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22 September 2017

CPMI Secretariat
Bank for International Settlements
CH-4002 Basel
Switzerland

Dear Secretariat,

Re: CPMI-IOSCO consultative report on the framework for supervisory stress testing of central counterparties (CCPs)

ICE Clear Europe ("ICEU") welcomes CPMI-IOSCO's proposed framework for supervisory stress testing of central counterparties (CCPs) which ICEU believes will be constructive in providing a common framework and standards for future global supervisory stress tests. ICEU also welcomes the on-going consultation and engagement with market participants in defining the stress tests.

ICEU also supports the feedback from the recent roundtable that: (i) the framework should be designed to draw out macro prudential and contagion impact on the system, rather than focusing on the resilience of individual CCPs; and (ii) stress test scenarios should be extreme-but-plausible and carefully calibrated to avoid extreme-but-implausible scenarios. ICEU strongly supports ensuring the plausibility of parameters and shocks ex-ante to ensure the reliability of results, e.g. in terms of observed historical curve behaviour (rather than simplified linear application across the curve) and in terms of contemporary price dynamics. ICEU also supports the premise that any charges that have been called, posted and are on account at the CCP as available resources should be taken into account in the stress tests.

ICEU has contributed to and supports the CCP12 response to this proposal.

ICEU would be pleased to discuss any aspects of this submission at your convenience. ICEU looks forward to continued engagement on this important matter.

Yours faithfully,

Paul Swann
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