



## Press release

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### Draft guidance for supervisory stress testing of central counterparties released

Draft guidance for authorities on how to design and run supervisory stress tests for central counterparties (CCPs) was released today by the Committee on Payments and Market Infrastructures ([CPMI](#)) and the International Organization of Securities Commissions ([IOSCO](#)).

As a result of the Group of 20 (G20) derivatives reforms, and in particular the move towards central clearing of standardised over-the-counter derivative contracts, the role of CCPs in the financial system has gained in importance.

The consultative report, [Framework for supervisory stress testing of central counterparties](#), provides a framework for authorities to evaluate the collective response of a set of CCPs to one or more financial stresses. In particular, conducting stress tests of this type could help authorities better understand the impact on the broader economy of a common stress event affecting multiple CCPs, as well as the implications of interdependencies between markets, CCPs, and other entities, such as liquidity providers and custodians.

*“Having a common basis for supervisory stress testing will help build confidence that these crucial parts of the financial system have enough resources to withstand shocks,”* said CPMI Chairman Benoît Cœuré.

*“This framework will enable authorities to better understand the magnitude of the interdependencies between CCPs and other entities, and the impact that a stress event affecting various CCPs could have on the wider economy. The framework is also flexible enough to allow authorities to design a stress test that is best suited to their circumstances,”* said IOSCO Board Chairman Ashley Alder.

The framework covers six components of a stress-testing exercise: (i) setting the purpose and exercise specifications; (ii) establishing governance arrangements; (iii) developing stress scenarios; (iv) collecting and protecting data; (v) aggregating results and developing analytical metrics; and (vi) determining the use of results and disclosure. The components are intentionally broad and flexible to allow authorities to develop the most suitable approach for their circumstances. Authorities are encouraged, but not required, to use the framework as they deem appropriate.

Comments on the framework proposed in the report should be submitted by **22 September 2017**. A cover note with details on the consultation process is attached to the consultative report.



**Notes:**

1. The Committee on Payments and Market Infrastructures (CPMI) promotes the safety and efficiency of payment, clearing, settlement and related arrangements, thereby supporting financial stability and the wider economy. The CPMI secretariat is hosted by the BIS. More information about the CPMI, and all its publications, can be found on the BIS website at [www.bis.org/cpmi](http://www.bis.org/cpmi).
2. IOSCO is the leading international policy forum for securities regulators and is recognised as the global standard setter for securities regulation. Its membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions. See [www.iosco.org](http://www.iosco.org).
3. Both committees (the CPMI and IOSCO) are recognised as international standard-setting bodies by the Financial Stability Board. See [www.financialstabilityboard.org](http://www.financialstabilityboard.org).