



February 6, 2026

VIA ELECTRONIC TRANSMISSION

The Committee on Payments and Market Infrastructures (CPMI)
Secretariat (cpmi@bis.org)
The International Organization of Securities Commissions (IOSCO)
Secretariat (GBR-CP@iosco.org)

Re: CPMI-IOSCO Consultative report on FMIs' management of general business risks and general business losses: Further guidance to the PFMI

Ladies and Gentlemen:

The Depository Trust & Clearing Corporation ("DTCC"), on behalf of its subsidiaries, The Depository Trust Company ("DTC"), Fixed Income Clearing Corporation ("FICC"), National Securities Clearing Corporation ("NSCC"), and DTCC's Global Trade Repository ("GTR") service, appreciates the opportunity to provide comments on the consultation issued in November 2025 by the Committee on Payments and Market Infrastructures ("CPMI") and the Board of the International Organization of Securities Commissions ("IOSCO") entitled "Consultative report: FMIs' management of general business risks and general business losses: Further guidance to the PFMI" ("Consultation" or "Proposed Guidance").

DTCC acknowledges the importance of CPMI and IOSCO's continued efforts on this topic, and appreciates their continued engagement with regulators, financial market infrastructures ("FMIs"), including central counterparties ("CCPs"), and industry groups. Given the critical role that FMIs play in financial markets, DTCC recognizes the importance of sound management of general business risks (or, in the context of CCPs, non-default losses ("NDLs")) and continued dialogue on this topic.

Background

DTCC is the parent company of DTC, FICC, NSCC, and GTR service. DTC, FICC, and NSCC are registered clearing agencies regulated and supervised by the Securities and Exchange Commission ("SEC"). DTC is a central securities depository, providing settlement services for virtually all equity, corporate and municipal debt trades, and money market instruments in the United States. FICC and NSCC are CCPs providing clearing, settlement, risk management, and CCP services for trades in the U.S. cash securities markets. Each registered clearing agency has been designated as a systemically important financial market utility ("SIFMU") by the Financial Stability Oversight Council pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. In addition, DTC is also licensed as a New York Limited Purpose Trust Company and state member bank of the Federal Reserve System and, as such, is subject to supervision and examination by the New York State Department of Financial Services and the Federal Reserve Bank of New York under delegated authority from the Board of Governors of the Federal Reserve System.

DTCC's GTR service operates several trade repositories in North America, Europe, the United Kingdom, and Asia.[1] The GTR service, through locally registered, licensed, or designated trade repositories in multiple jurisdictions, provides transaction reporting services for over-the-counter (OTC) and exchange

[1] DTCC operates licensed trade repositories that provide recordkeeping and reporting to several jurisdictional regulators namely: MAS, ASIC, JFSA, CFTC, SEC, ESMA, FCA, FINMA, and the thirteen Canadian provinces and territories regulated at the provincial level. DTCC also provides agency reporting services in Hong Kong for relevant clients.

traded derivatives, processing over 20 billion messages annually, representing the majority of the OTC derivatives market.

Executive Summary

DTCC appreciates the CPMI and IOSCO's continued focus on NDLs and general business risks ("GBRs") more broadly. We believe sound management of an FMI's general business risks and potential general business losses is critical to the FMI's ability to operate as a going concern and have committed significant time and resources to ensuring GBR preparedness for DTCC as well as for the markets we serve. The importance of and focus on GBR management (including as it relates to other relevant risks) should be commensurate with that of the management of member default scenarios.

Consistent with the views expressed in our October 2022 response[2] to the CPMI-IOSCO's Discussion Paper on CCP practices to address NDLs, however, we do not believe it is possible nor immediately necessary to seek a prescriptive policy approach to further standardize FMIs' management of GBR beyond the comprehensive and high expectations set out in the CPMI-IOSCO *Principles for Financial Market Infrastructures* ("PFMI") Headline Standards and Key Considerations. We continue to support the principles-based approach taken in the PFMI as FMIs (and indeed their respective regulatory authorities) should retain discretion in implementing the standards in a manner that is appropriate to the circumstances of the FMI, the markets it serves, and the jurisdiction in which it operates. To this end, we appreciate the CPMI-IOSCO's objective to not create additional standards in the Proposed Guidance beyond the PFMI standards, and the recognition that the Proposed Guidance "provides clarity on an acceptable way – although it does not prescribe what is necessarily the only – of observing the PFMI." We also appreciate risk management practices detailed in the Proposed Guidance that are not, as a formal matter, required expectations set out in the PFMI, are instead offered as examples for consideration. In our thematic comments with respect to the determination of liquid net assets funded by equity ("LNAFE"), we identified instances where we believe the guidance should have used the "consider" formulation. Overall, the examples for consideration laid out in the Proposed Guidance should follow the same approach as the Explanatory Notes of the PFMI, where practices or measures that are not reflected in the Headline Standard or Key Considerations are clearly marked as those that FMIs should "consider" undertaking as opposed to prescribed undertakings.

Recognizing the Consultation poses a series of questions grouped by topic, rather than offering specific responses to each question, we provide thematic responses below.

Discussion

Scope and interaction with other PFMI principles

We agree that there is interaction between PFMI Principle 15 on general business risk and other PFMI principles addressing risks that could result in a loss to the FMI (other than the risk of a member default). However, as we elaborate below, the distinction the Consultation draws between Principle 15 and other PFMI principles seems internally inconsistent, and that inconsistency seems to signal at times the need for FMIs to observe overlapping or duplicative expectations to address both Principle 15 and any other interrelated PFMI principles. As a practical matter, we are concerned this inconsistency would likely cause the Proposed Guidance to prescribe additional standards beyond those laid out in the PFMI.

[2] DTCC response to CPMI-IOSCO discussion paper on CCP practices to address non-default losses, October 2022, https://www.bis.org/cpmi/publ/comments/d208/depositorytrustclearingc.pdf.

The Consultation describes a transition between specific principles (such as those addressing legal, operational, custody, or investment risks) and Principle 15 as (a) ongoing identification, monitoring and management of those specific risks versus (b) addressing under Principle 15 the *financial losses* that may arise should those risks materialize, despite the FMI's efforts to meet the specific principle (Paragraph 2.2.2). Section 3.2, however, explains that general business risk may be managed, mitigated, reduced, avoided, or transferred through examples of different practices as part of Principle 15 GBR management. We note that an FMI already observing the PFMI Headline Standards and Key Considerations would already likely be employing such practices in the ongoing risk management of the specific risk addressed by the specific Headline Standard and Key Considerations. For example, Paragraph 3.2.3 notes that an FMI may be able to reduce [GBR] by strengthening controls, improving processes, or investing in training to increase staff's ability to control risks. However, our experience is that these types of practices would generally already be covered under an FMI's identification and mitigation of operational risk under Principle 17, thereby raising the question of what gap the Proposed Guidance is seeking to cover in invoking Principle 15. Other similar practices that would ostensibly be employed before potential losses arise or materialize would include financial budgeting and forecasting, competitive business reviews, and strategic decision-making in light of quantitative and qualitative early warning indicators.[3]

We recognize that risk management is a continuum from normal to extreme conditions and therefore, a clear line cannot be drawn between the "end" of one PFMI principle and the "beginning" of Principle 15. But we believe that the guidance should be very careful and precise in how it addresses potential overlap or duplication of expectations across Principle 15 and other PFMI principles. Further, it should also clarify that, even though there may be conceptual overlap between these principles, the guidance is not intended to require duplication of processes, procedures, or indeed, financial coverage across principles. We believe this clarification is important to ensure the Consultation's goal of not imposing additional standards beyond what is in the PFMI. In practice, this means that any Principle 15 guidance should be applied in a manner that recognizes existing mitigants, controls, and capital requirements already imposed under other parts of the PFMI or relevant jurisdictional regulations. We believe the FMI is best positioned to evaluate these factors and should retain discretion to determine the appropriate risks and scenarios it deems necessary to be quantified and supported with LNAFE.

Identifying, monitoring and managing general business risks

We appreciate the Consultation's acknowledgement that the process of assessing and estimating the financial impact of an FMI's general business risks is complex and will often require analysis based on incomplete information (Paragraph 3.1.10). To this end, we recognize the value in considering the various approaches identified in the Consultation, such as use of scenario analysis or historical loss data, and appreciate that these are provided as examples (i.e., an FMI should or could "consider" these practices) rather than prescriptive expectations. As alluded to in the Consultation, there is well-documented scarcity of historical data on extreme general business loss events that would threaten an FMI's viability. In absence of such data, FMIs would need to consider other approaches to estimating potential general business losses. We would, however, caution against the sole reliance on and question the usefulness of external FMI loss data, as the risks (and, in particular, general business risks) faced by an FMI are dependent on a particular FMI's general business risk profile – which can be affected by factors such as its risk profile, including

[3] Although Principle 15 and this Consultation notes that a variety of business factors could cause general business losses, there should be recognition that prolonged cash flow issues (i.e., a continued drain on resources and capital) are different than an unexpected, one-off large expense or "event" that manages to deplete an FMI's liquid resources and capital. The former is generally addressed through prudent financial and risk management, well in advance of a threat to the FMI's viability as a going concern.

idiosyncratic risks, the market it serves, services provided, availability of alternatives, as well as its established risk-management practices, governance arrangements, and ownership structure.

Determining the minimum amount of LNAFE

We understand from Section 4.2 that CPMI-IOSCO is trying to clarify the text in PFMI Principle 15, Key Considerations 2 and 3 around the approach to calculating the minimum amount of LNAFE that an FMI should hold, by breaking the calculation down into two distinct prongs with the expectation that the FMI hold the higher of the two amounts. At a high level, a two-pronged calculation is consistent with DTCC's understanding of the PFMI (as well as the SEC's requirements incorporating the PFMI). We, however, encourage CPMI-IOSCO to avoid being overly prescriptive on how to calculate the two prongs, particularly with respect to the first on costs of implementing an FMI's recovery and orderly wind-down plan.

The first prong stating that the FMI should estimate the amount of LNAFE needed based on the "full range of costs that [the FMI] would incur to implement its recovery and orderly wind-down plans" is overly prescriptive and may also introduce inconsistent practices among FMIs. Based on the elements CPMI-IOSCO lists for consideration in this analysis under paragraphs 4.2.9.1-4.2.9.6, it seems that both revenues and expenses (i.e., potential "losses") are expected to be considered in the estimation of required resources. Although we agree that it could be a useful strategic analysis and planning exercise to consider potential changes to revenues and expenses in different scenarios, it is unclear how useful it would be to the determination of minimum LNAFE in all cases. For example, assuming no revenue in a wind-down scenario is essentially a worst case general business risk scenario, which also seems consistent with the Paragraph 4.2.8 stating that the FMI should hold sufficient LNAFE to address the scenario that generates "the greatest amount of LNAFE needed to implement [the FMI's] plans." To this end, should an FMI take the more conservative and straightforward estimate of expenses (excluding potential revenue) in lieu of considering the numerous combinations of assumptions between potential revenue and expense changes in different general business risk scenarios, the Proposed Guidance should clearly recognize and support the flexibility to continue to do so.

Additionally, the Proposed Guidance refers to holding sufficient LNAFE to implement "recovery and orderly wind-down" coupled with inconsistent references to "plan" and "plans." This seems to be a divergence from the PFMI Principle 15 Headline Standard and Key Consideration expectation to hold LNAFE sufficient to achieve "recovery or orderly wind-down." We are concerned that this is inconsistent with the PFMI text, as well as with the CPMI-IOSCO FMI Recovery Guidance, and can be read (at its extreme) to mean an FMI must hold distinct amounts of LNAFE sufficient to fund, in one instance, an entire recovery plan and, in a second and discrete instance, an entire orderly wind-down plan (the latter of which would generally already contemplate the implementation of the recovery plan). We seek CPMI-IOSCO's confirmation that it was not the intention to establish new expectations and recommend that the final guidance revert to the references to "recovery or orderly wind-down plan" as stated in the PFMI text.

Finally, we offer specific feedback to Question 5 of the Consultation, as it also relates to the determination of minimum LNAFE. Although operating and non-operating losses are considered in determining an FMI's GBR profile and in estimating potential general business losses, we do not believe any guidance related to determining minimum LNAFE should distinguish between operating and non-operating losses, and that FMI should be able to retain flexibility in determining the minimum amount of LNAFE consistent with the PFMI. Further, the terms "operating losses" and "non-operating losses" are not referenced in the body of this Consultation nor are they referenced in the PFMI. In fact, both documents clearly set a floor LNAFE using six months of "current operating expenses." It is unclear why CPMI-

IOSCO is considering introducing such prescriptive context at this time. Any additional guidance on evaluating specific types of losses should remain principles-based, flexible, and within the clear language of the PFMI principles, as well as aligned with existing accounting and risk management frameworks.

Governance, stakeholder consultation, and transparency

As a general matter, DTCC is owned and governed by the users of its SIFMU subsidiaries, all of whom commit capital as owners, pay fees for services and ultimately benefit from the safeguards, efficiencies, and risk mitigation that DTCC provides. This ownership model effectively aligns interests among users, the board of directors and management, while fostering capital efficiency and delivering cost-effective operating and processing solutions. Directors serve on a variety of board committees with responsibility to oversee all aspects of DTCC and its SIFMU operations, including the management of risk. There are also directors who are not affiliated with any participant, but who have backgrounds in financial services and provide independent perspective. DTCC also engages in a variety of practices intended to increase participant and stakeholder awareness of the ways in which DTCC manages GBRs or NDLs, and how such practices can implicate obligations and consequences for all the parties involved. Such obligations and responsibilities can include, for example, ensuring participants understand and prepare for satisfying obligations under our CCP loss allocation rules, as well as making sure stakeholders, like our liquidity providers and clearing banks, understand how their existing relationships with our CCPs will operate if an NDL occurs. We also engage in ongoing dialogue and share best practices with other CCPs, which we consider of the utmost importance in terms of expanding and sharing our knowledge in this area. This type of CCP industry engagement is accomplished through a number of means, including DTCC's representation in industry organizations, such as CCP Global and the World Federation of Exchanges, and participation in industry-wide testing events with other CCPs, our members and market participants (e.g., industry cyber planning).

We caution against prescribing disclosure of information above what is already expected under Principle 23. For example, with respect to disclosing an FMI's GBR profile beyond what is already publicly available or shared with participants otherwise or its estimation methodology for potential GBLs, could lead to revealing sensitive information about proprietary risk-management practices. FMI must retain the ability to determine the level of details and specificity to disclosure regarding tools and procedures addressing GBRs, at a minimum, to prevent disclosures from being used by malicious actors, especially in the context of operational/cyber events.

Conclusion

DTCC appreciates the opportunity to provide comments on the Proposed Guidance and your consideration of the views expressed in this letter. DTCC welcomes the opportunity for further discussions and engagement on the topics we raised. If you have any questions or need further information, please do not hesitate to contact me at rlarochemorris@dtcc.com.

Sincerely,



Renee LaRoche-Morris
Managing Director
Chief Financial Officer