

## **AMF Derivatives Operations Committee**

### **Meeting Notes – November 18, 2009**

Neil Wright of State Street, and Lara Gilman of Fidelity, who co-chair the Committee opened the meeting with a brief introduction. The Committee has been focused on centralized clearing of OTC derivatives, particularly CDS, due to the 12/15 deadline for buy side access to the central counterparty platforms. The Committee devised a questionnaire to the CCPs that highlights operational issues that asset managers need to consider as they plan to begin clearing CDS. Among other things, the questionnaire includes questions on how collateral and margin is handled; how credit events are handled; what time prices are distributed; and what is the procedure for when a trade does not clear.

At the time of the meeting on 11/18, written responses were received from Eurex and LCH Clearnet. (Note: CME and ICE written responses were received subsequently and have been distributed to the Committee).

At the meeting, Mazy Dar of ICE discussed the ICE responses to the questions; and Chris Dopp of Eurex discussed their responses. The custodian bank committee members asked questions about the availability and timing of prices from the CCPs. Custodians have specific cut-off times to calculate NAVs. It was agreed that CCPs would work with custodians outside of the meeting to ensure that prices were delivered in a timely manner that works for all parties.

There was also a discussion about the possible reconciliation issues with those trades that for some reason would not be accepted for clearing and would be taken out of that day's clearing cycle.

Asset managers also noted the importance of resolving the issue related to 40 act funds, and the importance of getting the regulatory exemption to hold collateral outside from the fund's custodian.

For an update on the 10/30 industry meeting at the NY Fed that focused on the industry's readiness to meet the 12/15 deadline for buy side access to clearing platform, meeting notes of the AMG working group would be circulated that summarized the Fed meeting.

The meeting finished with the save-the-date request for a 12/10 lunch and learn on CDS clearing.