

Minutes of the regular meeting of the Payments Risk Committee

2:00 p.m. - 3:30 p.m., Thursday, March 14, 2013

Federal Reserve Bank of New York

33 Liberty St., New York, NY

Present:

Paul Galant, Chair, Citi
Edward Ritter, Bank of America*
Michael Gotimer, Bank of Tokyo-Mitsubishi UFJ
Gregory Fell, Citi
Artemis Yu, Citi
Scott Simon, Deutsche Bank
Steve Weinstock, Deutsche Bank
Christine Cumming, FRBNY
Paul Camp, JPMorgan Chase
David Russo, Morgan Stanley
Darryll Hendricks, UBS*
Michael Kurlander, Goldman Sachs
Robin Vince, Goldman Sachs*
David Crawford, State Street

Marilyn Arbuthnott, FRBNY
Brian Begalle, FRBNY
Michele Braun (Secretary), FRBNY
Jeanmarie Davis, FRBNY
Joyce Hansen, FRBNY
Sandy Krieger, FRBNY
Catherine Kung, FRBNY
Larry Sweet, FRBNY
Staff at Board of Governors*

Part I only

Tim Cuddihy, DTCC
Murray Pozmanter, DTCC
Elena Staloff, DTCC

** Participated by phone or video*

Part I

Representatives from the Depository Trust Company Corporation (DTCC) discussed its continuing assessment of the costs and benefits of a shorter settlement cycle for U.S. equities, corporate, and municipal bonds. The DTCC representatives presented additional components of its analysis, reported on plans to continue sharing study findings with a broad range of industry participants, and asked the committee to identify any missing components from the analysis.

Part II

1. PRC Administration

- Minutes for the December 13, 2012, meeting were approved.
- The chairman welcomed new representatives from Deutsche Bank, Mr. Simon, and JPMorgan Chase, Mr. Camp.

2. Update and next steps on continuing strategic agenda topics

a. Settlement cycle for U.S. corporate bonds and equities.

The committee discussed the DTCC presentation and asked to be kept apprised of next steps and requests from DTCC.

b. Central counterparty topics

The central counterparty (CCP) workstream published its *Recommendations for Central Counterparty Support of Clearing Member Due Diligence* on February 5, and will hold a workshop for representatives from CCPs; firms that are direct participants in CCPs; and regulators responsible for the regulation, supervision, or oversight of CCPs and market participants that wish to learn more in May 2013. The firms that developed this paper are reviewing possible follow-on work focusing on enhancements to the templates.

c. Business continuity planning (discussion deferred)

d. Cyber threat project

Given continuing risks associated with cyber threats, committee members requested a review of programs and topics covered by other organizations. The committee will consider a program on risks to large-value payments and clearing systems that might focus on communications with clients, suppliers, counterparties, and key network participants; non-proprietary best practices, or recovery plans.

e. Intraday liquidity flows: USD collateral

A proposal to collect statistical information on intraday flows of securities, to complement the 2012 study of intraday cash flows, met with interest and a request for further refinement and feasibility assessment given the complexity of collateral information.

3. Potential additional 2013 initiatives

Members reviewed additional topics suggested for committee consideration in response to the chairman's request in December 2012 and determined not to pursue additional initiatives at this time.

4. Other business

a. Meeting schedule for 2013

- June 13; September 12; December 12
- Workshop on February report of the CCP workstream: May 20

The meeting adjourned at approximately 3:35 p.m.