

**Minutes of the regular meeting of the Payments Risk Committee**

3:30 p.m. - 5:00 p.m., Thursday, June 13, 2013

Federal Reserve Bank of New York

33 Liberty St., New York, NY

**Present:**

Paul Galant, Chair, Citi  
Bill Pappas, Bank of America  
Kurt Woetzel, Bank of New York Mellon  
Michael Gotimer, Bank of Tokyo-Mitsubishi UFJ\*  
Artemis Yu, Citi  
Scott Simon, Deutsche Bank  
Christine Cumming, FRBNY  
John Ciccarone, HSBC\*  
Paul Camp, JPMorgan Chase  
David Russo, Morgan Stanley  
Denise Sommerville, Morgan Stanley\*  
Darryll Hendricks, UBS\*  
Barry Tebbutt, UBS\*  
Robin Vince, Goldman Sachs\*  
David Crawford, State Street\*  
Steve Ellis, Wells Fargo\*

Brian Begalle, FRBNY  
Jeanmarie Davis, FRBNY  
Linda Fahy, FRBNY  
Sandy Krieger, FRBNY  
Catherine Kung, FRBNY  
Jamie McAndrews, FRBNY  
Tyisha Rivas, FRBNY  
Larry Sweet, FRBNY  
Staff at Board of Governors\*

*\* Participated by phone*

**Part I**

**1. PRC Administration**

- Minutes for the March 13, 2013, meeting were approved.

**2. Update and next steps on continuing strategic agenda topics**

a. Business continuity planning

The BCP workstream presented its final report, which identifies lessons learned from the October 2012 BCP exercise which focused on improving intra- and inter-firm communication response to events that would affect the operability of payments, clearing, or settlement systems. The PRC endorsed the publication of an abbreviated report on the PRC

website and will consider making the full report available upon request.

b. Central counterparty topics

The central counterparty (CCP) workstream briefed committee members on the May 20 workshop on its recent publication, *Recommendations for Supporting Clearing Member Due Diligence of Central Counterparties*. The workstream also received support from the PRC to focus on identifying feasible implementation dates for enhanced CCP disclosures outlined in the report. The PRC expressed support for exploring possible follow-on work focused on enhanced clearing member disclosures to CCPs.

c. Cyber threat project

The committee expressed support for a proposal for an executive seminar on cyber threats to payment, clearing, and settlement systems, to address and potentially mitigate risks associated with cyber attacks. Committee members suggested the event focus on potential risks to large value payment flows and both intra- and inter-firm communication in response to a cyber attack.

d. Intraday liquidity flows: USD collateral

Committee members expressed interest in a potential project that would require the collection of statistical information on intraday flows of securities. Committee members requested a formal proposal which would include additional details on the scope of the project, as well as the roles and responsibilities of participants.

e. BCBS monitoring indicators for intraday liquidity management

The committee expressed support for a project that would entail a review of the final Basel Committee on Banking Supervision (BCBS) document, *Monitoring tools for intraday liquidity management*, to support consistent implementation across jurisdictions and reporting from firms.<sup>1</sup>

f. Shortened settlement cycle work.

Committee members expressed support to provide feedback to DTCC on opportunities to enhance its risk analysis on its proposal to shorten the settlement cycle for equities, corporate and municipal bonds. The PRC will submit this feedback to DTCC in a formal letter to the Chairman of the Board.

**3. Other business**

- a. Meeting schedule for 2013
- September 12; December 12

**4. Presentation of FRBNY staff report: “The Risk of Fire Sales in the Tri-Party Repo Market”**

Jamie McAndrews, Executive Vice President at FRBNY, presented a staff report he co-authored with Brian Begalle, Antoine Martin, and Susan McLaughlin on The Risk of Fire

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<sup>1</sup> Subsequent to the meeting, committee members decided to pursue this project through an alternative industry group.

Sales in the Tri-Party Repo Market. The report can be found here:  
[http://www.newyorkfed.org/research/staff\\_reports/sr616.pdf](http://www.newyorkfed.org/research/staff_reports/sr616.pdf)

The meeting adjourned at approximately 5:10 p.m.