitted comments touching on trade reporting and foreign exchange issues.

FXC Best Practices Review

Foreign Exchange Committee (“FXC”) Secretary Christina Getz informed the group that the FXC has recently begun a review of its various Best Practice documents. The review is in its early stages. There will likely be a role for FMLG members to play later in the review process.

FX Portfolio Compression Update

The group revisited the topic of portfolio compression which was brought up at the April meeting. The topic has since been discussed at meetings of the Operations Managers Working Group (OMWG) and the FX Market Architecture Group (MAG) of GFMA. As the MAG continues exploring the issue, it is expected that the OMWG will follow developments and keep the FMLG updated.

Settlement Finality Legal Opinion Project

Following the FMLG's May meeting, work on the settlement finality legal opinion project has largely shifted to GFMA.

Quadrilateral

FMLG Secretary Shawei Wang briefed the group on updates to the draft agenda for the July 2014 Quadrilateral Meeting of the European Financial Markets Lawyers Group ("EFMLG"), the Financial Markets Law Committee ("FMLC"), the Financial Law Board ("FLB"), and the FMLG.

Administrative Matters

FMLG Treasurer Martha Burke and FMLG Secretary Shawei Wang provided the group with an update on the 2014 assessment to cover Dodd-Frank related outside counsel fees and other expenses. Members from the few firms who have not yet paid their invoices were asked to check internally on payment status.

A vote was held to select a CPA firm for the FMLG. After receiving proposals from and conducting calls with three CPA firms, the group voted unanimously to retain Wegner CPAs.

The next meeting of the FMLG will be held on Thursday, September 11, 2014.