

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

2:00 p.m. -3:30 p.m., Thursday, June 13, 2012

Federal Reserve Bank of New York

33 Liberty St., New York, NY

**Present:**

Paul Galant, Chair, Citi  
Bill Pappas, Bank of America  
Ed Ritter, Bank of America\*  
Kurt Woetzel, Bank of New York Mellon  
Masaru Hiraki, Bank of Tokyo-Mitsubishi UFJ\*  
Gregory Fell, Citigroup  
Artemis Yu, Citigroup  
Russ Fitzgibbons, Deutsche Bank\*  
Christine Cumming, FRBNY\*  
Diane Reyes, HSBC\*  
David Weisbrod, JPMorgan Chase  
David Russo, Morgan Stanley  
David Crawford, State Street\*  
Colin Parry, UBS\*  
Steve Ellis, Wells Fargo

Michele Braun (Secretary), FRBNY  
Kimberly Corcoran, FRBNY  
Sandy Krieger, FRBNY  
Kirsten Harlow, FRBNY  
Alexa Herlach, FRBNY  
Tyisha Rivas, FRBNY  
Marsha Takagi, FRBNY  
David Sewell, FRBNY  
Staff at Board of Governors\*

*\* Participated by phone or video*

**1. PRC Administration**

- Minutes for the March 14 meeting were approved.

**2. Tour de table/open discussion on topics of current interest**

Committee members discussed various matters associated with risk in payments, clearing, and settlement systems.

**3. Update and next steps on continuing strategic agenda workstreams**

**a. Central counterparty topics**

For the *central counterparty (CCP) workstream*, the members discussed the potential value in developing a common framework to encourage convergence in the type and form of information that is provided on risk management practices at CCPs to improve participants' ability to conduct their own due diligence and risk assessments. The PRC supported holding discussions on this topic with CCPs and agreed to invite the regulators of participating CCPs to join as well. The PRC will be flexible as to the nature of regulators' involvement, depending on their interests.

**b. Business continuity planning**

Following the PRC's direction at the December meeting, a *business continuity planning (BCP)* work team proposed a two-exercise sequence, to occur over about eighteen months. The proposed exercises would focus on intra- and inter-firm communications and intraday liquidity. Phase 1 would focus on communications, and phase 2 might simulate outage at or damage to a shared infrastructure. The PRC endorsed the two-phase approach and supported a suggestion to explore possible cooperation with other relevant industry and public groups.

**c. Shorter settlement cycle research**

The PRC agreed to send the draft letter that expresses support for continued research on the costs and benefits of a shorter settlement cycle for U.S. equities to DTCC. The PRC Secretariat will prepare the document, and the Chairman will sign and submit the letter to the Chairman of the Board of DTCC, Mr. Druskin.

**4. Proposed additional strategic initiatives**

Committee members discussed possible enhancements to the current strategic initiatives and several possible new projects. In particular, committee members expressed interest in potentially expanding the intraday liquidity flows research project to incorporate information on collateral use, a possible seminar on cyber threats, and monitoring work by others on emerging risks in the evolving payments ecosystem.

**5. Other business**

**a. Annual refresh of PRC emergency conference call arrangement**

PRC members agreed to move forward with the annual update and test of the committee's Emergency Conference Call arrangement.

**b. Meeting Schedule for 2012**

- September 13
- December 13

The meeting adjourned at approximately 3:30 p.m.