STICHTING P.R.I.M.E. FINANCE DISPUTES CENTER (“P.R.I.M.E. Finance”)

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Management Board composition as of June 30, 2022
Robert Pickel, Chairman
Rick Grove, Secretary
Joseph Bauman, Treasurer
Sharon Brown-Hruska
Deborah Enix-Ross
Ida Levine
Chudozie Okongwu
Pim Rank
Jonathan Ross

Head of Secretariat
Camilla Macpherson

Remuneration policy
The Head of Secretariat may receive an annual bonus at the discretion of the Management Board. Management Board members receive no compensation.

Goal of P.R.I.M.E. Finance
P.R.I.M.E. Finance’s mission is to ensure that the requisite expertise is available to anticipate and address any disputes that may arise in the financial markets. Its goal in doing so is to reduce legal uncertainty and systemic risk, and to foster stability and confidence in, and a more settled and authoritative body of law for, world finance. P.R.I.M.E. Finance’s traditional focus has been on issues arising in relation to industry standards (e.g., documentation, market practices, valuations) for derivatives and other complex financial products. Now, with the growing interest in areas such as sustainable finance and financial technology, P.R.I.M.E. Finance also aims to anticipate how disputes may arise in these and other emerging areas of the financial markets and consider how it can best address them.

P.R.I.M.E. Finance seeks to achieve its goal by, among other things, (a) offering arbitration and mediation services and other forms of alternative dispute resolution, with arbitrations and
mediations brought under its rules administered by the Permanent Court of Arbitration (“PCA”), (b) maintaining a list of experts on arbitration and mediation and other experts on alternative dispute resolution, (c) providing judicial training and education in both developed and developing markets and economies, (d) providing continuing education through conferences and webinars, (e) providing access to its experts and staff to relevant legal resources, with the support of LexisNexis, and (f) providing other services related to the goals of P.R.I.M.E. Finance.

P.R.I.M.E. Finance was the 2020 recipient of the Halsbury Award for the Rule of Law in recognition of the value of its judicial training program.

Attached to this report are the 2021 financial statements of P.R.I.M.E. Finance. The work and financial resources of P.R.I.M.E. Finance have been directed at achieving the goals enumerated above.

2021 Annual Report and Management Plan

1. PRIMEtime Seminars

In 2020, in response to the forced cancellation of in-person events following the onset of the global COVID-19 pandemic, P.R.I.M.E. Finance initiated a series of on-line seminars, branded as PRIMEtime Events, addressing timely issues related to the derivatives markets generally, and dispute resolution more specifically. Eight seminars were held in 2021 on topics that included sustainable finance, carbon trading, and the potential disputes arising from Brexit and Libor conversion. In total, there were approximately 750 registrants for the 2021 PRIMEtime events.

P.R.I.M.E. Finance re-initiated in-person seminars in March 2022 with its first seminar in London. This was followed up in May 2022 with a roundtable discussion in New York concerning the Russian invasion of Ukraine and the implications for financial markets, financial contracts, and financial market dispute settlement.

2. Judicial Seminars

Since P.R.I.M.E. Finance’s inception, members of the P.R.I.M.E. Finance Panel of Experts (also referred to as Panel Members) have conducted 22 seminars in thirteen countries on five continents. These seminars are generally requested by local judicial groups, and P.R.I.M.E. Finance experts provide their services on a pro-bono basis. P.R.I.M.E. Finance minimizes the costs incurred in arranging and conducting judicial seminars by seeking outside sources of funding. The arrangement and conduct of judicial seminars does not have a material impact on P.R.I.M.E. Finance’s financial plans. In-person judicial seminars could not be conducted in 2021 due to COVID-19 travel and related restrictions. However, the first “virtual” judicial seminar was conducted in 2021 for judges in the Bahamas and other Caribbean countries with the support of the Bahamas Bar Association and the Bahamas Financial Services Board.
3. Partnership with LexisNexis

In 2018, P.R.I.M.E. Finance partnered with LexisNexis, a leading global provider of information and analytics to the legal profession, in order to establish free access for its experts and staff to on-line legal materials relating to finance and arbitration. This access is an important tool for identifying relevant recent developments in the finance and dispute resolution sectors. P.R.I.M.E. Finance periodically provides LexisNexis with analysis from its experts on topics of interest to specialists in finance law. LexisNexis also provided promotional support to the PRIMEtime seminars.

4. Arbitration, mediation and dispute settlement

With the support of the International Swaps and Derivatives Association (“ISDA”), in 2013 P.R.I.M.E. Finance published arbitration clauses that could be incorporated into the 1992 and 2002 ISDA Master Agreements used to document derivative transactions globally. Additionally, in 2021 P.R.I.M.E. Finance updated its arbitration rules, pursuant to which arbitrations are administered by the PCA. It conducted a series of virtual public consultations in 2021, followed by a virtual launch, that focused on the changes to the 2016 version of the rules. The rules came into effect on 1 January 2022. ISDA is in the process of updating its guidance to reference the new version of the rules.

P.R.I.M.E. Finance continues its cooperation agreement with the PCA. Initiated in 2015, under the agreement the PCA provides office space to P.R.I.M.E. Finance and is administrator of arbitrations brought under the P.R.I.M.E. Finance arbitration rules. P.R.I.M.E. Finance’s Head of Secretariat is a Legal Counsel at the PCA.

The P.R.I.M.E. Finance Secretariat also periodically receives requests for experts in areas of law and finance that are pertinent to issues under dispute. These requests indicate the value of the almost 250 members of the P.R.I.M.E. Finance Panel of Experts, who cumulatively have over 7,000 years of financial law and markets experience.

5. Other activities

In 2021 P.R.I.M.E. Finance, through its affiliate PRIME Dispute Resolution and Education Foundation (“PRIME DREF”), was engaged by the International Finance Corporation (“IFC”), a member of the World Bank Group, to produce a series of on-line seminars to be used to educate governmental officials, regulators, and market participants in emerging economies in the over-the-counter derivatives markets. As part of the engagement, P.R.I.M.E. Finance also developed a questionnaire that would be used in countries of the IFC’s choosing. The questionnaire seeks to establish the current level of development of the legal and business environment related to over-the-counter derivatives. Both the production of the seminars and development of the IFC questionnaire were conducted by P.R.I.M.E. Finance experts on a pro bono basis.
Later in 2021, the IFC engaged PRIME DREF to undertake an assessment of the derivatives framework in a number of developing countries. That work is ongoing at the time of this report.

6. Use of funds
As described further below, P.R.I.M.E. Finance conferences and seminars are largely self-funding. The major non-conference and seminar expense incurred by P.R.I.M.E. Finance is payment to the PCA for office space provided in the Peace Palace in The Hague, and for the salary and benefits of P.R.I.M.E. Finance’s Head of Secretariat. Late in 2021, P.R.I.M.E. Finance hired a legal officer to assist the Head of Secretariat with the increasing workload related both to the re-starting of in-person seminars and P.R.I.M.E. Finance’s IFC engagement. Other major categories of expense include accounting services, technology costs related to website maintenance and webinars, and other general operating support costs.

7. Source of funds
Funds employed by P.R.I.M.E. Finance are derived from three main sources.

a) P.R.I.M.E. Finance conferences and webinars
All P.R.I.M.E. Finance conferences are anticipated to produce positive net revenue over the full cost of each event. Although P.R.I.M.E. Finance did not hold any in-person paid conferences in 2021, its PRIMEtime Event series were sponsored by a variety of firms associated with its Panel of Experts. These eight Events provided approximately €5,500 in sponsorship fees in 2021.

b) Contributions from the Panel of Experts and other donors
Unrestricted voluntary contributions are provided to P.R.I.M.E. Finance by members of the Panel of Experts and others supportive of P.R.I.M.E. Finance’s goals. Since its inception P.R.I.M.E. Finance has received over €100,000 in individual contributions.

c) Contributions from PRIME DREF
PRIME DREF was established in 2017 as a not-for-profit non-consolidated affiliate of P.R.I.M.E. Finance. It shares the same educational objectives as P.R.I.M.E. Finance. Contributions by U.S. taxpayers to PRIME DREF may be treated as taxable deductions by the contributors for U.S. income tax purposes. As noted above, PRIME DREF is the contracting entity for the work P.R.I.M.E. Finance has undertaken for the IFC.

Under a Services Agreement between P.R.I.M.E. Finance and PRIME DREF, P.R.I.M.E. Finance may receive payments from PRIME DREF for the direct and indirect expenses incurred by P.R.I.M.E. Finance in the pursuit of the two entity’s common objectives.
As PRIME DREF has no staff of its own, P.R.I.M.E. Finance provides programmatic and administrative support for PRIME DREF and is reimbursed periodically for the costs it incurs. In 2021, PRIME DREF paid P.R.I.M.E. Finance €82,300 for support it received from P.R.I.M.E. Finance.

2021 financial statements

See appendix.