

## JOHN W. McPARTLAND

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### Federal Reserve Bank of Chicago

4/1998 to Present

#### *Senior Policy Advisor, Financial Markets Group*

Advises senior management of the Federal Reserve Bank of Chicago on matters involving international netting systems, settlement systems for fixed income and equity securities in G-5 countries, exchange traded derivatives, privately negotiated derivatives, risk mitigation techniques, especially bilateral collateralization of foreign exchange and derivatives instruments, margining systems of derivatives exchanges in G-10 countries, idiosyncrasies affecting U.S. securities markets, payment initiatives and issues relevant to collateralizing or clearing Over the Counter (OTC) derivatives instruments and High Frequency Trading. Contributes to the Federal Reserve's position on public policy issues involving netting systems, supervisory oversight of exchange-traded and OTC derivatives, international competitiveness, and appropriate regulatory structure of domestic financial markets. Serves as a technical expertise resource that can be seconded to other national authorities.

#### Relevant Publications:

"A Private Sector Derivatives Settlement Initiative that Circumnavigates the Encumbrances of Regulation Q" Derivatives Quarterly, 1998.

"Multicurrency Regulatory Encumbrances Affecting the U.S. Futures Industry" (co-authored with Donna Zagorski), Derivatives Quarterly, 1999.

"Market Access, Revenue Models and Public Policy" Journal of Global Financial Markets, Fall, 2002.

"Open Architecture Clearing" Outlook '03, Fall 2002.

"Clearing Structure of the Derivatives Markets: We're Not in Kansas Anymore" (co-authored with Richard Tshura), Futures & Derivatives Law Report, October, 2003.

"Clearing and Settlement Demystified" Federal Reserve Bank of Chicago, *Chicago Fed Letter*, No.210, January, 2005. Republished in the June, 2005 Edition of Futures & Derivatives Law Report.

"Foreign Exchange Trading and Settlement: Past and Present" Federal Reserve Bank of Chicago, *Chicago Fed Letter*, No.223, February, 2006. Republished in the March, 2006 Edition of Futures & Derivatives Law Report.

"Clearing and Settlement of Exchange Traded Derivatives" Federal Reserve Bank of Chicago, *Chicago Fed Letter*, No.267, October, 2009.

"Clearing and Settlement of Exchange Traded Derivatives: The Hitchhiker's Guide" Futures & Derivatives Law Report, October, 2009 (greatly expanded version of Fed Letter article).

"Recommendations for Equitable Allocation of Trades in High Frequency Trading Environments" Journal of Trading, Spring, 2015, Vol. 10, No. 2, pp. 81-100.

"A New Approach to Stock Market Execution" (co-authored with Rebecca Lewis) Federal Reserve Bank of Chicago, *Chicago Fed Letter*, No. 343, 2015. Republished in The Journal of Trading, Vol.11, No.2 Spring, 2016, pp.65-70.

"The Challenges of Derivatives CCP Interoperability Arrangements" (co-authored with Rebecca Lewis) The Journal of Financial Market Infrastructures, June, 2016, Volume 4, No. 4: pp.41-51.

"Non-Default Loss Allocation at CCPs," (co-authored with Rebecca Lewis), The Journal of Financial Market Infrastructures, Volume 6, No. 1, 2017, pp. 1-11.

"The Goldilocks problem: How to get incentives and default waterfalls "just right," (co-authored with Rebecca Lewis) Federal Reserve Bank of Chicago, *Economic Perspectives*, Vol.41, No.1, 2017.

"Blockchain and Financial Market Innovation" (co-authored with Rebecca Lewis and Rajeev Ranjan) *Economic Perspectives*, Volume 41, No.7, 2017. Republished in Futures & Derivatives Law Report, Vol.38, No.2, February, 2018, pp.1-17.

Appointed to serve multiple terms (2000-3) as a Member of the Technology Advisory Committee of the Commodity Futures Trading Commission. Chaired its Market Access Subcommittee (2001-2002) and was the primary author of the Subcommittee's Final Report, "Best Practices for Organized Electronic Markets". "Best Practices for Organized Electronic Markets" was subsequently republished in Europe subsuming the entire Summer 2002 edition of the Economic & Financial Review, a Journal of the European Economics and Financial Centre.

## **International Clearing and Settlement Consultant**

12/1997 to 4/2010

Designed clearing, margining, collateralization and centralized risk mitigation systems for regulated and OTC markets for financial products (including securities), power (electricity forwards and derivatives), natural gas and forward freight agreements. Provided independent consulting expertise to numerous exchanges, regulatory organizations, clearing organizations, proprietary trading companies, and relevant service providers. Consulting engagements typically involved the appropriate design and integration of credit intermediation or derivatives clearing services, settlement media, and OTC collateralization or clearing models.

## **Capital Markets Development Project**

### **Cairo, Egypt**

8/1999 to 5/2008

#### ***Financial Markets and Depository Consultant***

Provided on-site consulting expertise to the MCDR, the Egyptian national securities clearing organization, securities depository, and national registrar for private sector fixed income and equity securities and fixed income sovereign debt. This USAID project to modernize the financial markets of Egypt also involved the Capital Markets Authority (CMA), the securities regulator, the Cairo and Alexandria Stock Exchange, securities industry professionals, and the Central Bank of Egypt. More recently made major presentations with the Chairman of the CMA to Egyptian senior financial executives towards creating an Egyptian futures and options exchange in Cairo.

## **CME Depository Trust Co.**

1/1995 to 11/1997

#### ***President & Chief Executive Officer***

Responsible for all aspects of designing and implementing the first comprehensive centralized collateral management and trade processing service for the privately negotiated derivatives industry. Implementation required negotiating major services agreements with S.W.I.F.T. and SunGard Capital Markets, and forging a consensus among market professionals to form a cohesive membership organization. Had increased public speaking responsibilities and direct contact with senior executives of G-10 Central Banks and other national authorities. Responsible for the business, regulatory, accounting, recruiting, budget, marketing, technology, and legal aspects of this multi-year, multi-million dollar project. Accountable for performance to the CME DTC Board of Directors.

Requisite skills included: project management, advanced product and clearing system design, accounting and corporate finance, public speaking, significant personal name recognition within the target market and with national regulatory authorities, advanced knowledge of multi-currency securities clearing systems and settlement conventions of the sovereign debt of G-5 countries, global custody systems, market quotation systems and data vendors, derivatives pricing models, the current and potential capabilities of the S.W.I.F.T. Network and the Internet, and some familiarity with IT operating systems and platforms.

## **Chicago Mercantile Exchange**

11/1987 to 1/1995

*Clearing House*

*Business Development Group*

*Vice President*

Arriving immediately after the Market Break of 1987, became accountable for the formation, direction and overall performance of BDG, an innovative internal consulting group, primarily responsible for the strategic and tactical planning and design of clearing systems and interfaces with the domestic and international financial community, and secondary planning and design responsibility for CME clearing support systems. BDG projects include responsibility for structuring and negotiating a new \$250 million, unsecured Revolving Credit Agreement, editing and responding to countless papers and requests for information concerning the Market Break of '87, becoming a Member of the S.W.I.F.T. Network in 1988 (the first futures exchange to do so), modifying the Clearing System to accommodate non-dollar products (including conceiving and developing the CME MoneyChanger<sup>®</sup> Service), bringing Desk Top Publishing to the Exchange in 1988, co-authoring a White Paper (in 1989) for the US Congressional Office of Technology Assessment accurately predicting the settlement challenges that would accompany 24-hour, cross-border trading of financial instruments, designing the Interim GLOBEX settlement system, the CME's continuous Theoretical Intraday Pricing System for futures and options products, the Pass-through Letter of Credit, and the CME's Interest Earning Facility<sup>®</sup>. For several years, assumed responsibility for all aspects of PC SPAN<sup>®</sup>. Well before internet transmissions became commonplace, set up a 24-line bulletin board and reserved CME.com as a domain name. Was a principal member of the Clearing 21 Steering Committee and was responsible for anticipating the need for, and functionally designing several of the modules of the Clearing 21 Clearing System. Engaged in a significant amount of public speaking on behalf of the CME Clearing House and had increased contact with domestic and international securities and derivatives regulators and Central Banks. Designed and implemented Exchange's custody system to accept S&P 500 stocks as margin assets and wrote profusely on the global need for extended and concurrent operating hours of payment systems among major Central Banks, which was eventually accomplished.

Often was called upon to draft changes to the CME Rule Book and to assume a leadership role in managing the approval process of those Rule changes with the CFTC. Assumed the responsibilities for the performance of the CME Clearing House in the absence of the Senior Vice President of the CME Clearing House and all administrative responsibilities for the Clearing Organization and Clearing Bank Roundtable, eventually assuming its Chairmanship. Continued reputation for recruitment, training, motivation and retention (near zero turnover) of personnel.

## **Dellsher Investment Company, Inc.**

9/1985 to 11/1987

### ***Director of Marketing and Research***

Primary responsibilities involved new business development, and client relationship management, principally with large international financial institutions. Shared responsibility for overall operations with Executive Vice President and Senior Vice President of Floor Operations. Successful at attracting very large proprietary trading accounts, particularly those of domestic and international money center banks and the omnibus business of bank FCM's. Brought and implemented PC automation to the company. Continued as an IMM Member, and as a Member of the CME Clearing House Committee, its Finance Sub-Committee, and Real Estate Committee. Assumed significant responsibility for VIP visits to the Exchange, including Members of Congress and the senior staff of domestic and international regulatory oversight agencies.

## **Continental Illinois Corporation Financial Futures**

1/1982 to 9/1985

### ***Vice President of North American Operations***

Responsible for virtually all aspects of forming this bank holding company FCM subsidiary. Took CICFF from idea, to a fully operational FCM and Clearing Member on the CBoT and IMM including a Branch Office in Singapore. Remained a Member of the CME and its Clearing House Committee and Financial Instruments Steering Committee. In 1984, designed and assisted in the implementation of the international banking aspects of the Mutual Offset System allowing futures trades to be executed on the CME and SIMEX and subsequently be transferred to the opposite exchange at the original trade price. CICFF was admitted as the very first Clearing Member of SIMEX in 1984. Established an exemplary reputation for recruiting, training, motivating and retaining employees. Employee turnover was virtually non-existent, even through the bank's massive deposit run in the second quarter of 1984. CICFF went on to become the largest SIMEX Clearing Member through most of the late 1980's and was eventually subsumed by Goldman Sachs.

## **Continental Illinois National Bank and Trust Company of Chicago Securities & Commodities Division**

1/1976 to 12/1981

### ***Second Vice President***

Successful Commercial Banker serving the Chicago Exchange and FCM community. Selected to advise both the Working Party to form LIFFE (1979-82) and the Monetary Authority of Singapore (MAS) (1982-84). Co-authored the bank's White Paper to the MAS recommending the formation of a Working Party in Singapore to form SIMEX. In 1977, conceived and implemented the world's first FX payment versus payment settlement system for currency futures contracts traded on the IMM. Edited the first publication of a major money center bank advocating the use of Financial Futures. Conceived and recommended to senior management the formation of Continental Bank's FCM subsidiary 18 months before the first such application was presented to the Federal Reserve for its consideration. Established successful track record as a Commercial Banker by consistently increasing Loans, Letters of Credit, Bankers Acceptances, and Compensating Balances. At one time or another, was the primary contact for both BOTCC and the CME. Assumed responsibility for recruiting, training supervising and motivating others

as the Divisional Training Officer. Contributed the majority of the design for the U. S. Treasury Bond delivery system (CBOT) the U.S. Treasury Bill delivery system (IMM) and the Certificate of Deposit delivery systems (CBOT and IMM). Held both of the bank's CME and IMM Memberships. Served on the CME's Foreign Currency Committee, Clearing House Committee and Real Estate Committees as an exchange member.

## **CINB Internal Audit Department**

12/1973 to 12/1975

### ***Senior Staff Auditor***

Traveled extensively confirming the existence, proper valuation and loan documentation of non-possessory collateral securing large domestic Commercial and Industrial Loans.

Guest Lecturer, London School of Economics, University of Wisconsin Business School, University of Chicago Booth School of Business, The John Marshall Law School, New York Law School and the Illinois Institute of Technology's Center for Financial Markets.

Independent member of the Business Conduct Committees and Probable Cause Committees of the CME and CBoT.

University of Minnesota, Bachelor of Science in Business Administration

United States Air Force, Active Duty. 1969 - 1973