

**SUMMARY OF THE MEETING**  
**OPERATION MANAGERS CONTACT GROUP (OMCG)**  
**FRANKFURT – 18 OCTOBER 2012**

**1. Recent financial markets developments**

*G Della Valle (ECB) reviewed recent developments in financial markets and the policy measures adopted by the ECB since the last OMCG meeting. He mentioned that during this period there was a decrease in general tensions in relation to the euro area sovereign debt crisis and to euro redenomination risk. This was due to the fact that the recently announced open market transactions (OMT) were seen as an effective backstop facility that removed systemic risk and prevented the risk of a bad equilibrium. There remained some focus on areas of concern, like overall anaemic economic growth in the euro area and the bank-to-sovereign link.*

**2. Activities of international working groups**

*D Haid (UBS) and J Hill (RBS) updated the OMCG about the activities of some international working groups and the topics discussed (best practices, FX commitment letter, CLS updates, impact of regulatory reform, BCBS settlement risk consultation).*

**3. Work programme for 2013**

*Based on a document circulated in advance to the OMCG, a discussion took place on the Workbook i.e. topics and work that could be prioritised by the OMCG next year. It was agreed that the document would be streamlined and a revised version would be circulated to members with a list of preferred topics.*

**4. Update on regulatory developments**

*S. Bening (ECB) informed the OMCG on the latest regulatory developments in the US and in the EU .She touched upon the DFA schedule and the assets subject to mandatory clearing, the reporting requirements, the clearing and reporting obligations under EMIR and MIFIR and a possible timeline for implementing the European regulations. Finally she touched upon some transversal issues like the BCBS-IOSCO document which mentioned among other things the treatment of non-centrally cleared derivatives and the ISDA response to this document.*

## **5. Recent developments in Target2Securities (T2S)**

*S. Sauer (ECB) made a status update the T2S project. He covered the purpose and benefits of T2S, the functioning of the new platform and described the current status of work and the next steps. He mentioned that the T2S common platform would provide higher economies of scale and lower costs for all euro area and non-euro area participants compared to the current cross-border settlement of securities. He also highlighted the transparent public debate that has characterised the development of this platform. T2S could be described as a technologically advanced and robust settlement engine, that achieved economies of scale by pooling together settlement volumes across Europe. T2S is also supposed to offer new business opportunities for CSDs through access to new markets as well as providing long-term savings from developing more efficient settlement procedure following the introduction of T2S. Advantages for users include same processing and reduced settlement fees for domestic and cross-border transactions; the possibility to access all securities from one account in one CSD; the potential to optimise collateral and liquidity requirements; potentially reduced back-office costs; and new business opportunities through access to new markets.*

## **6. Operational impact of regulation on collateral - will demand outstrip supply?**

*G. De Vidts (ICAP) provided insight on the adequate availability of collateral and the operational impact that re-regulation will have on the use of collateral. After providing some definitions of collateral and liquidity management, he provided some estimates of the global supply of collateral and raised the question whether there may be less than necessary amounts of high quality collateral to cover regulatory requirements. He indicated some remedies: interoperability, more efficiency from post-trade services, increasing collateral availability, and enhancing fluidity in the use of collateral as possible ways forward to alleviate potential problems in this field.*

## **7. Address by ECB Board Member**

*Benoit Coeuré (ECB Executive Board member responsible for Market Operations) greeted the OMCG members and stressed the importance for the ECB of maintaining good communication channels with market participants, bringing mutual benefits to all market players. He had therefore high expectations with respect to the work of the OMCG. He reminded the importance of having functioning and resilient markets and processes within the banks, and the increased risks that were characterising this financial phase. He also mentioned the ECB initiatives aimed at supporting malfunctioning markets in the short term while continuing to develop long term projects (e.g. Target2Securities, part of today's agenda). He also mentioned the regulatory changes currently under way (e.g. DFA and EMIR, also part of today's agenda) and the objective of the authorities to achieve the best possible balance between financial stability and serving the economic objectives of financial institutions.*

## **8. AOB**

*The OMCG members agreed with the meeting dates of 6 March, 12 June and 21 November for 2013.*

*The OMCG discussed whether it might be more convenient to switch to the meeting format used for the other two ECB contact groups (MMCG and FXCG) i.e. meeting from 13.00-16.00. Members mentioned that the current format was preferable. Some members also mentioned investigating the possibility of "buy-side" representatives participating in the OMCG.*

*The next meeting will take place in Frankfurt on 6 March 2013.*