**Minutes – Meeting 1 - Thursday, Jan 19th 2017**

Sharyn introduced herself. Every member of the team introduced themselves to the others. Rudy and Matt are part of this Capstone project.

Worked out the logistics to do a Skype call with Nikolai from the client side on Saturday, Jan 21st between 11am-1 pm. Adnan, the Client Liaison, will manage this.

Team members mentioned their respective roles:

* Pinar – Team Manager
* Adnan – Client Liaison
* Jeremy – SIPA Liaison
* Janani – Writing Editor
* Thomas – Presentation Editor
* Secretary – rotating position

As far as analytical roles go, Matthew, Adnan and Daanish will be working primarily on the data management and analysis aspects of the project. Daanish will lead this initiative.

We will use slack for general communication. The team name is quaternion-team.slack.com.

We went through the timeline for the project and worked backwards. The deadlines are **non-negotiable**. We want the client to return to SIPA in the future, hence we need to measure the relationship as well as we can.

The first step is to conduct the literature review. This is a proposed outline:

Section 1

* Explain what is meant by systemic risk. Delve into the existing measures of systemic risk, understand their various strengths, weaknesses, how they’re measured etc.
* What are the underlying models which generate these measures (strengths, weaknesses etc)?
* Assess the robustness of the different systemic risk measures which currently exist (we will need to conduct stress tests for this)

The eventual goal is to come up with more robust measures of systemic risk. This should guide our approach for Section 1.

Section 2

How can we build alternative models?

Do we want to include interest rate algorithms for example?

Section 3

Test the new measures we’ve come up with

* Compare these measures with previous models
* Simulating tail-end events, analyze when and why they fail

Section 4

Based on the analyses in Section 3, we need to come up with recommendations for more robust measures of systemic risk.

Other comments/points made:

* exchanges may not necessarily be better than derivatives
* QRM – currently mainly focuses on Enterprise Risk Management (ERM), not on developing measures of systemic risk. This is the work we are doing for them,
* One approach towards our task could be to merge the ERM part with the systemic risk part to get better measures.
* We could also do the slicing in different ways – explore different windows of systemic risk, for example.
* We should also look at regulatory frameworks to identify measures of systemic risk. Because, any measures we develop should incorporate what regulators care about.
* We should have a) a prescriptive outlook – what measures we ought to have and b) descriptive – what measures are being used.
* Regarding the literature review:

1. Look at the existing regulatory frameworks
2. Review secondary literature on this topic
3. Explore the actual measures we’ve seen

Note: 2. and 3 are not necessarily the same

Allocation of tasks at the end of the first meeting:

* Jeremy – general literature review
* Pinar – reviewing models measuring systemic risk
* Rudy and Janani – Cover systemic risk from the regulator’s view

All of the above will contribute towards the aforementioned literature review

Matthew, Adnan and Daanish will liaise with Nikolai with regards to the data related aspect: does the client have data? Will we be using simulated data? What does the client expect from us?