FINANCIAL MARKET INFRASTRUCTURE CONFERENCE II:
NEW THINKING IN A NEW ERA

AN INTERDISCIPLINARY CONFERENCE FOR POLICY-MAKERS, PRACTITIONERS AND ACADEMICS

Amsterdam, 7-8 June 2017

Since 2009, unprecedented global reform has transformed the legal and regulatory landscape for financial market infrastructure (FMI), pushing the industry into the spotlight. Simultaneously, new technologies, new sources of data and new interdependencies are having an impact. Against this historic backdrop, this conference will bring together senior policy-makers, practitioners and academics from around the world in order to evaluate the regulatory landscape, share original research and stimulate inter-disciplinary ways of thinking about this new era for FMI. The first conference in this series was organised and hosted by De Nederlandsche Bank in 2012. This conference also marked the launch of the Journal of Financial Market Infrastructures (JFMI), edited by Ron Berndsen.

The conference is hosted by De Nederlandsche Bank, and supported and co-organised by the Bank of Canada; the Bank of England; the Bank of Mexico; Law Department of the London School of Economics (LSE Law); and the JFMI. The focus of the conference is policy-oriented research and policy dialogue, with the programme comprising keynote speeches by prominent and influential leaders in the field, expert panels and a series of high-quality papers. The Chatham House rule apply during this conference. Without violating this rule, the organising team of the FMIC2 will jointly write a discussion paper based on the findings of this conference. This paper will be published in the JFMI special issue connected to this conference.

The programme is organised under four themes:

1. ***RTGS systems***. While research on large-value payments is now well established, it continues to evolve. Under this theme, researchers will present work that exploits new techniques for analysing large datasets, and demonstrate how these may be applied to investigate the dynamics of the payments network and to tackle a range of live policy priorities, such as operational resilience and tiering.

2. ***Distributed ledger technology***. The potentially disruptive promise of distributed ledger technology (DLT) and other ‘fintech’ is an important area of focus in the new era for FMI. The discussion under this theme will consider developments and potential FMI-related use cases of DLT; possible legal, regulatory and financial challenges; and important design implications such as the timing of settlement.

3. ***CCPs and systemic stability***. Over the short space of time since the global financial crisis, FMI has been propelled into the centre of the policy agenda. Mandatory clearing of OTC derivatives in particular has amplified the systemic importance of central counterparties (CCPs) and placed their risk practices and crisis management arrangements under unprecedented scrutiny. This theme will consider the exposures that CCPs face, how they are managed and the channels

via which the crystallisation of risk at a CCP could transmit more widely in the financial system.

4. ***Recovery and resolution***. Recognising the central role played by FMIs – and in particular CCPs – there is an increasing policy focus on the continuity of critical service provision. In recent years, policymakers have focussed extensively on arrangements for recovery and resolution of FMIs, with the Financial Stability Board consulting on new guidance on CCP resolution. This theme will comprise an interdisciplinary discussion of the challenges and practice of CCP recovery and resolution, including analytical, legal and policy contributions as well as lessons from history.

DETAILED CONFERENCE PROGRAMME

Conference chairman: Ron Berndsen (De Nederlandsche Bank, Tilburg University)

6 June 2017

19.00 – 21.00: Welcome reception at Bar36 Black, situated in the Hampshire Hotel, Rembrandt Square (address Amstelstraat 17, Amsterdam)

Day 1, 7 June 2017

8.15 – 8.45: Registration and reception with coffee/tea

8.45 – 9.00: Opening speech by Petra Hielkema (De Nederlandsche Bank)

9.00 – 10.00: **Keynote Speech by Charles Kahn, Professor Emeritus of Finance, College of Business, University of Illinois**

10.00 – 10.30: Break

Theme 1: RTGS systems (Chair: Ronald Heijmans, De Nederlandsche Bank)

10.30 – 10.50: *The absence of evidence and the evidence of absence: An algorithmic approach for identifying operational outages*, by Marc Glowka, Jan Paulick and Inga Schultze (all Deutsche Bundesbank)

10.50 – 11.10: *SPEI®'s Diary: Econometric Analysis of a Dynamic Network*, by Biliana Alexandrova-Kabadjova (Banco de México) and Miguel Angel Gavilan-Rubio (University of Essex)

11.10 – 11.30: *Anomaly Detection in Real-Time Gross Settlement Systems*, by Ron Triepels (Tilburg University and De Nederlandsche Bank), Hennie Daniels (Tilburg University, Erasmus University Rotterdam) and Ronald Heijmans (De Nederlandsche Bank)

11.30 – 12.00: Discussion (Discussant: Matti Hellqvist, Bank of Finland)

12.00 – 13.10: Lunch

13.10 – 14.10: ***Panel 1: FMI networks, interdependencies and resilience***

Panellists: Martin Diehl (Deutsche Bundesbank), Manmohan Singh (IMF), John Trundle (Euroclear UK&I), Ludy Limburg (ING Bank).

14.10 – 14.30: Break

Theme 2: Distributed ledger technology (Chair: Biliana Alexandrova Kabadjova, Banco de México)

14.30 – 14.50: *Distributed ledger technology in payments, clearing, and settlement*, by David Mills, Kathy Wang, Brendan Malone, Anjana Ravi, Jeff Marquardt, Clinton Chen, Anton Badev, Timothy Brezinski, Linda Fahy, Kimberley Liao, Vanessa Kargenian, Max Ellithorpe, Wendy Ng, and Maria Baird (all Board of Governors of the Federal Reserve System)

14.50 – 15.10: ‘*Smart' settlement*', by Mariana Khapko (University of Toronto and Rotman School of Management) and Marius A. Zoican (Université Paris-Dauphine)

15.10 – 15.35: Break

15.35 – 15.55*: Distributed ledger technology in payment, clearing and settlement: an analytical framework*, by Klaus Löber (European Central Bank)

15.55 – 16.25: Discussion (Discussant: Simone Giansante, University of Bath)

16.25 – 17.25: ***Panel 2: Distributed ledger technology – possible use cases in clearing and settlement***

Panellists: Rodney Garratt (UC Santa Barbara), Bernardo Batiz-Lazo (Bangor University), Francisco Rivadeneyra (Bank of Canada), Scott Farrell (King & Wood Mallesons).

17.25 – 18.30: Option to refresh at hotel

18.30 – 19.30: Boat trip (Departing from Hampshire Hotel – Eden, address: Amstel 144)

19.30 – 23.00: Dinner at the Hermitage (address Amstel 51, Amsterdam), hosted by David Bailey (Bank of England), **with keynote speech by Ron Berndsen, De Nederlandsche Bank, Tilburg University**

Day 2, 8 June 2017

8.15 – 8.45: Reception with coffee/tea

8.45 – 9.45: ***Panel 3: FMI - New thinking in a new era - policy reflections*** **(Chair Ron Berndsen, De Nederlandsche Bank)**

Panellists: Morten Bech (BIS), Jochen Metzger (Deutsche Bundesbank), Bob Wasserman (CFTC), Lex Hoogduin (LCH Clearnet)

09.45 – 10.00: Break

Theme 3: CCP and systemic stability (Chair: Jorge Cruz Lopez, Bank of Canada)

10.00 – 10.20: *When do CCPs enhance market stability?*, David Marshall, Ivana Ruffini and Dominic Anene (all Federal Reserve Bank Chicago)

10.20 – 10.40: *Systemic Risk in Real Time: A Risk Dashboard for Central Clearing Parties (CCPs),* Wenqian Huang and Albert Menkveld (both VU Amsterdam)

10.40 – 11.10: Break

11.10 – 11.40: Discussion (Discussant: Andy Sturm, Swiss National Bank).

11.40 – 12.40: **Keynote Speech by Marc Bayle, Director General Market Infrastructure and Payments, European Central Bank**

12.40 – 13.45: Lunch

Theme 4: Recovery and Resolution (Chair Mark Manning, Bank of England).

13.45 – 14.05: *The Failure of a Clearinghouse: Empirical Evidence*, Vincent Bignon (Banque de France) and Guillaume Vuillemey (HEC Paris and CEPR)

14.05 – 14.25: *Cash Calls and the Stability of Cleared Derivatives Markets: Implications for CCP Recovery and Resolution*, Radoslav Raykov (Bank of Canada)

14.25 – 14.45: *CCP Resolution: an unresolved problem*, Dermot Turing (formerly Clifford Chance) and Manmohan Singh (IMF)

14.45 – 15.05: *Private rights and public policy in the Post-crisis Regime for Derivatives*, Jo Braithwaite (London School of Economics) and David Murphy (Rivast Consulting)

15.05 – 15.35: Break

15.35 – 16.05: Discussion (Discussant: Bob Cox, Federal Reserve Bank of Chicago)

16.05 – 17.05: ***Panel 4: Recovery and resolution of CCPs***

Panellists: Jamie McAndrews (Wharton Financial Institutions Center), Sarah Paterson (London School of Economics), Marnie Rosenberg (JP Morgan Chase), Thomas Laux (Eurex Clearing).

17.05 – 17.15: Closing remarks

17.15 onwards: Farewell cocktails