

Minutes of the regular meeting of the Payments Risk Committee

2:00 p.m. – 3:30 p.m., Monday, December 7, 2011

Federal Reserve Bank of New York

33 Liberty St., New York

Present:

Robin Vince, Chair, Goldman Sachs
Bill Pappas, Bank of America
Kurt Woetzel, Bank of New York Mellon
Masaru Hiraki, Bank of Tokyo-Mitsubishi UFJ
Paul Galant, Citigroup
Gregory Fell, Citigroup
Russ Fitzgibbons, Deutsche Bank*
Christine Cumming, FRBNY
Michael Kurlander, Goldman Sachs
David Weisbrod, JPMorgan Chase
David Crawford, State Street*
Colin Parry, UBS
Steve Ellis, Wells Fargo

Michele Braun (Secretary), FRBNY
Jeanmarie Davis, FRBNY
Joyce Hansen, FRBNY
Alexa Herlach, FRBNY
Sandy Krieger, FRBNY
Radhika Mithal, FRBNY
Tyisha Rivas, FRBNY
David Sewell, FRBNY
Marsha Takagi, FRBNY
Staff at Board of Governors*

* *Participated by phone*

1. PRC Administration

Mr. Vince is stepping down as PRC chairman and will be succeeded by Mr. Galant. Mr. Vince was thanked for his chairmanship of the PRC; he will continue to be a member of the Committee.

FRBNY staff reminded the Committee about regulations concerning anti-competitive behavior and collusive activity as they relate to collaboration on PRC initiatives. Antitrust guidelines for the PRC and its working groups were distributed prior to the meeting and members were requested to review these guidelines and contact FRBNY staff with questions.

Members approved minor changes to the PRC charter and agreed to publish meeting minutes and agendas on its website going forward.

Minutes for the September 12 meeting were approved.

2. Update and next steps on strategic agenda workstreams

The Committee was provided an update on the *central counterparty (CCP) workstream* and discussed a proposal to host a “roundtable” session with representatives of a few CCPs. The roundtable is meant to provide a forum for an open discussion on risk management topics and a means for the PRC to build a relationship with the CCPs. There was consensus to sponsor the roundtable and the PRC directed the study group to invite CCPs to a roundtable discussion in mid-February.

As a next project for the *business resilience* workstream, members requested a crisis simulation exercise focusing on (i) cross-industry business communications for senior executives and (ii) management of intraday liquidity flows. Members were amenable to partnering with another organization to design and conduct the simulation exercise.

Members were debriefed on the November 21 meeting with the FMUs that participated in *intraday liquidity flow project*. The meeting was well attended and the FMU representatives had no objections to the findings or structure of the current draft report. The Committee supported publishing the findings of the project following a positive affirmation from all participating FMUs. The analysis and report are expected to be completed in early 2012.

3. Other business

The report to the PRC bank CEOs on the accomplishments of the Committee over the past 18 months will be distributed toward the end of the year or in early 2012. An accompanying letter from the FRBNY emphasizes the contributions and achievements of the PRC and is intended to keep CEOs informed of the on-going work of the Committee.

FRBNY staff provided an update on the PRC-sponsored Tri-party Repo Infrastructure Reform Task Force (Task Force). The state of reform efforts have evolved since the Task Force’s inception and are moving into an implementation phase that will focus on firm-specific actions rather than cross-industry generation of ideas. Therefore, after the upcoming meeting, the Task Force will discontinue its monthly meetings. Tri-party repo infrastructure reform will move forward, and the Federal Reserve will continue to consult with industry participants. The Committee agreed to formally thank the Task Force Chairman and the PRC liaison for their leadership. The PRC also reiterated its interest in the tri-party repo reform effort and its willingness to contribute to on-going work through other forums.

At the conclusion of the meeting the Chairmanship was officially handed over to Mr. Galant. The PRC Secretariat will inform members about the 2012 meeting schedule.

The meeting adjourned at 3:30 p.m.