

Workshop on Payment, Clearing, and Settlement Systems: Confronting Systemic Risk and Ensuring Financial Stability

Organizers: Colleen Baker, Virginia France, Richard J. Herring, Robert C. Hockett, Charles M. Kahn, Saule Omarova, Paul E. Peterson, and Robert Steigerwald

SCHEDULE

(Location of All: Federal Reserve Bank of Chicago)

Date	Time	Activity
May 5, 2016	5:15 p.m.	Registration and Welcome Reception
	6:00 p.m.	Dinner
May 6, 2016	8:00 a.m.	Breakfast
	8:20 a.m.	Welcome Remarks
	8:30 a.m.	Session I
	9:45 a.m.	Break
	10:00 a.m.	Session II
	11:15 a.m.	Break
	11:30 a.m.	Invited Speaker
	12:30 p.m.	Lunch and Keynote Speaker
	2:15 p.m.	Session III
	3:30 p.m.	Concluding Discussion
	3:45 p.m.	Workshop Ends

AGENDA

Workshop Introduction: *Welcome by Robert Cox (Vice-President, Federal Reserve Bank of Chicago)*

Session I: Introductory/Background Session

- *Introductory remarks by Robert C. Hockett (Edwin Cornell Professor of Law, Cornell University); Charles M. Kahn (Professor Emeritus of Finance, University of Illinois Urbana-Champaign); David A. Skeel (S. Samuel Arsht Professor of Corporate Law, University of Pennsylvania)*

This initial session is designed to introduce two areas foundational to the workshop's focus: PCS systems and bankruptcy/resolution processes. Accordingly, this session will first explore the systemic importance or "systematicity" of PCS systems, including an investigation of their systemic character (with emphasis on cross-border considerations), contribution to systemic risk, and foundational position in global financial markets. In particular, this session will analyze the relationship between PCS systems and global financial market stability.

The latter part of this first session will provide an introduction to the primary methods (remedies) for dealing with distressed institutions: bankruptcy (for most debtors) and resolution (for financial institutions such as banks and systemically important nonbank "financial companies"). Specifically, it will explore their differences, triggers, operation, and functioning, especially in light of cross-border considerations.

Session II: PCS System Institutional Form and Implications for Financial Stability

- *Introductory remarks by Colleen Baker (Consultant, Federal Reserve Bank of Chicago); Patrick Parkinson (Managing Director, Promontory Financial Group, LLC); Ann Shuman (Managing Director and Deputy General Counsel, Depository Trust & Clearing Corporation)*

This session is designed to explore the interaction of organizational form and approaches to insolvency in the context of PCS systems. Institutions central to PCS systems have a variety of legal forms (banks, corporations, and hybrids such as financial market utilities) and associated political economy considerations. This session will analyze the combined impact of organizational form and insolvency approaches on PCS system stability, especially in times of generalized financial market stress or crisis. In particular, this session will explore (taking an evolutionary/historical perspective with attention to relevant market considerations) the development of the legal structures constituting these organizational forms, including approaches to loss allocation and traditional access to private or public backstops.

Invited Lecture: *Stephen J. Lubben (Harvey Washington Wiley Chair in Corporate Governance & Business Ethics, Seton Hall University Law School)*

Luncheon Keynote Speaker: *Richard J. Herring (Jacob Safra Professor of International Banking and Professor of Finance, University of Pennsylvania)*

Session III: Promoting PCS System Stability

- *Introductory remarks by Jens-Hinrich Binder (Chair in Private Law, Company and Securities Law, University of Tuebingen); Paul McCulley (Senior Fellow, Cornell University Law School); Katharina Pistor (Walter E. Meyer Research Professor in Law & Social Problems and Michael I. Sovern Professor of Law, Columbia University)*

Practical approaches best positioned to confront the insolvency of institutions core to PCS systems will be the capstone focus of this workshop. This session returns to the question of resolution and recovery methods best positioned to confront systemic risk in PCS systems and to ensure financial stability. Participants will be encouraged to make practical recommendations to confront these issues, especially with a cross-border perspective and in regard to financial market utilities. Also relevant to this discussion is the potential role of modern central bank liquidity mechanisms and market-maker-of-last-resort assistance within such solutions to maintain systemic stability.

Workshop Conclusion: *Remarks by Robert Steigerwald (Senior Policy Advisor, Federal Reserve Bank of Chicago)*