



P.R.I.M.E. FINANCE

Panel of Recognised International Market Experts in Finance

Officially based in The Hague yet run largely from the U.S., P.R.I.M.E. Finance is an independent, not-for-profit institute that includes at its core a panel of renowned legal and financial experts. P.R.I.M.E. Finance provides an international facility for resolving complex financial disputes, educates judges in sophisticated financial transactions, and is compiling a database of relevant law including international precedents and source materials. Its mission is to foster a more stable global economy and financial marketplace by reducing legal uncertainty and systemic risk, and, especially in emerging markets, promoting sustainable economic development and the rule of law.

Mission and Objectives

P.R.I.M.E. Finance (Panel of Recognized Market Experts in Finance) was created in January 2012 against the backdrop of the 2008 financial crisis to address a growing problem and potential source of systemic risk. While outstanding over-the-counter derivatives contracts total hundreds of trillions of dollars, judges charged with deciding disputes over these and other complex financial transactions often do not possess requisite technical expertise in the products. Jurists who want more information have limited resources to draw upon. Decisions (traditionally made by courts in London and New York but more recently in courts around the globe) are unpredictable or even conflicting, are taken too slowly, and can be unenforceable in too many home jurisdictions. And because global trading relies on standard terms and contracts, any mistake that a court makes in deciding a term's meaning can be quickly amplified around the world. Taking into account the interconnection of the world's financial markets, the vast sums involved, and the rapidly expanding use of derivatives and other complex financial instruments as growth engines in emerging economies, it is clear that judicial error and poor legal precedent have the potential to do great harm, particularly to the world's most vulnerable populations. Conversely, properly resolved disputes, a well-informed judiciary, and a settled body of law around the financial products that are increasingly shaping world trade and economic growth can produce positive effects for these same populations. These include sustainable economic development and the resulting prosperity that is a critical underpinning of basic human rights.

Innovative, Unique Solution

Complementing regulators' ongoing efforts to reform financial markets, P.R.I.M.E. Finance's work is trifold:

- First, it resolves disputes through arbitration, mediation and the issuance of expert opinions.
- Second, it educates and supports judges in both advanced and developing countries on complex financial transactions.
- Third, it is compiling a central database of international precedents and source materials to facilitate a settled, authoritative body of law covering derivatives and other complex financial products.

In addition to being named "Best Newcomer" by the Global Arbitration Review, P.R.I.M.E. Finance has also been nominated for several innovation awards, and indeed, each of the three approaches above is unique. Although in many jurisdictions, specialized courts exist for family law, tax law, intellectual

property and bankruptcy and internationally, specialized tribunals cover such widening topics as world trade, the law of the sea and sport, P.R.I.M.E. Finance's specialized resolution center for complex financial disputes is the first for finance. Through its judicial training, P.R.I.M.E. Finance is increasingly recognized as alone in offering the specialized information jurists need to better assess the merits of the complex financial disputes which they are being asked to adjudicate. For many of these judges, P.R.I.M.E. Finance's efforts are their first exposure to training in derivatives and the complex and arcane agreements which document these transactions. The database P.R.I.M.E. is creating will be the first of its kind: a comprehensive, digitized gathering of legal proceedings and judicial decisions related to complex financial transactions in jurisdictions all over the world. The library will centralize an authoritative body of law, offering any interested parties access to case law and periodicals, plus analysis and commentary on cases and market developments.

The People of P.R.I.M.E. Finance

With management board members based in New York and internationally, P.R.I.M.E. Finance comprises a who's who of the world's most senior people in finance and financial markets law. Professor Jeffrey Golden, visiting professor at The London School of Economics and former senior partner in Allen & Overy LLP's global derivatives practice leads the 9-member Management Board and Lord Woolf, the UK's former lord chief justice, chairs the organization's 6-member Advisory Board. P.R.I.M.E. Finance is so named for its core strength: a more than 100-strong panel of legal and financial experts with a collective 3000+ years of relevant experience. This carefully vetted international group includes sitting and retired judges, central bankers, regulators, academics, representatives from private legal practice, and derivatives market participants. Many have first-hand experience structuring and executing transactions, as well as of the laws, regulation and standard documentation of the structured finance market, creating a combination of legal and market expertise that is both ideal to the task at hand and completely unprecedented. Exceptionally diverse in geographical representation, market and jurisdictional experience, linguistic skills and nationalities, all P.R.I.M.E. Finance experts share a deep commitment to the goals of the organization, including its independence. Neutrality and transparency are not only organizational precepts, but also the ethical responsibility of panel members who are sitting judges. The panel counts among its members a retired UK Supreme Court Justice, a former chairman of the Commodities Futures Trading Commission, the Founder-Chairman of the International Swaps and Derivatives Association, a former Attorney General for England and Wales, and a former Judge and President of the International Court of Justice.

Tangible Results and Measurable Outcomes on a Global Scale

Dispute Resolution Services

Our dispute resolution services (which will eventually make the organization self-funded) fill a vital need. Requests for arbitration or expert witness services are a measurable outcome, and these show a steady increase. In an important milestone, P.R.I.M.E. Finance clauses covering new ISDA Master Agreements have been included in the International Swaps and Derivatives Association's 2013 Arbitration Guide, which should produce a flow of P.R.I.M.E. arbitration proceedings in coming years. The authority of our dispute resolutions services is further evidenced by the fact that under the UNCITRAL Rules, as adapted for P.R.I.M.E. Finance, the Secretary General of the Permanent Court of Arbitration may act as appointing authority for P.R.I.M.E. Finance in cases where the parties cannot agree on the appointment of arbitrators.

Judicial Training and Support

The alacrity with which judges have taken to P.R.I.M.E. Finance's interactive training and support programs speaks to an important, previously unmet need. Judicial training has already been conducted in Russia, South Korea, Singapore and the U.S. Training in Tokyo, Portugal, the Bahamas, the Caribbean

and Sub-Saharan Africa is in the planning stages. At present training is being conducted via face to face programs, however the future of P.R.I.M.E. Finance's support for judges lies in its plans for digitized modules. Multilingual and accessible anywhere in the world via an online platform, the modules will be a key resource, particularly for judges in emerging financial markets.

Central Database/Library

In early 2014 P.R.I.M.E. Finance secured pro bono support from LexisNexis, a leading global provider of content-enabled workflow solutions, to create and maintain a first-of-its-kind database: a comprehensive, digitized gathering of legal proceedings and judicial decisions related to complex financial transactions in jurisdictions all over the world. The library will centralize an authoritative body of law, offering access to case law and periodicals, plus analysis and commentary on cases and market developments. Using P.R.I.M.E. Finance's library, courts can keep up to date with global financial market developments and access the latest relevant precedents, promoting informed rulings and judicial best practices. Eventually, analysis of this centralized database will enable P.R.I.M.E. to measure the success of its global efforts to create an informed judiciary.

Current Financial Support

Although still in its start-up phase, P.R.I.M.E. Finance has accomplished much thanks to the solid commitment of its members and an enthusiastic reception from financial markets and global judicial circles. In addition to the Dutch government, supporters include The Hague Institute for Global Justice (currently covering housing and office costs), the United Nations Commission on International Trade Law and the Hague Conference on Private International Law (P.R.I.M.E. Finance has been granted observer status at each), the European Bank for Reconstruction and Development, the International Bar Association, the American Bar Association, the Netherlands Institute for Advanced Study, The London School of Economics and Political Science, and FMO, the Dutch Government's Entrepreneurial Development Bank. Leading law firms and market participants have sponsored P.R.I.M.E. Finance's three annual conferences (which garner significant attendance and income), and the Friends of P.R.I.M.E. Finance fund receives regular and generous private donations. P.R.I.M.E. Finance expects to be self-sustaining in up to 4 years, when it receives a regular flow of arbitration/mediation cases and the income they will produce.