

## PAYMENTS RISK COMMITTEE CHARTER

**Adopted: October 1993**  
**Last Revised: July 2017**

The Payments Risk Committee (“PRC” or the “Committee”) is a private-sector body sponsored by the Federal Reserve Bank of New York (the “New York Fed” or the “Bank”). The Committee has worked to identify and analyze risks in payments, clearing and settlement of financial transactions since its founding in 1993. The Committee’s membership, drawn from financial firms, meets at regular intervals to achieve its objectives.

### **I. Objectives**

The primary goal of the Committee is to foster enhancements to the safety and efficiency of financial market infrastructure, which includes identifying opportunities to strengthen the clearing and settlement of financial transactions, and to inform the Federal Reserve about developments, conditions and practices in payments, clearing and settlement (“PCS”) activities.

To achieve these objectives, the Committee is expected to:

1. Enhance the knowledge and understanding of PCS risks and systems, both in the United States and internationally, among Committee members, market participants and, as needed, with the public generally;
2. Serve as a forum for discussions among U.S. private-sector institutions engaged in PCS activities, and the Federal Reserve;
3. Conduct research and analyze findings on potential risks to, and explore opportunities to strengthen the resilience and security of, PCS activities; and
4. Develop recommendations and prepare other papers on issues and practices with the goal of improving the safety and efficiency of PCS activities.

### **II. Governance**

Staff members from the New York Fed will serve as *ex officio* members and supply Secretariat support. A member of the New York Fed’s Legal Group will attend all Committee meetings.

### ***Member Institutions***

Membership on the Committee will consist of senior representatives from financial firms (“member institutions”). Additional institutions may be invited to participate on the Committee to contribute to specific initiatives, or as adjunct members. The New York Fed is responsible for designating member institutions.

Member institutions must be active in one or more of the systems for large-value PCS activity in the United States and in other countries. Selection of member institutions may change to reflect changes in the marketplace. Member institutions will be sufficiently diverse to include a range of views among firms active in large-value PCS activity. However, the number of institutions should not impede the Committee’s ability to reach consensus and provide meaningful input on issues before the Committee.

### ***Individual Members***

1. In consultation with the New York Fed, individual members will be nominated by the chief executive officer (“CEO”) of each member institution to represent their respective institutions;
2. Individual members should have a broad knowledge and appreciation of the systemic importance of PCS systems and activities, and be able to recognize strategic opportunities to improve their safety and efficiency; and
3. Individual members should be senior business leaders with sufficient authority to engage the CEO of their respective institution, to marshal resources to support Committee activities, and to muster the member institution’s endorsement of proposed actions, guidelines or other recommendations.
4. Individual members are expected to work to support the overall safety and efficiency of PCS systems and activities, and not their own individual or member institutions’ interests.

One of the representatives to the Committee will be selected by the Federal Reserve Bank of New York to serve as its Chairperson. The normal term of the Chairperson is two years, which may be extended upon the agreement of the Federal Reserve Bank of New York and the then current Chairperson. The Chairperson will conduct the meetings of the Committee, guide its agenda, and oversee its projects to ensure that they are completed appropriately and in a timely manner.

### ***Committee Member Responsibilities***

The success of the Committee is dependent upon the efforts of its individual members and the institutions they represent. Individual members, supported by their institutions, are expected to:

1. Bring appropriate issues to the Committee’s attention and contribute to the

Committee's discussion and research;

2. Communicate major issues identified during Committee discussions to executive management and to colleagues involved with PCS activities at the member institution and build support for the Committee's actions, practices and recommendations;
3. Participate actively in Committee work and provide resources to support the Committee's projects and general needs;
4. Attend all scheduled Committee meetings each calendar year. In person attendance is expected for all in person meetings. Alternates cannot be sent to meetings.
5. Follow the *Antitrust Guidelines for Members of the Federal Reserve Bank of New York's Advisory and Sponsored Groups* and conduct themselves according to the spirit and the letter of state and federal antitrust laws; and
6. Reaffirm adherence to this Charter and to the New York Fed's *Antitrust Guidelines* at least annually.

### ***Meetings***

The Committee will meet, on average, four times per year in person, with additional meetings scheduled as agreed by the Committee, to examine recent developments in PCS activities, discuss progress on existing projects and propose new initiatives. The New York Fed will staff the secretariat for the Committee.

Meetings of the Committee will be held either at the New York Fed or elsewhere, as agreed to by the Committee.

Meeting agendas will be prepared for each meeting by the secretariat and circulated to members prior to the meeting. Agendas will be published on the PRC website on or around the day of each meeting.

Discussions at all meetings will be informal and may include participants invited by the Committee, as necessary.

The secretariat will keep minutes of each meeting to include, at a minimum: (i) a list of attendees; (ii) a brief description of the topics discussed; (iii) meeting outcomes.

Minutes will be formally approved at the next Committee meeting, and subsequently published on the PRC website.

The Committee is expected to achieve consensus when deciding whether to publish or otherwise distribute beyond the Committee any results of the Committee's activities.

### ***Working Groups***

The Committee may establish standing or *ad hoc* working groups for the purpose of executing projects commissioned by the Committee in furtherance of its objectives.

Any working group must have a Committee member sponsor, representation by the Federal Reserve Bank of New York, and a working group lead. The responsibilities of the working group lead will include conducting working group meetings and overseeing Committee-commissioned projects to ensure that they are completed appropriately, timely and in accordance with the Committee's expectations.

Working group members are expected to keep their respective Committee members apprised of work underway to facilitate effective discussion at Committee meetings.

### **III. Federal Reserve Conduct Rules and Disclaimer**

The New York Fed's *Code of Conduct* and *Policy 1.2* ("Communicating with the Public") and the Federal Open Market Committee's *Policy on External Communications of Federal Reserve System Staff* apply to Bank staff participating in the Committee. Staff members are prohibited from discussing material non-public or confidential supervisory information with members of the Committee.

Opinions expressed or statements made by Bank staff in the course of the Committee's activities are solely those of the speaker and do not necessarily reflect the views of the New York Fed or the Federal Reserve System. PRC recommendations and publications represent the views of its private-sector members, not necessarily the New York Fed or the Federal Reserve System.