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*Via email*

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**Re: Subject: Consultation on the FMI's management of general business risks and general business losses: Further guidance to the PFMI.**

To whom it may concern,

CLS Bank International ("CLS"), the operator of the CLS settlement system (the "CLS System"), appreciates the opportunity to comment on the Committee on Payments and Market Infrastructures' ("CPMI") and the Board of the International Organization of Securities Commissions' ("IOSCO") Consultative report: FMIs' management of general business risks and general business losses: Further guidance to the PFMI (November 2025) ("the Guidance").

## 1. Background

CLS is an Edge Act corporation organized under the laws of the United States of America and is regulated by the Board of Governors of the Federal Reserve System and supervised by the Federal Reserve Bank of New York (collectively, the "Federal Reserve"). It operates the world's largest multicurrency cash settlement system for mitigating settlement risk associated with FX transactions and currently provides a payment-versus-payment settlement service for payment instructions in 18 currencies. Additionally, the 18 central banks whose currencies are settled in the CLS System have established the CLS Oversight Committee, organized and administered by the Federal Reserve.[1] The CLS Oversight Committee operates in accordance with the Protocol for the Cooperative Oversight Arrangement of CLS.[2] As a systemically important Financial Market Utility ("FMI"), CLS is subject to the April 2012 CPSS-IOSCO Principles for Financial Market Infrastructures (the "PFMI") as applicable to payment systems. CLS has been designated a systemically important FMI by the United States Financial Stability Oversight Council. CLS is also subject to the risk management standards set forth in Regulation HH.

[1] In addition to the European Central Bank, the CLS Oversight Committee also includes five other Eurosystem central banks, bringing the total to 23 central bank members.

[2] Federal Reserve Board - Protocol for the Cooperative Oversight Arrangement of CLS

## 2. General Comments to the Guidance

CLS welcomes the CPMI-IOSCO consultation on the Guidance and supports the overall direction and objectives set out in the proposals. In CLS's view, the Guidance provides helpful clarification and additional detail on the management of general business risks and builds on the existing PFMI framework. Subject to the specific comments set out below, CLS supports the finalization of the Guidance.

## 3. Comments on the Proposal (Governance and Transparency)

**a) Is the guidance provided on governance and transparency related to general business risk clear and sufficient? If not, how should it be amended?**

CLS welcomes the guidance on governance and transparency and agrees that identifying relevant stakeholders and considering their legitimate interests are important parts of effective general business risk management, including in the context of recovery and orderly wind-down planning. The guidance recognizes that relevant stakeholders may vary according to the type of FMI and the type of general business risk, and that a particular stakeholder's interest may vary in relation to different risk types. Therefore, it is important that the guidance allows FMIs the discretion to determine which information is disclosed publicly versus shared exclusively with its participants and/or other stakeholders and recognizes that some information may need to be kept confidential.

CLS notes that the term "relevant stakeholders" remains broad and would benefit from further practical clarification. Given CLS's systemic role and interconnectedness within the financial ecosystem, additional guidance on the scope of external stakeholders would explicitly support consistent and effective implementation. This could include illustrative categories of potential external stakeholders (such as critical service providers, major liquidity providers, linked FMIs, Settlement Members) or non-prescriptive principles for determining materiality of impact. Such guidance would aid entities like CLS in ensuring their stakeholder engagement is appropriately comprehensive and focused and allow the FMI discretion in identifying the most relevant stakeholders. Related to these points, CLS executes an annual Market Wide Test ("MWT") which provides relevant CLS ecosystem stakeholders (i.e., Members, Central Banks and non-member service participants) the opportunity to jointly operate recovery protocols in response to extreme but plausible failure scenarios. The transparency of these tests provides confidence that recovery protocols are robust and operationally / technically validated should they be required in a Production incident.

**b) What particular information related to an FMI's process for managing general business risk would be useful for the FMI's participants so they can assess the risks they incur by participating in the FMI? Are there practical problems with providing such information, and if so, how can they be addressed?**

CLS Bank's Disclosure under the PFMI is intended to promote transparency and enable participants and other interested parties to have a clear understanding of the risks and controls associated with CLS Bank, including its governance arrangements and overall risk management framework for addressing risks including, but not limited to, legal risk, credit risk, liquidity risk, general business risk and operational risk.

CLS Bank maintains a comprehensive set of rules, the CLS Bank International Rules ("Rules"), and makes them available to the public. CLS also maintains procedures and other documents that it makes available to Settlement Members, other relevant stakeholders, and, where appropriate, the public.

CLS notes, however, that not all aspects of managing general business risk are suitable for public disclosure, as certain information may be commercially sensitive or highly confidential. CLS therefore suggests that the guidance acknowledge that disclosures should be made to relevant stakeholders and/or the public where appropriate, while recognizing the practical limitations associated with confidentiality and security considerations. Explicit recognition of this balance would support meaningful transparency without undermining the effective management of general business risks.

CLS greatly appreciates the opportunity to submit these comments and remains available to discuss any of these comments in further detail, as needed.

Sincerely,



**Gaynor Wood**
**General Counsel**

cc: Deborah Hrvatin, Chief Risk Officer
Trevor Suarez, Chief Financial Officer
Paola Ronquillo, Managing Director, Head of Compliance Risk Management
Irene Mustich, Director, Regulatory Relations