The Evolving Infrastructure of the U. S. Financial System

1. The Libor fixing scandal and similar episodes in other markets have prompted increased scrutiny of how financial market reference rates and indices are constructed.
   a. Have changes in how reference rates and indices are constructed improved the resilience of markets reliant on such rates?
   b. What risks to financial stability are posed by poorly designed reference rates?
   c. Will changes in reference rate design affect financial contracts? For example, as more central banks provide reference rate alternatives to Libor, will swaps become linked to such rates?

2. The role of traditional dealers in the structure of financial markets has evolved since the crisis.
   a. Which markets have been most affected? What are the financial stability implications?
   b. What risks does the increased prevalence of principal trading firms (PTFs) create in markets they operate in?
   c. What role does high frequency trading and/or algorithmic trading play in flash crashes/rallies?

3. The financial crisis revealed shortcomings in the functioning and resilience of short-term funding markets. In that context:
   a. Have recent reforms improved the stability and functioning of the triparty repo market sufficiently? Are additional reforms to repo markets necessary?
   b. Have recent reforms of money market mutual funds been effective at reducing run risk?
   c. What risks remain in short-term funding markets?

4. Over-the-counter (OTC) markets have evolved substantially after the crisis through both regulatory and market-participant initiatives.
   a. What has been the impact of the introduction of central counterparties (CCPs) in OTC markets? Is the impact of CCPs different in markets with mandatory central clearing (e.g. interest rate swaps, index credit default swaps)?
   b. Has the introduction of electronic exchanges (e.g. swap execution facilities, MarketAxess) in certain OTC markets increased the transparency and/or ease of access for such markets? Do such changes improve financial stability?
   c. Do OTC markets benefit more from pre-trade transparency (e.g. public limit order books on SEFs) or post-trade transparency (e.g. TRACE expanded for more types of assets)?

5. As more market activity occurs electronically and more personal information is stored electronically, cybersecurity and cyber fraud prevention become increasingly salient.
   a. What should regulators do to improve cybersecurity of the financial system?
   b. What should financial institutions do? What technologies (e.g. blockchain) are most promising in reducing fraud?
6. Ideally, what role should the Federal Reserve play in supervising and supporting market infrastructure?
   a. What has been the impact of Federal Reserve oversight of market infrastructure entities as a result of Title VIII of the Dodd-Frank Act?
   b. Has the post-crisis role of the Federal Reserve as a possible provider of liquidity to financial market utilities affected market functioning? If so, how?