Minutes of the regular meeting of the Payments Risk Committee
3:30 p.m. - 5:00 p.m., Thursday, June 13, 2013
Federal Reserve Bank of New York
33 Liberty St., New York, NY

Present:
Paul Galant, Chair, Citi
Bill Pappas, Bank of America
Kurt Woetzel, Bank of New York Mellon
Michael Gotimer, Bank of Tokyo-Mitsubishi UFJ*
Artemis Yu, Citi
Scott Simon, Deutsche Bank
Christine Cumming, FRBNY
John Ciccarone, HSBC*
Paul Camp, JPMorgan Chase
David Russo, Morgan Stanley
Denise Sommerville, Morgan Stanley*
Darryll Hendricks, UBS*
Barry Tebbutt, UBS*
Robin Vince, Goldman Sachs*
David Crawford, State Street*
Steve Ellis, Wells Fargo*

Brian Begalle, FRBNY
Jeanmarie Davis, FRBNY
Linda Fahy, FRBNY
Sandy Krieger, FRBNY
Catherine Kung, FRBNY
Jamie McAndrews, FRBNY
Tyisha Rivas, FRBNY
Larry Sweet, FRBNY
Staff at Board of Governors*

* Participated by phone

Part I
1. PRC Administration
   • Minutes for the March 13, 2013, meeting were approved.

2. Update and next steps on continuing strategic agenda topics
   a. Business continuity planning
      The BCP workstream presented its final report, which identifies lessons learned from the
      October 2012 BCP exercise which focused on improving intra- and inter-firm
      communication response to events that would affect the operability of payments, clearing, or
      settlement systems. The PRC endorsed the publication of an abbreviated report on the PRC
website and will consider making the full report available upon request.

b. Central counterparty topics
The central counterparty (CCP) workstream briefed committee members on the May 20 workshop on its recent publication, Recommendations for Supporting Clearing Member Due Diligence of Central Counterparties. The workstream also received support from the PRC to focus on identifying feasible implementation dates for enhanced CCP disclosures outlined in the report. The PRC expressed support for exploring possible follow-on work focused on enhanced clearing member disclosures to CCPs.

c. Cyber threat project
The committee expressed support for a proposal for an executive seminar on cyber threats to payment, clearing, and settlement systems, to address and potentially mitigate risks associated with cyber attacks. Committee members suggested the event focus on potential risks to large value payment flows and both intra- and inter-firm communication in response to a cyber attack.

d. Intraday liquidity flows: USD collateral
Committee members expressed interest in a potential project that would require the collection of statistical information on intraday flows of securities. Committee members requested a formal proposal which would include additional details on the scope of the project, as well as the roles and responsibilities of participants.

e. BCBS monitoring indicators for intraday liquidity management
The committee expressed support for a project that would entail a review of the final Basel Committee on Banking Supervision (BCBS) document, Monitoring tools for intraday liquidity management, to support consistent implementation across jurisdictions and reporting from firms.¹

f. Shortened settlement cycle work.
Committee members expressed support to provide feedback to DTCC on opportunities to enhance its risk analysis on its proposal to shorten the settlement cycle for equities, corporate and municipal bonds. The PRC will submit this feedback to DTCC in a formal letter to the Chairman of the Board.

3. Other business
a. Meeting schedule for 2013
   ▪ September 12; December 12

Jamie McAndrews, Executive Vice President at FRBNY, presented a staff report he co-authored with Brian Begalle, Antoine Martin, and Susan McLaughlin on The Risk of Fire

¹ Subsequent to the meeting, committee members decided to pursue this project through an alternative industry group.
Sales in the Tri-Party Repo Market. The report can be found here: http://www.newyorkfed.org/research/staff_reports/sr616.pdf

The meeting adjourned at approximately 5:10 p.m.