

September 21, 2017
Via Electronic Mail

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Re: GARP Response to Consultative Report; Framework for supervisory stress testing for central counterparties (CCPs)

The Global Association of Risk Professionals (GARP)¹ appreciates the opportunity to provide feedback on the Consultative Report Framework for supervisory stress testing for central counterparties dated June 28, 2017 (Framework).

GARP supports the efforts of CPMI/IOSCO to develop a global framework related to stress testing CCPs for liquidity and credit issues. The importance of CCPs to the global financial system is immense, as is the need to ensure that the effects and interconnections that have developed among and between CCPs and other market users and participants can be and are identified, accurately measured and consistently analyzed *over time*.

The Framework provides positive initial steps toward establishing a better understanding of CCPs, the risks they pose and the benefits they bring to the global financial system. We expect there will be further outreach, assessments and learnings based on the resulting guidance.

Executive Summary

GARP's response is derived from a unique vantage point. Over the last five plus years it has gained substantial experience conducting cross-border studies for the global banking industry, and sharing its results with them and the global regulatory community. This experience has allowed us to see and experience firsthand the issues that will be a natural consequence of implementing the Framework.

¹ The Global Association of Risk Professionals (GARP), <http://www.garp.org>, is a not-for-profit global membership organization dedicated to preparing professionals and organizations to make better-informed risk decisions. The GARP community represents over 150,000 risk management practitioners and researchers from banks, investment management firms, government agencies, academic institutions and corporations from more than 195 countries. GARP's mission is to educate, train and set global standards in financial and energy risk management. The association administers the Financial Risk Manager (FRM®) and Energy Risk Professional (ERP®) exams; certifications recognized and valued by risk professionals worldwide. GARP also helps advance the role of risk management via comprehensive professional education and training for professionals of all levels. *GARP does not engage in consulting or lobbying activities.*

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Conducting domestic or cross-border studies occurs in four phases.

1. Development of the study's objectives and purpose(s), along with the development of the data template in support of the defined objectives and purposes.
2. Data collection from the study participants, which necessarily will include pre-collection work around ensuring definitions are clear, the requirements are written in a practitioner's language to avoid confusion, and a robust data validation activity to ensure the data is consistent and accurate. Also, there is the important requirement of data security surrounding the collection and storage of the data and then its categorization for the immediate study and possible use for potential future analyses.
3. Data analysis, which may require general feedback from the participating data providers to ensure consistent understandings and interpretations.
4. Disclosure of results, either by regulators to study participants or the public requires careful deliberation, and assurance that selective disclosure is not undertaken.

Whether assessing CCPs as discrete entities or in a cooperative manner among regulators, the phases and the above generally described issues will exist. And, as CCP studies necessarily expand to include the vast web of interconnected links as outlined in the *Analysis of Central Clearing Interdependencies (Analysis)* published by the Bank of International Settlements², and as generally alluded to in the Framework, the need for a (shared) utility that would have the capacity and legal capability to capture data from those various entities will become important, if not indispensable. Further, as the Framework seeks to establish general guidelines to be taken by individual or groups of regulatory bodies in CCP stress testing, the ability to compare study results across jurisdictions and time requires consistent implementation. Even assuming the Framework guidelines are followed, independent SSTs will not necessarily provide the collection of data in a standardized format across borders among and between CCPs and the vast linkages of financial service providers that interact with CCPs which may allow critical trends to be missed.

GARP has considerable experience in conducting cross-border studies based on regulatory initiatives. Given that experience, we've learned quite a lot about how to conduct these studies efficiently and in a cost effective manner. This learning is housed in an activity within GARP entitled the GARP Benchmarking Initiative (GBI). This global mechanism and structure can assist the global regulatory community in its efforts to implement and coordinate cross-border or regional CCP-related studies. GBI can be helpful to the regulatory community as it can readily work across borders in direct consultation with all stakeholders. And, it possesses considerable institutional memory around study implementation activities, a unique benefit that allows for greater accuracy and timeliness in study undertakings. Further, it has developed the security infrastructure to house and analyze confidential data, and possesses the flexibility and staff to run multiple studies simultaneously.

GBI is also uniquely positioned among global entities as it does not engage in consulting or lobbying activities. And, given that it is self-funded, it possess no conflicts of interest that would directly or indirectly impact the important and ongoing work around SSTs or other types of analyses.

GARP is willing to meet and work with the global regulatory community to convey and leverage its experience and infrastructure as the global SST environment is developed. And, should the circumstances warrant, work with the regulatory community to develop and implement a public/private

² See, *Analysis of Central Clearing Interdependencies*, July 5, 2017, <http://www.bis.org/cpmi/publ/d164.htm>

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partnership to further and implement studies around the direct and indirect systemic benefits and consequences of CCPs on a global financial system now dependent on their activities.

Response to Consultative Document

The role of CCPs in an increasingly interconnected and complex marketplace requires in-depth study. The direct and indirect impacts of CCPs on the global financial system are not yet fully understood, nor are the practical and legal issues related to individual and/or simultaneous stress testing of multiple CCPs.

The issues and undertakings related to CCPs are unique. Because they are legally required central counterparties for defined transactions, their individual and collective reach crosses virtually every global border, and their regulatory oversight encompasses most every major central bank and supervisor. Their legal status, practical to-big-to-fail standing and overall importance to the global financial system demands that neither their individual activities nor the effects of their interconnectedness cause immense strain on or material unexpected consequences to the global financial system.

Given the above there is a need to think more expansively about CCPs and how to identify and analyze the cumulative effects of the transactions that flow through their systems.

Assessing CCPs only as discrete entities and not including in their assessment the vast web of interconnected links as outlined in the *Analysis* and as generally alluded to in the Framework, will result in an incomplete, or possibly misdirected, understanding of CCPs and the liquidity and credit issues that may flow from their activities.

A. Greater Emphasis on Cross-Border Studies To Assess CCP Interconnected Activities

Requiring the use of CCPs for many over-the-counter transactions serves valuable transparency and supervision purposes. As CCP activities have expanded and more transactions have moved through their systems, their connections to and reliance upon many parts of the global financial system have also significantly increased. The importance of understanding these connections and any resulting (unintended) consequences is critical.

The Framework correctly identifies many of the issues necessary for supervisors to consider when stress testing CCPs subject to their individual oversight, specifically pointing out the need to test for liquidity, credit and certain other issues. The importance of these analyses is great. But liquidity and credit issues related to CCP activities are not isolated to that one CCP only, or to a specific jurisdiction in a world so interconnected among and between CCPs, clearing members and other financial service providers. Their analysis and impacts require consideration of issues and data across borders and among multiple CCPs, not just within individual jurisdictions, and depending on the study's purpose, information voluntarily supplied by non-regulated entities.

We understand the proposed Framework, and agree that it has positively identified issues and approaches to be used for Supervisory Stress Tests (SSTs). However, SSTs originated by and limited to individual jurisdictions or single CCPs may result in an analysis whose usefulness may be limited given the recognized interconnectedness noted in the Consultation Document and in the *Analysis*.

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The systemic effectiveness of a Framework that does not prescribe a basic foundation for CCP macroprudential stress testing to be used by all supervisors, and which could readily be built upon to analyze issues unique to that jurisdiction is limited. Such studies may unintentionally result in uncertainty by attempting to bring together separately conducted study conclusions. Or, lead to incomplete, misleading or misunderstood results and an inability to discern trends, issues and emerging systemic risks. Attempting to extrapolate conclusions through modeling the results may only raise questions given any lack of standardization associated with data collection and validation, varying study approaches, modeling methodologies and differing SST objectives.

To avoid this result, regulators will have to ensure regular, proactive and close consultation among themselves, prepare and execute carefully defined memoranda of understanding for data sharing, and, as appropriate, include the practitioner community in SST development and analysis. They will then need to build and retain institutional memory around the processes used and develop collaborative databases. Failing to engage in this manner will severely limit the ability to review broader-based or systemic liquidity, credit or other relevant data, and may result in SSTs unintentionally morphing into testing an individual, or within a single jurisdiction, CCP balance sheet(s), an objective specifically rejected by the Framework.

Based on our experiences, the dependencies that exist among and between CCPs, and a defined common group of large banks as noted in the *Analysis*, who in addition may be providing pre-funded financial resources to the CCPs and who are also playing an important role as a provider of financial services to CCPs, effectively requires that any Framework that seeks to stress CCPs for liquidity and credit issues – a stated objective of the Framework - must do so on a cross-border basis. This will require standardized methodologies and efficient pre-agreed study approaches.

B. Proposed SST Shared Study Implementation Utility Recommendation

GARP proposes that the regulatory and practitioner communities work together to develop along the lines of a public/private partnership an ongoing shared global standardized capability and utility to implement, not originate, CCP stress testing and stress testing between multiple CCPs, whether within individual jurisdictions or across borders. Given the significant commonalities and interconnections between CCP member institutions, stress testing CCPs must examine interactions or feedback effects across CCPs. To do that efficiently and effectively requires a centralized data center and implementation utility. This proposal addresses that concept in a forward thinking and constructive manner, and speaks directly to many of the critical concerns identified in the Framework.

The following sets forth a suggested framework for a shared implementation utility for macroprudential CCP stress testing³. The utility's role would be to collect SST data, provide the imperative properly secure infrastructure to house and parse the data, and to regularly implement regulator developed stress tests for individual or cross-border SSTs. This distinction between originating and defining an SST's objectives versus the related data collection processes, warehousing and information sharing is critical.

³ This entity could also serve in the same role for other regulator or industry originated studies in addition to SSTs of CCPs, providing the same cost savings and efficiencies described for CCP SSTs.

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The role of originating and developing the objectives behind any SST by definition rests with the regulatory community⁴. However, it is in the interests of all that the underlying data provided in response to any stress test requirement is accurate, consistent and timely. Only with valid data can the tests' objectives be accomplished. And, this can only be effectively and efficiently accomplished with a shared utility that can work either within and across borders, and which possesses the institutional knowledge and resources, processes and systems necessary to collect, store, validate and protect the required data provided in response to an individual, multiple or simultaneous SSTs.

This shared utility recommendation is based on the following:

- The CCP marketplace is interconnected, highly interrelated and concentrated⁵.
- There is a need for flexibility on the part of individual regulators to stress those CCPs within their jurisdiction in a manner that allows them to address their unique issues, while also providing input into a global data collection exercise to be used concurrently and over time to further identify and analyze actual or possible emerging systemic risks.
- Developing SSTs is the role of the regulatory community. But, appropriate input should be regularly solicited from CCPs, clearing members, custodians, credit providers and other interested parties to ensure the tests are viable, robust, ask questions in terminology used by the industry's participants, consider timely problems and seek consistent data.
- SSTs will need to be regularly conducted by individual and multiple regulators, most likely annually, with a parallel capability to timely engage in ad hoc tests/reviews should economic, regulatory changes or disruptive market issues arise that present a need to review the impact of those matters on CCPs, liquidity, credit provisioning or other related issues. E.g., an ad hoc test may be necessary should there be a major geopolitical event (hard Brexit, North Korea) to discern its impact on liquidity, credit provisioning and other financial provider activities.
- The collection and data validation process associated with any SST *is separate and distinct from originating any test's objectives*, with data collection and validation able to be accomplished more economically and efficiently through a non-partisan and non-conflicted shared service provider or utility that can proficiently work across borders and communicate directly with the data providers. It is in everyone's interests that the underlying study data is as accurate as possible.
- The need to develop a global capability to share information between and among regulators given the complexities of (cross-border) SSTs and the market's interdependences is imperative. This can be more easily, efficiently and cost effectively accomplished through a single and

⁴ We do not address in this response issues related to originating an SST as our focus is on data collection and validation. However, based on our extensive experience with numerous regulator-initiated cross-border banking studies over the last 3-plus years, it is very important that the study's purpose and objectives be fully and clearly defined. Failing to do so will raise questions about a study's usefulness, may result in inaccurate conclusions based on incomplete, unusable or misunderstood data submissions and possibly inadequate or wrong resources being committed to the study by the data provider.

⁵ At the recent Chicago Federal Reserve CCP Symposium, it was noted that approximately 75% of all clearing was concentrated among 5 bank clearing members. And, at the Options Clearing Corporation 52% of open interest was held by 2 clearing members. The *Analysis* on page 2 states that, "[t]he largest 20 out of 307 clearing members included in this analysis account for approximately 75 percent of total financial resources (initial margin and default fund) provided to CCPs by those members. The analysis indicates that the default of a CCP's top two clearing members could result in defaults of the same entity or affiliates in up to 23 other CCPs included in this analysis".

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ongoing data collection capability to be shared by regulators subject to pre-agreed permissioning and disclosure protocols, e.g., an agreed rulebook (contract) by which the utility would operate.

C. Supporting Rationale for Shared Utility

- General
 - The issues and scope of influence related to CCP stress testing are unique, requiring that the industry and its regulators consider the mechanisms used to assess CCPs and their impacts differently.
 - The single and cross-border analysis of CCP-related positions, liquidity, default impacts, collateral requirements, and systemic shocks are complex, as are the constraints imposed by associated legal considerations, particularly around confidentiality and information sharing.
- Consistency in Data Collection
 - There is a need for efficient and consistent data collection and validation processes associated with SSTs, and any regulator initiative or other study. These issues can be handled more efficiently and accurately and the results better analyzed through the use of a shared facility.
 - A shared facility allows for agreed, predefined and formatted data collection and validation mechanisms, and provides a better and more robust methodology for conducting regular and timely analysis.
 - The complexities associated with SSTs will require material resources, and will likely demand an iterative evolution before the full potential value of these efforts can be realized. *A shared resource would also allow for more rapid development and convergence on standardized data capture templates and collection avenues along with consistent and proven data validation methodologies;* having these developed separately by each regulator for each SST will lead to redundancies, inefficiencies and inconsistencies and will make study-to-study comparisons challenging or infeasible.
 - Standardization of basic study templates, data collection and validation processes and study analytics will allow broad participation of authorities with varied legal frameworks, expertise and resources, will enable meaningful trend analyses, and would enable all regulators to focus additional attention on any customization needed for their particular jurisdiction or domain.
 - Informative SSTs will require data collection from entities that are subject to varying regulatory regimes or are not regulated, e.g., sovereign funds, private equity firms, wealth management firms, foundations, endowments, as well as banks and CCPs. Many of these entities may also have multiple regulator relationships which are complex, subject to individual interests and legal considerations. With the support of the regulatory community, one independent entity can more effectively and efficiently deal with these considerations, lessening the burdens on all concerned and providing an ability to implement SSTs in a timely and comprehensive manner.
- Better and More Comprehensive Results
 - A shared facility will provide an efficient *means for categorizing and allowing for the examination of collected data from varying sources over time.*
 - Non-coordinated single SSTs will inhibit the ability to look at issues such as, for example, multilateral netting agreements which may have material liquidity and credit impacts, or

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collateral requirement implications, and will quickly result in analyses that will raise questions rather than work toward resolving issues.

- Cost Savings and Efficiencies
 - Resource constraints to accurately respond to varying and multiple regulator initiated studies for both regulators and industry participants are real. A shared implementation utility will allow for more efficient resource allocations and material cost savings.
 - The associated costs for each regulator to maintain these data and security capabilities, both personnel and out-of-pocket, would rapidly become prohibitive, ultimately be difficult to justify and would serve no viable material purpose when a more cost effective and efficient approach exists.
 - Establishing and maintaining a separate highly secure data capture and warehousing environment for each SST by multiple SST originators will rapidly become challenging to implement, cost prohibitive and subject to operational risks.
 - As the SST processes evolve, a shared resource will retain institutional knowledge of end-to-end study operations (design, instructions, bottlenecks, data flaw identification, dissemination of study updates, etc.) which will be critical to efficient implementation.

D. CCP Stress Testing Shared Implementation Utility Requirements

A shared utility for SST implementation would allow for not only the SSTs but also other studies to be more efficiently conducted on an individual, ad hoc and/or cross-border basis. Such a utility should possess the following minimum requirements, described at a general level below.

1. Independence: Independence and non-partisanship, and not be subject to direct or indirect conflicts of interest are imperatives. As the entity would be working on behalf of the regulatory community and industry practitioners in terms of data collection and validation, its status must be uncompromised. If any analysis is done by the entity it must present only facts without opining on the facts or any conclusions drawn from them. In other words, the entity is not to engage in lobbying or other influencing activities, its role is to present facts from which others can draw conclusions or build their actions around.
2. Global Data Collection Capabilities: This activity is highly sensitive and challenging. Differing data collection methodologies among regulators will significantly limit the ability for data sharing and also for cooperation both between regulators and those subject to the SSTs, and will result in unnecessary personnel and out-of-pocket costs and expenses for all concerned.

Data collection issues from prior global data collection exercises have experienced data accuracy issues, uncertainty, confusion and delays, which in some cases have affected the study's results. Inconsistent data collection methodologies can lead to an undermining of confidence in any analysis and the conclusions drawn. They will also complicate, if not prohibit the development of a historical database from which trend and other analyses may be conducted.

3. One important objective of the SST regime is to allow for available data collected from single and/or multiple sources to be tracked over time to identify and address emerging issues, to make a case or prove a point. Institutional knowledge housed in a common entity combined with a standardized data gathering methodology and developed and consistent data transfer

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links to data providers according to pre-agreed templates and definitions will go a long way toward addressing these issues, ensuring accurate results and providing a capability to comprehensively analyze CCP interactions.

4. State-of-the-Art Data Security: A global utility must possess and maintain a data security environment that meets, at a minimum, NIST Cybersecurity Framework or ISO 27001 standards. The Framework rightfully notes the importance of data security. These standards will ensure a comprehensive approach to data protection, an imperative for all. For each regulator to develop and maintain an equivalent but unique data security structure for each SST, and either to keep it in place or originate it for each new study would be a material challenge and result in unnecessary costs and resourcing issues versus a shared facility.
5. Strict Confidentiality and Disclosure Protocols: Data confidentiality is and must be an ongoing high priority, not only in terms of overall data security but also in relation to who can review the data provided for any particular study. With a shared facility, non-disclosure agreements (NDA) or other related agreements can be readily executed with the data supplier and between the facility and regulators. NDAs should allow for varying disclosure protocols that are study dependent. Further, subject to agreements, regulators would be provided individual access to data supplied by their regulated entities, and other entities, either anonymized, aggregated or individual as per prior agreed data sharing arrangements. This approach would allow for instances where it is determined that data should not be made public as well as instances where publicity could be varied and to whom depending on the study undertaken.

E. Successful Study Implementation Utility Prototype – GARP Benchmarking Initiative (GBI)

GBI, a self-funded activity originated and run by GARP for the last five years, represents the shared implementation utility noted above. It was developed as the global banking industry response to a need to collect, validate and objectively analyze original and confidential data collected from numerous financial services industry participants in response to cross-border regulatory study initiatives. It required that a secure data collection facility be developed and maintained to warehouse and categorize the study data supplied by a large number of banks from around the globe for current and historical analysis.

GBI's infrastructure is dynamic and readily scalable. Any type and number of institutions can quickly be added to its listing of study participants. Operating across borders, it responds to the need to collect data to assess issues and interdependencies from a broad-based perspective. GBI is not subject to jurisdictional or political concerns, hence it can instantly respond to current marketplace requirements and realities.

Unique to GBI, as would be required by the above proposed shared implementation utility framework, is its uncompromised objective and approach to remaining independent and nonpartisan, serving solely as an analytic utility to determine the impact of regulatory or other initiatives at a point in time or over time on the global financial services industry.

Institutions participating in GBI's studies agree their participation is limited to providing relevant and accurate data, and to practice-driven input to clarify details pertaining to data issues and study questions. Only GBI's dedicated staff is involved in the actual data analysis. All study data is encrypted

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and stored anonymously. All study results are presented at an aggregate level from which no individual participant contributions can be extracted. And, all participants have agreed that no results are to be filtered to meet advocacy objectives.

While GBI possesses the capability to originate studies, to date its role has focused almost exclusively on data collection, validation and analysis of regulator initiatives. It does not render opinions on the results of any analysis, and is single-minded in its impartiality and desire to ensure that any analysis is accurate, eliminating concerns that may taint or invalidate conclusions. The outcomes are presented to all participating in the study who, in turn, are allowed to use them according to pre-agreed disclosure protocols as all data provided is governed by signed master non-disclosure agreements.

GBI has completed more than 30 cross-border studies to date, and continues to expand its database and all-important institutional knowledge with each subsequent study. It possesses a developed and proven capability to efficiently and effectively conduct simple and/or complex studies, simultaneously or individually, with speed and accuracy of results. Its work has led to better and more robust discussions between regulators and financial service industry participants of the impact of capital requirements and other issues based on what is now agreed underlying factual data. Participants are also provided aggregated study data allowing them to benchmark themselves against their peers, a very important by-product of GBI's activities.

GBI's participants now number 71 internationally active banks, and continues to expand⁶. It enjoys the globally unique position of being the only privately organized activity capable of, and trusted with engaging in cross-border studies based on confidential bank data supplied by the global banking community.

GBI Summary Approach and Benefits

GBI is an in-place mechanism that can be of assistance, or serve as a prototype model to the regulatory community as it offers the following:

- A well-developed and fully vetted infrastructure for engaging in global financial industry studies.
- Ease of scalability. Adding CCPs, private entities or other institutions to GBI is a relatively straightforward and quick process.
- The ability to address political and jurisdictional challenges associated with cross-border studies.
- A way to overcome confidentiality issues related to (most) cross-border studies as each GBI participant has entered into a master non-disclosure agreement (NDA) that allows for multiple studies to take place simultaneously without the need to sign a new NDA for each study.
- A secure and encrypted environment to collect and analyze confidential data.
- The flexibility to tailor the disclosure(s) to each study coupled with an accepted and proven study disclosure methodology.

⁶ Excluding Chinese banks, GBI's current participation represents 82% and 92% respectively of the assets of the world's largest 100 and largest 50 banks. Initial conversations have taken place to expand bank participation, and to also include within GBI systemically important insurance companies and some of the world's largest asset managers. GARP has worked closely with these groups on previous activities.

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- Providing data access capabilities to regulators to review the data of their regulated entities and any other data according to pre-agreed MOUs between regulators can be accommodated.
- *Strong institutional knowledge* gained through the 30 plus studies completed to date on how to efficiently and effectively conduct confidential global studies.
- Speed of analysis given GBI's experiences and demonstrated ability to aggregate and validate data provided from multiple jurisdictions, supported and enhanced by the very important capability to work directly with study participants rather than through intermediaries.
- A robust data depository to store data for current or later use.
- A developed, easy-to-understand and highly robust website that provides for the collection of confidential data, the posting of questions and answers, the ability to provide unique study reminders, tracking of result drafts and final reports, and the ability to restrict access to pre-designated individuals/companies/organizations.

GBI is a proven response, with a very successful track record, to the unique and urgent challenges of conducting single jurisdiction and cross-border studies which require strict data confidentiality and consistency in data collection and validation, with the ability to overcome jurisdictional and political issues, coupled with speed of analysis. It is a study implementation utility, engine and data repository concerned solely with data accuracy and quality results.

F. Summary

The Framework is a very positive first step toward identifying concerns related to the use of CCPs within the global financial system. The issues the Framework addresses are important. However, the Framework does not address the need for the coordinated identification and analysis of the interdependencies noted in the *Analysis*, nor in describing a base global SST framework from which such analysis could be derived *and reviewed over time*.

Accurately determining the effects of CCP trade interactions across borders and including other linked financial service providers to these transactions is vitally important. Independent and/or inconsistent SSTs originated by multiple regulators will provide only a partial understanding of the expressed liquidity and credit issues noted as the underlying rationale for CCP SSTs in the Framework. But they will not provide an avenue to develop a full understanding of participant linkages or fully add to the discussion of systemic risk. Further, independent SSTs will not allow for a mechanism to regularly collect data in a standardized format across borders among and between CCPs and the numerous and linked financial service providers that interact with CCPs, leaving material knowledge gaps and possibly providing study results that could prove to be inconsistent, misleading or incomplete.

There is a need to think differently about conducting the important testing of the effects of transactions flowing through CCPs. Because they have been made a hub of our global financial system by law, considering distinctive solutions that address their unique positioning with far-ranging benefits should be considered.

The implementation utility framework proposal noted above, which has been successfully implemented in another context by GBI to regularly engage in cross-border banking studies, could readily be added to GBI's current global activities. We offer this for consideration as an option that meets all the robust data collection, validation and security concerns noted collectively in the *Analysis* and Framework.

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Building on GBI to develop a public/private partnership as a shared resource offers a practical, cost efficient and proven foundation of core processes that will result in greater accuracy and insight, logically builds on the individual approaches described in the Framework, can be quickly realized and has a demonstrated track record of success.

GBI's extensive analytic work has resulted in developed processes and approaches which can accurately assess the impact/effects of regulatory and/or other initiatives. As macroprudential single and/or multi CCP SSTs have not yet been implemented, expanding this proven data collection, storage and analysis methodology to CCPs by taking a *stepped approach* to implementation in full consultation with regulators and market participants can result in a utility offering material benefits to all.

GARP would be happy to discuss this response and utility proposal, as well as how our GBI experiences may be of assistance to the regulatory and practitioner communities at any time. Should you have any questions, please do not hesitate to contact me.

Yours Truly,

/s/Richard Apostolik
President and Chief Executive Officer