

P.R.I.M.E. Finance

Panel of Recognized International Market Experts in Finance



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*“New Approaches to Understanding Risk:
Why I Wouldn’t Start from Here”*

Interdisciplinary Approaches to Financial Stability Conference
22 October 2015, Ann Arbor
by Professor Jeffrey Golden, Chairman, P.R.I.M.E. Finance

Two Themes; Two Commercial Drivers

Theme 1:

- Pre-default vs Post-default:
potentially very different data is relevant

Theme 2:

- Financial Stability:
role of dispute settlement, judges and arbitrators

Key Commercial Drivers in Derivatives Market Contracts:

- Insolvency-proof the contract's market protection
- Mitigate the global risk of litigation



Sunny side



Have a nice day!

Dark side



A walk on the dark side

Mystery of the Dark Side

- Contract 'melts down' products
(netting, the 'swaps motel')
- 'Assets' are flawed
- Self-determination
- Certainty of result rather than fairness
- Good faith, commercial reasonableness, conscience
- Barings gets sold for £1



Financial Market Dispute Settlement: Cause for Concern

- A lot at stake
- Unsatisfactory/conflicting results to date
- Phenomenon of standardisation
- We need a settled body of law
- International dimension
- Costs



It makes no sense.....

-for parties to fly to remote places for unenforceable decisions
-to turn to local courts without the requisite experience
-to roll the dice in experienced courts when parties can pick from a specialist pool
-that a specialised subject matter court for global finance is missing
-to put all our eggs in the single basket of better regulation



P.R.I.M.E. Finance's Offering

- Panel of Recognised International Market Experts in Finance
- More than 100 hand picked financial and legal market experts from around the world with 3,000+ years of relevant experience
- Activities:
 - Arbitration, mediation and expert determinations
 - Judicial programming and support
 - Database



P.R.I.M.E. Finance Panel of Experts

- Each of the experts currently on the P.R.I.M.E. Finance Panel has been carefully vetted and is committed to the goals of our organization.
- Diversity of backgrounds in terms of e.g. (i) geographical representation, (ii) relevant market experience, (iii) linguistic skills and (iv) nationality.



An Example

- *In re Caesars Entertainment Operating Company, Inc.*, External Review Panel Determination on referral from the ISDA Determinations Committee, decided February 9, 2015 (at: <http://dc.isda.org/cds/caesars-entertainment-operating-company-inc-4/>).

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