

CHARTER for the PAYMENTS RISK COMMITTEE

March 2014

The Payments Risk Committee (the “Committee”) is a private-sector body sponsored by the Federal Reserve Bank of New York. 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.

Objectives

The primary goal of the Committee is to foster enhancements to the safety and resiliency 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 activities.

To achieve these objectives, the Committee is expected to:

1. Enhance the knowledge and understanding of payments, clearing and settlement 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 payments, clearing and settlement 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, payments, clearing and settlement activities; and
4. Develop recommendations and prepare other papers on issues and practices with the goal of improving the safety and resiliency of payments, clearing and settlement activities.

Membership

Membership on the Committee will consist of representatives from financial firms. In addition, representatives of the Federal Reserve Bank of New York will serve as *ex officio* members. Additional institutions may be invited to participate on the Committee to contribute to specific initiatives, or as adjunct members.

The Federal Reserve Bank of New York will designate member institutions, using the following criteria:

Member institutions

1. Member institutions must be active in one or more of the systems for large-value payments, clearing and settlement activity in the United States and in other countries. Selection of member institutions may change to reflect changes in the marketplace; and
2. Member institutions will be sufficiently diverse to include a range of views in Committee discussions. 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 representatives

3. In consultation with the Federal Reserve Bank of New York, individual representatives will be nominated by the chief executive officer ("CEO") of each member institution to represent their respective institutions;
4. Individual representatives should have a broad knowledge and appreciation of the systemic importance of payments, clearing and settlement systems and activities, and be able to recognize strategic opportunities to improve their safety and efficiency; and
5. Individual representatives should be business leaders with sufficient authority to engage the CEO of their respective institution, to marshal resources to support Committee activities, and to muster the institution's endorsement of proposed actions or recommendations.

Individual representative's responsibilities

The success of the Committee is dependent upon the efforts of its individual representatives. Meetings of the Committee will be held either at the Federal Reserve Bank of New York or elsewhere, as agreed to by the Committee. A staff member from the Federal Reserve Bank of New York will serve as the secretariat for the Committee.

Each representative, supported by his or her institution, shall

1. Bring appropriate issues to the Committee's attention and contribute to the Committee's discussion and research;
2. Communicate major issues and points of consensus identified during Committee discussions to executive management and to colleagues involved with payments, clearing and settlement activities at the member institution;

3. Participate actively in Committee work and provide resources to support the Committee's projects and general needs; and
4. Attend no fewer than two Committee meetings in person each calendar year. Alternates cannot be sent to meetings.

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.

Meetings

The Committee will meet at least three times each year to examine recent developments in payments, clearing and settlement activities, discuss progress on existing projects and propose new initiatives. Discussions at all meetings will be informal and may include participants invited by the Committee, as necessary. Minutes will be taken at each Committee meeting and will be made public once approved by the Committee. 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.

Antitrust, Confidentiality Guidelines and Disclaimer

The Committee has adopted Antitrust Guidelines. Members are expected to follow those Guidelines and to ensure that their deliberations and communications do not violate either the spirit, or the letter of state and federal antitrust laws. A representative of the Federal Reserve Bank of New York's Legal Department will attend Committee meetings to assist in this effort.

Any information disclosed, opinions expressed, or statements made during Committee meetings shall be treated as strictly confidential by members, unless the Committee has authorized release.

Opinions expressed or statements made by Federal Reserve Bank of New York staff in the course of the Committee's activities are solely those of the participant and do not necessarily reflect the views of the Federal Reserve Bank of New York or the Federal Reserve System. Federal Reserve Bank of New York staff members are prohibited from discussing material non-public or confidential supervisory information with members of the Committee.