

## CA Digest

### PAYMENTS NEWS YOU CAN USE

*Biweekly Digest of Payments & Related Information from around the World*

No: 203

Date: 25<sup>th</sup> August 2010



### "Ramadan Kareem"

To our Muslim colleagues & friends, we wish you a Ramadan Kareem.  
May the joys of Ramadan be showered upon you!



### In Focus



## Discussion Draft of "Proposed Core Principles for Swap Execution Facilities" Issued

The Wholesale Market Broker's Association, Americas ("WMBAA") has released a discussion draft of "Core Principles for Swap Execution Facilities," which it recently submitted to the Commodity Futures Trading Commission ("CFTC") and the Securities and Exchange Commission ("SEC").

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## *Biweekly Digest of Payments & Related Information from around the World*

Swap execution facilities, or “SEFs,” are a new form of regulated market for the trading and processing of swaps established in Title VII of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act.

The WMBAA is the association representing the brokers that provide intermediation services between dealers and other market participants. They operate across the cash and derivatives markets in both the US and globally and they create liquidity and competitive pricing through multiple modes of trade execution to ensure the deepest markets for the widest variety of transactions. “The definition of SEF in the Dodd Frank Act, combined with the requirement that cleared trades be executed through an exchange or swap execution facilities suggest that dealers and other market participants will need to look to the intermediation services provided by wholesale markets brokers to meet the requirements of this new law,” said Julian Harding of Tradition and Chairman of the WMBAA.

The Dodd Frank bill is precise about the responsibilities and requirements of being a SEF through the various “core principles” included in the Act. To facilitate this process of creating the actual core principles, the WMBAA has worked over the last few months developing this set of “core principles” that make up this Discussion Draft. The WMBAA’s Proposed Core Principals rely heavily on the CFTC’s existing guidance for compliance with the core principles for designated contract markets, but are modified to reflect the specific legislative requirements for SEFs and the unique structure of the interdealer brokers which operate at the core of the existing swap market.

The WMBAA intends to use this discussion draft as a starting point for a dialogue with the various regulatory and industry participants that will be affected by the new legislation.

The highlights of the discussion draft include:

- Establishing core principles that reflect the statutory definition and requirements of Swap Execution Facilities as set forth in Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- Core principles allowing SEFs to only permit trading in swaps that have not been determined by the CFTC to be readily susceptible to manipulation.
- SEFs must monitor trading to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process.
- SEFs will enforce CFTC-established position limitations based only on readily available information where necessary and appropriate.
- SEFs will make public timely information on settlement prices, transaction price range and volume and other transaction data on swaps actively traded on the SEF.



## **Payment Innovations after the Financial Crisis**

The Federal Reserve Bank of Chicago recently hosted its tenth annual Payments Conference. This year’s theme was “Payment Innovations in the Wake of the Financial Crisis” and its focus was emerging trends

*Biweekly Digest of Payments & Related Information from around the World*

within the payments industry and new regulation following the financial upheavals of the past two years.

The participants at this year's Payments Conference discussed how evolving technology and emerging payment products both challenge and complement legacy payments while providing opportunities for nonbank firms to compete against and collaborate with traditional payment providers—like large financial institutions and card networks. Moreover, given the flurry of recent legislation affecting the payments industry, the conference also addressed the legislation's policy implications.

Katy Jacob and Anna Lunn discuss the conference in the latest edition of the "Chicago Fed Letter" which you can download via our [BLOG](#).



## CITADEL ADVANTAGE BLOG

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## Remittances



### **Armenia**

#### **Remittances on the rise**

Following a sharp fall caused by the global recession, cash remittances from Armenians working abroad rose by about 10 percent in the first half of 2010, contributing to Armenia's ongoing economic recovery.

[Read the full article >>>>](#)

### **Bulgaria**

#### **Remittances to Bulgaria reach new highs**

Remittances from migrant workers are a lifeline to large sections of the Bulgarian economy, particularly the retail trade and the housing market. There has been a noticeable increase in the amount of remittances from Bulgarians working abroad over the last according to a new report.

[Read the full article >>>>](#)

### **Ethiopia**

#### **Remittances to Ethiopia reach \$780 million over past 10 months**

Ethiopia has received around \$780 million from remittances from Ethiopians working abroad in the past ten months, the Ethiopian National Bank reported this week.

[Read the full article >>>>](#)

### **The Gulf**

#### **Remittances in the Gulf set to rise after fall-off**

Western Union expects the amount of money that foreign workers in the Gulf transfer home to rebound next year after remittances declined in the second quarter of 2010.

Although remittance flows from the region should improve next year they were unlikely to return just yet to the peaks of the economic boom, said Christina Gold, the chief executive and president of Western Union.

[Read the full article >>>>](#)



## **Risk Management Practices Still Inadequate – Survey**

The second “Oliver Wyman / Financial Times Global Emerging Risks Survey” covering 650 senior executives at global companies with revenues of more than \$1 billion finds that most executives consider their firms’ risk management practices to be inadequate. Despite significant investments in improving their risk management capabilities since the financial crisis first started, over 60% of senior managers still believe their firms are “ineffective” or only “moderately effective” at incorporating emerging risks into their decision making.

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## **US FX Market Free from Official Intervention in Second Quarter**

US monetary authorities did not intervene in the foreign exchange markets during the April—June quarter, the Federal Reserve Bank of New York said in its quarterly report to the US Congress.

[Read the full article >>>>](#)



## Operations Risk



### **Germany**

#### **German officials barred from using BlackBerries and iPhones**

Government Ministers in Germany have been advised by the government to discard BlackBerry and iPhone smartphones because of “a dramatic increase of attacks against” its networks. Besides this, a number of German ministries are considering a general ban on the use of smartphones, as confirmed by Federal Interior Minister Thomas de Maizière.

[Read the full article >>>>](#)

### **India**

#### **Are Google and Skype going to follow the fate of RIM in India?**

Google and Skype Internet-based messaging services may soon be shut down in India over security concerns as the country threatened the similar blocking of BlackBerry services, according to reports in the Financial Times.

[Read the full article >>>>](#)

### **Ghana**

#### **Postal officer charged with remittance theft**

A female Assistant Postal Officer of the Ghana Post at Suame in charge of the Western Union Money Transfer Service, accused of embezzling GH¢278,555 belonging to the Agricultural Development Bank (ADB), has appeared before a circuit court in Kumasi, charged with stealing.

[Read the full article >>>>](#)

### **Switzerland**

#### **Filipino workers in Switzerland hit by money scam**

Filipinos in Canton Vaud and surrounding areas in Switzerland are angry over the money they lost through a remittance firm in Geneva.

The Filipino Community in Canton Geneva & Vaud have registered complaints against a local money remittance firm, which, they said, has defrauded overseas Filipino workers since it opened office in Geneva in 2009.

[Read the full article >>>>](#)

## **United Kingdom**

### **Stole e-banking details from laptop – repairman gets 9 months in jail**

A laptop repairman who was caught on camera trying to hack into the bank account of an undercover Sky News reporter after stealing login details from her machine, has been sentenced to nine months in jail.

You can watch the original Sky New report [HERE](#).

## **United States**

### **Apple manager charged with taking bribes and kickbacks**

The Apple manager responsible for global supply has been charged in California with taking kickbacks. Paul Shin Devine has been accused by federal authorities of accepting kickbacks from six Asian companies. In addition to this Devine faces a civil suit filed by Cupertino, the California-based Apple, which accuses him of accepting more than \$1 million in payments and bribes over a number of years.

[Read the full article >>>>>](#)



## **You Could Catch Something Nasty on your Smartphone**

Smartphones are increasingly getting infected with different kind of malware and now they are even involved into botnets, according to recent reports.

[Read the full article >>>>>](#)



## **Mobile Banking**



## **Australia**

### **Australia not yet ready for mobile banking**

While KPMG's recently released global survey, "Consumers and Convergence IV" finds a

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dramatic rise globally in the usage of mobile applications over the past two years, but that financial transactions use lags other uses. The survey covered 5,627 consumers in 22 countries.

[Read the full article >>>>>](#)

### **United Kingdom**

#### **Mobile Banking – Free to all Lloyds TSB customers**

Lloyds TSB has introduced free mobile banking for all of its customers. This is aimed at enabling more people to take control of their finances.

Lloyds TSB first introduced mobile banking in 2008. Customers can manage their finances

whilst on the move using a wide range of services.

[Read the full article >>>>>](#)

### **United States**

#### **New US smartphone payment system rumored**

According to a report from Bloomberg, AT&T, Verizon and T-Mobile - the companies that will soon introduce the smartphone payment system tentatively called “Mercury” - have chosen at least three US cities to test run their new program.

[Read the full article >>>>>](#)



## **Doing a Web Search? Take Care About What You Look For**

This year Cameron Diaz took the first place in the list of most dangerous search clues to be typed in the search engine query according to an annual McAfee report. Last year the top of the list was occupied by Jessica Biel.

If you look for any of the celebrities in the McAfee's annual list of the most dangerous stars to search for on the Web you risk to have a virus installed on your PC after you press some links in the search results.

[Read the full article >>>>>](#)



## Payment, Settlement & Banking Systems



### **United States**

#### **Debit card fees will drive US consumers back to cash – Report**

US consumers would react by turning to cash if any debit-based payment fees were instituted, a

recent study by Mercator Advisory Group has shown.

[Read the full article >>>>](#)



## More than a Million WebPages hit by SQL Attacks

Over 1 million WebPages were infected in the course of an attack that can expose users to malware exploits. Among these websites there are at least two that belong to Apple. The SQL injection attacks bombard the websites of legitimate companies with database commands that attempt to add hidden links that lead to malware exploits.

[Read the full article >>>>](#)



## Law & Regulation



### **India**

#### **Reserve Bank of India is concerned that electronic transfer guidelines are being ignored**

The Reserve Bank of India (RBI) has expressed serious concerns over complaints regarding

delays in affording credits as well as the return of transaction. The RBI in a circular to participants has urged participants in electronic transfer system to strictly adhere to RBI guidelines.

[Read the full article >>>>](#)

