



## **F M L G | F I N A N C I A L M A R K E T S L A W Y E R S G R O U P**

### **2021 Quadrilateral Conference Minutes – Third Session**

*by video conference*

Thursday, September 9, 2021

8:00 a.m. – 10:00 a.m. (New York time)

On September 9, 2021, the Financial Markets Lawyers Group (“FMLG”) hosted the third session of the 2021 Quadrilateral Conference (“Quadrilateral”), an annual meeting of the FMLG, the Financial Markets Law Committee (“FMLC”), the Financial Law Board (“FLB”), and the European Financial Markets Lawyers Group (“EFMLG”). An agenda, panelist profiles, and conference materials are available on the FMLG’s public website.

FMLG Chair James Bergin welcomed participants to the Quadrilateral. FMLG Secretary Thomas Noone reviewed conference procedures.

The substantive program featured a fireside chat about digital currencies with Benoît Cœuré, Head of the Innovation Hub at the Bank for International Settlements (“BIS”). Following an introduction by Michael Held, General Counsel of the Federal Reserve Bank of New York, Mr. Cœuré summarized briefly the development of central bank digital currencies. Eight panelists then had an opportunity to ask questions on a range of related topics, including the benefits and challenges of central bank digital currencies; data privacy; possible changes to traditional roles of central banks and commercial banks; public trust in governments and financial institutions; “programmable money” and “smart contracts”; the supervision of an industry increasingly driven by technology and innovation; cross-border payments and financial stability; and, in general, the work of the BIS Innovation Hub. The panelists were Jess Cheng (Board of Governors of the Federal Reserve System); Chinedu Ezetah (Citi); Panagiotis Papapaschalis (European Central Bank); and Hampton Finer, Antoine Martin, Julie Rémache, Joseph Torregrossa, and Patricia Zobel (Federal Reserve Bank of New York).

Next, three speakers discussed transitions from Inter-Bank Offered Rates (“IBORs”). Maria Douvas (Morgan Stanley) summarized proposed U.S. federal legislation for the IBOR transition, which is modeled on New York State legislation. Claude Brown discussed synthetic sterling and yen LIBOR. Kuniyuki Morishita presented a paper by the FLB on the LIBOR transition in Japan. Following the presentations on the IBOR transition, three other speakers presented briefly on topics falling under the broad umbrella of conduct and stability issues facing financial markets. David Sewell and Dana Syracuse (Perkins Coie) gave a briefing on the Anti-

Money Laundering and Corporate Transparency Act of 2020, which was part of the National Defense Authorization Act of 2020. György Várhelyi (European Central Bank) presented a study by the Financial Stability Board of the performance of money market mutual funds (“MMFs”) during March 2020, which illustrated possible systemic risks of non-bank financial intermediation and proposed ways to mitigate destabilizing redemptions. Finally, David Trapani (CLS) discussed a finding in the 2019 BIS Triennial Survey that the percentage of global foreign exchange transactions settled in a payment-versus-payment (“PvP”) arrangement has declined from 50% in 2013 to 40% in 2019, which raises concerns over the settlement risk of approximately \$9 trillion on any given day.

The third panel addressed the evolution and future of regulation. It was moderated by FMLG member Lisa Shemie. Two of the panelists—Barney Reynolds and Christina Skinner—presented summaries of arguments raised in two papers: Ms. Skinner’s “Central Bank Activism,” to be published in the *Duke Law Review*, and Mr. Reynolds’s “Restoring UK Law: Freeing the UK’s Global Financial Market.” Both papers are available on the FMLG’s public website. The discussion among panelists covered the different goals, priorities, and motivations of regulators; the continuum of regulatory action options available to central banks; and the potential role of industry to shape international standards that, depending on the jurisdiction, may be incorporated into a regulatory program—the FX Global Code being a possible model for future efforts. During a question-and-answer session, panelists addressed the tension between harmonization of international standards with the institution-specific goals of different regulators.

Mr. Noone concluded the second session of the 2021 Quadrilateral by thanking presenters and other participants for joining. The European Financial Markets Lawyers Group will host the 2022 Quadrilateral.

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