Mr. Dietrich Domanski
Secretary General
Financial Stability Board
Centralbahnplatz 2
CH-4002 Basel,
Switzerland

Thursday 1 August 2019

GFMA/IIF/ISDA response – Solvent Wind-down of Derivatives and Trading Portfolios: Discussion Paper for Public Consultation

Dear Mr. Domanski,

The Global Financial Markets Association (GFMA), the Institute for International Finance (IIF), and the International Swaps and Derivatives Association (ISDA) (together the "Associations"[1]) welcome the opportunity to comment on the Financial Stability Board's (FSB) discussion paper on the topic of Solvent Wind-down (SWD) of derivatives and trading portfolios.

The discussion paper provides a good overview of many aspects of SWD planning and the capabilities that underpin a SWD and reflects on the lessons learned from the SWD requirements put in place in a number of jurisdictions over the past several years. However, as these exercises have been conducted on a standalone basis by regulators there is less knowledge on how SWD would work across jurisdictions. Reflecting on these at the FSB is a worthwhile activity that the Associations encourage, to enhance the understanding of the capabilities and approaches firms and regulators will need to coordinate and manage a cross border SWD. Discussions on these aspects should be held at the global level to enhance the understanding of the different approaches being taken, with a view to seeing greater consistency and cooperation between home and host authorities, ideally delivered through agreed guidance at the FSB level.

It is important in taking forward such guidance to acknowledge that SWD planning is not appropriate for all banks, nor in all scenarios, and that any SWD requirements – were they to be put in place – should be principles based, capabilities focussed, and fully align with firms' preferred resolution strategies.

The differences between existing SWD requirements extend to the objectives of a SWD, its focus, and how analysis is undertaken and assessed. For example, within the UK the primary objective of a SWD is capital preservation, whereas in the US it is liquidity generation; the US focusses on derivatives and trading book portfolios, but the UK's approach also extends to the banking book; the UK prescribes templates on how analysis should be carried out, but the US does not. These examples of differences between just two SWD regimes could, and likely would, be amplified were further SWD regimes implemented elsewhere in the absence of agreed guidance at the FSB level. These

[1] A description of the Associations is included in the annex.

requirements both apply in parallel to certain banking groups operating in both jurisdictions – but a single solution to these cannot be produced under the requirements as they currently exist. Global alignment of SWD requirements in line with the single group resolution strategy is key to supporting any home-authority-led resolution, and we strongly encourage the FSB to place this at the centre of any future guidance, alongside the need for appropriate home-host consultation.

Where SWD requirements are introduced, they must be considered in the context of the group resolution strategy. By having a clear holistic approach to SWD capabilities for each group, led by the home authority in conjunction with relevant hosts, cross-border SWD capabilities can be progressed, maintained, and refined. Mandating firms to meet various competing SWD requirements is counterintuitive and counterproductive to delivering on the objective of having SWD capabilities in place that can be credibly relied upon to be utilised when necessary – be that in business-as-usual (BAU), recovery or resolution (including post-resolution restructuring), or any point in-between. The resources that are put into delivering on the current SWD requirements could be better deployed were a single, clear, capabilities focussed approach put in place alongside enhanced cooperation between relevant authorities to avoid divergent requests.

We welcome the paper's emphasis on capabilities and believe that SWD requirements should be principles-based, capabilities-focused and tied to firms' preferred strategies. It is vital that approaches to capabilities are harmonised across jurisdictions and that the FSB ensures that there is flexibility within any future guidance to allow for proportionate approaches to be implemented. Banks should be able to develop the capabilities that support and deliver the planning and execution of a SWD that best suits their business model. For example, this may include capabilities to undertake a partial SWD for banks with an integrated business model (both for investment banks and non-investment banks), or in a recovery scenario.

We would welcome the opportunity to share some of the experiences of our member firms in developing SWD plans with the FSB. This would enable firms to share some of the best practises and suggest where there could be improvements to how supervisors and resolution authorities can better contribute to the FSB guidance in a way that results in a more proportionate, executable and effective SWD plan.

We set out below our views in answer to the questions raised and welcome the opportunity to discuss these further should this be helpful in any future FSB work in this area.

The IIF, GFMA and ISDA look forward to working with the FSB and its members around this important topic. If you have any questions, please contact Allison Parent (aparent@gfma.org), Martin Boer (mboer@iif.com), Katherine Darras (kdarras@isda.org) or Ann Battle (abattle@isda.org).

Yours sincerely,

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1. **What is your view on the rationale presented in the paper for solvent wind-down in recovery and resolution? Should the development of solvent wind-down plans be a component of both recovery and resolution planning?**

SWD as a concept is broadly accepted as a valid option for consideration in both recovery and resolution, including post-resolution restructuring, for example where a firm needs to rapidly generate liquidity and/or enhance capital ratios by reducing its risk profile. It should be understood however that SWD is not appropriate for all firms, or in all scenarios. The benefits of having SWD capabilities will vary by firm depending on their business activities and operating model. Therefore, 'one-size-fits-all' approaches are not appropriate, and tailored approaches that take a proportionate approach should be considered where SWD requirements are deemed necessary.

The delivery of SWD across both recovery and resolution may not be as distinctive as has been conceptualised. A SWD in both scenarios is, in reality, a movement across a spectrum of options that change as the level of financial or market distress increases, and will depend upon the objective of the firm in the given scenario (i.e. to generate liquidity or to enhance capital ratios). The distinction between recovery and resolution as separate fixed scenarios may therefore not be an accurate reflection of how options are assessed and acted upon. The capabilities that underpin SWD are the same regardless of the status of the firm, and it is the focus on these capabilities that we believe is the right approach for authorities to take where SWD requirements are put in place. Being able to model and inform decisions for the conditions at hand is more beneficial than having plans drawn up and put in place for the myriad of scenarios that could be encountered in resolution. By having this focus, SWD capabilities could then be leveraged for other purposes, for example as an option as part of a bank's restructuring plan, or during BAU. In having a capabilities-based approach, authorities would enable firms to focus on the quality of the tools at their disposal which can be utilised more broadly.

Where requirements are currently in place, firms are experiencing difficulties in producing a single solution to the different requests of authorities across jurisdictions. The concept of what a SWD is and the capabilities needed to deploy one are understood, nevertheless it appears that competing visions of SWD requirements may be hindering the delivery of a single group-wide approach for cross-border groups, as previously highlighted. We therefore encourage the FSB to resolve this issue through discussion amongst relevant authorities as it embarks on the delivery of guidance on SWD.

We strongly recommend that where SWD requirements are in place, these be capabilities focussed, principles based, and delivered upon in the same manner as the group-wide resolution plan. A clear and holistic approach to SWD capabilities for each group, led by the home authority in conjunction with relevant hosts is crucial to understanding and implementing a coherent approach. In having fragmented and localised requirements that run counter to a group resolution strategy, authorities would only be acting to undermine broader efforts to enhance resilience and deliver resolvability, and at additional cost to firms. The lack of consistency may also hinder the success of the wind down as different regulators expect actions to be taken based on their own plan at the risk of inconsistency with the group or other jurisdictions' plans. For cross-border SWD capabilities to be progressed, maintained, and refined, requirements (where in place) need to be consistent. Existing forums for regulators and authorities to coordinate, such as CMGs and resolution colleges, should be better utilised to help deliver this.

It is also important to highlight the need for consistency within jurisdictions, i.e. where SWD requirements are the responsibility of an authority different to the resolution authority. This is true within the UK, for example, where the Prudential Regulation Authority (PRA) lead on SWD policy, whereas broader resolvability considerations fall under the Bank of England's (BoE's) remit. Policies for broader support capabilities (e.g. valuation in resolution capabilities) should be led by the resolution authority. The SWD-lead authority should be consistent in their requirements for such support capabilities so as to avoid any divergence in approach or duplication. An example where coordination could be improved in this instance would be the differences in timing expectations between the PRA SWD discussion paper and the BoE valuation in resolution requirements.

In the FSB's discussion paper, it is noted that GSIBs could be exposed to a SWD process initiated by a counterparty, and that this should be considered as a part of a firm's SWD plans. We would highlight that whilst this remains a possibility, the analysis that the firm should be undertaking for its own SWD should not be impacted by this in a negative way. Having counterparties initiate SWD actions in parallel to your own may be synergistic in enabling some positions to be more easily closed-out. This particular element is not capability based, i.e. it does not change what a firm needs to undertake SWD itself, and so we would not recommend that this particular consideration be taken forward.

2. Do you consider that the discussion paper adequately identifies relevant firm capabilities that may be needed to prepare for and execute a solvent wind-down? Are there other firm capabilities that could be considered?

We welcome the FSB's emphasis on capabilities. The discussion paper appropriately identifies that firms will need both operational capabilities to manage the firm in an actual wind-down event as well as forecasting capabilities that help ensure a firm has sufficient financial resources to successfully manage such an event. Building on this, it would be helpful to distinguish between the degree of granular detail and precision required for operational capabilities to run the firm during a wind-down and the much lower degree of detail and precision that should be required of forecasting capabilities. Some jurisdictions may conflate these capabilities, leading to a drive to develop extremely sophisticated and complex forecasting tools that duplicate BAU methods and systems if firms are unable to leverage existing ones. Aside from being extremely costly and complex to build, this level of precise detail may provide a false sense of comfort in the projections which are, by their very nature, always based on management judgment and assumptions about future activity and market behaviour.

Given the technical nuances of some of these processes, we would welcome the opportunity to share some of the experiences of our member firms in developing SWD plans with the FSB to help further shape the thinking about appropriately prudent and proportionate approaches.

Forecasting Capabilities

Capabilities for forecasting and analysis should, in our view, focus on prudent estimation methods to quantify financial resources required to manage a wind-down without significant disruption to broader markets. Financial resources include capital to absorb losses during the wind-down and

liquidity sufficient to meet necessary outflows while realising losses. This includes trade and liquidation costs as well as hedging costs and operational costs, as outlined in the paper. These capabilities should be accompanied by sensitivity analysis to test the range of financial resources that may be required and to ensure that firms have prepared on a prudent basis as well as scenario analysis to estimate financial resources required in a range of potential, realistic, situations. Such verification methods are further discussed in our answers to questions 3 and 5 below.

While firms broadly agree that these are the appropriate forecasting capabilities, there is still too much room for divergent approaches to capability development across jurisdictions. Efforts by the FSB should emphasise the need for proportionate approaches to forecasting that rely on prudent estimation methods, rather than unnecessarily complex BAU systems and methods that are used to run the firm.

Operational Capabilities

From an operational capability perspective, the capabilities noted are largely reasonable expectations for the management of a wind-down scenario. In addition to the capabilities noted, many of which are also used in BAU management of the firm and for broader resolution planning, we believe firms should only need to augment these capabilities with clear governance and defined roles and responsibilities for decision-making processes that would be initiated in a wind-down. This may best be realised through development of SWD playbooks.

Where capabilities required to manage a wind-down are incremental to those needed for BAU (for example, portfolio segmentation tools to define sale segments) we would welcome further discussion with regulators to agree a harmonised and proportionate approach. For example, while most firms have developed a segmentation tool as highlighted in the FSB paper as an operational capability, this tool has typically been developed by member firms for use in forecasting processes, rather than for operational use in a wind-down. To create a portfolio segmentation tool to be used by numerous concurrent sales and front office users in a wind-down (and to potentially provide marginal capital and liquidity assessments based on the portfolios chosen) is a very different investment from a consolidated tool used by a small group for forecasting.

In looking at capabilities for SWD, the guidelines should focus on those capabilities that are SWD-specific and other 'non-specific' capabilities which are part of broader resolvability considerations. Guidance should not duplicate existing material for non-specific capabilities but should focus only on what is incremental to SWD (i.e. SWD-specific) and how these incremental needs integrate with the broader resolution tool set. Examples of non-specific capabilities include the 'ability to access financial resources', 'ability to identify and mobilise unencumbered capital' respectively, and continuity of access to FMIs. These represent broader resolvability considerations that firms are already delivering upon that should assist in the delivery of a SWD.

Further to the capabilities raised within the discussion paper, we suggest the inclusion of the ability for firms to monitor and report on the progress of a SWD. Whilst this would not be a specific

capability, it would be a key supporting one that could leverage BAU infrastructure to help inform firms and authorities of the impact of the actions undertaken and 'course-correct' if required.

Given the level of overlap between SWD capabilities and capabilities to support other BAU, recovery and/or resolution requirements, we would also encourage authorities to clarify their expectations on how the 'specific' and 'non-specific' capabilities will interact. Being able to deliver an individual solution to several overlapping requirements enables systems and processes to be put in place in a more cost-effective manner and also enhance the functionality of these solutions. Authorities should not seek different or duplicative capabilities where existing ones are already appropriate. For example, the requirements for both valuation in resolution and SWD should complement one another and not diverge, and the necessary functionality required of a Management Information System for both policies should be clearly set out by authorities, where possible at the same time.

3. What is your view on the identified evaluation/verification mechanisms for firm capabilities presented in the paper? Are there other mechanisms that could be considered?

The discussion paper identifies broadly appropriate evaluation and verification mechanisms that firms have put in place or could utilise with regard to SWD.

However, one particular aspect that is of great concern is the paper's reference to a skilled independent party being able to access and analyse aspects of a firm's capabilities. The main driver behind this concern is the ability of such third parties having access to, and the ability to evaluate, proprietary technology. Any evaluation that includes such access to proprietary information, for example software developed for derivative management, should be undertaken by the relevant authority due to the commercial sensitivities. Capabilities built by firms to deliver on valuation or simulation tasks as a part of SWD modelling are typically the same or further iterations of proprietary software utilised by firms in their going-concern activities. It would be appropriate for supervisory authorities instead to undertake this evaluation analysis to ensure sufficient capabilities are in place, rather than third parties.

Where capabilities relate to modelling it is important to recognise that there will be several external factors beyond the control of the firm undertaking the analysis that will have to be assumed, e.g. the prevailing market price, liquidity, willingness of counterparties to trade etc. The sensitivity analysis to these assumptions is a key component that should be evaluated, particularly given the reliance on the outcome of this analysis to inform decisions surrounding a SWD. However, we note that sensitivity analysis for forecasting, as with forecasting itself, may not require precise detail and granularity but may rely on simpler methods while still ensuring a prudent evaluation.

We note that the experience of our member firms is that the demands of authorities has been for increasingly sophisticated models to forecast scenarios, with a lack of incremental benefit for incurring such additional complexity and cost.

Rather than focusing solely on the testing of these forecasting capabilities, authorities would be better served by confirming if firms have appropriate resourcing and governance plans in place and the operational ability to respond to a crisis scenario; rather than requiring increased levels of

granularity which do not deliver additional levels of safety or reduce disruption in a SWD execution phase. Walkthroughs of SWD playbooks would be a useful mechanism for this verification.

Home and host regulators should coordinate to ensure a single unified process for evaluation and verification of firm capabilities where possible or, where not possible, should at a minimum coordinate to stagger timelines to ensure appropriate capacity is available from the firms for these important requirements.

4. Does the paper adequately identify the considerations for home and host authority cooperation? Are there other considerations?

We strongly agree with the FSB's assessment that the nature of GSIB trading book activities and the operational and financial infrastructure and dependencies rely upon close cooperation and coordination between home and host authorities. The idea of undertaking SWD on a jurisdiction by jurisdiction basis is not feasible or would require a substantive fragmentation of established global trading businesses. The international nature of these trading activities, alongside the centralised risk management frameworks and trading functions that are concentrated within financial centres, are a natural result of the desire for firms (and authorities) to most efficiently manage risk and minimise unnecessary market interconnectivity while most effectively serving clients' needs. Breaking apart these structures, as the paper rightly identifies, will add additional complexity, cost, and risk exposure to firms and increase interconnectedness and the resulting risk of contagion in the financial markets. Cooperation between authorities is therefore vital in maintaining the current approach to prudent and effective risk management to support BAU activity as well as any wind-down. Local regulatory actions that are inconsistent with the group resolution strategy may undermine a firm's resolvability and threaten to increase the complexity and fragmentation of risk management practices. This includes, for example, imposing requirements with capital implications for branches to undertake a SWD that we understand to be under consideration in some jurisdictions, or expecting local entities to wind-down portfolios independently of the broader group. This should not be the objective or the outcome of resolution authorities' policies.

Banks which act as key intermediators in capital markets tend to be global in nature given the business rationale to reach investor bases and liquid markets regardless of their geographical location. As such intragroup risk transfers and remote booking are a normal business practice for global banks and are recognised as such by international supervisors.

Global banks typically aim to aggregate risk in a location considered to be the most appropriate because it has access to the greatest source of liquidity for an underlying product. Better liquidity provides a greater opportunity for hedging risk efficiently, as do the scale and diversification effects that arise from risk centralisation in the most appropriate location. By enabling internal netting of market risk exposure, booking models contribute to capital efficiency. Booking models also seek to ensure risk is managed in the location with the appropriate expertise and specialism and minimise unnecessary point-to-point trading with third parties that increases financial market interconnectivity and contagion risk. Additionally, internal risk transfers enable access to financial market infrastructures when this might otherwise not be possible directly by the entity having entered into the transaction originally. Remote booking allows clients to ultimately transact with the

same legal entity regardless of where the trade is originated. Lastly, the facilitation of client positions requires banks to hold inventory, where risk management and financing of inventory is also often more efficient when conducted through hubs. In short, global firms have developed their practices to most efficiently access markets and serve clients and have therefore developed resolution plans, working with regulators, to ensure that these firms can be safely wound down without disruption to financial markets. In many cases these take the form of Single Point of Entry (SPE) resolution plans.

The FSB should therefore develop guidance to ensure that host regulators are able to access and rely on the firm's home resolution plan and understand how the plan provides appropriate support to entities in host locations. This could include harmonising wind-down scenario analysis (for example treatment of inter-entity transactions in an SPE plan[2]) as well as ensuring that home and host authorities have sufficient and comprehensive cooperation and information sharing arrangements in place. Establishing and maintaining these processes and agreements to ensure host authorities have confidence in the firm's ability to execute the resolution strategy, along with support from the home authority to maintain communication with host regulators helps to minimise the risk of fragmentation. Policies that fragment the management of derivative and trading portfolios on a cross-border basis undermine the ability for firms to operate in both BAU and in a stressed environment and increase the risk that an SPE strategy fails due to the conflicting actions of regulators.

Beyond the need to address issues stemming from disruptive policy approaches, it is also necessary to ensure home-host cooperation in other areas, including the supply of funding or liquidity for firms in resolution where necessary. Cooperation between home and host authorities should be assured in coordinating any support mechanisms for a firm in resolution, including in executing a SWD. Whilst firms should calculate the liquidity and capital needs to deliver on a SWD, and duly prepare to fulfil this, there may be circumstances where additional support is required, for example to provide liquidity in a given currency. To the extent that funding/liquidity in resolution arrangement have been put in place within a jurisdiction, authorities should seek to cooperate and coordinate on any such provisions to assist in the delivery of a cross-border SWD during a resolution as per section 6 of the FSB guiding principles in this area[3].

Nevertheless, we understand the concerns of host firms and understand that they may have unique information needs to allow them to fully assess that the firm's plan provides appropriate support to local legal entities. While this is recognised, the potential for numerous jurisdictional regulators to impose multiple and potentially conflicting requirements on global firms can lead to significant cost and effort for firms whilst potentially weakening the fundamental soundness of the wind-down plan.

[2] Regarding inter-entity transactions, it is key for the FSB to acknowledge the distinction between positions that are due to trading book activity and those that are in place for the purpose of creating an internal hedge to help manage risks from other business activities within a bank. Capabilities 11 and 14 ('ability to estimate financial resource impacts' and 'ability to model costs of existing positions', respectively), include reference to impacts on other parts of the firm not subject to a SWD, and the cost of executing replacement hedges. Where internal hedging positions are in place these should not be considered as appropriate for accelerated disposal but should instead have their wind-down run in parallel to the activity that they are themselves hedging. It is worth noting that such positions are not risk generative, but rather the opposite, and reduce exposures to loss.

[3] See FSB – 'Guiding principles on the temporary funding needed to support the orderly resolution of a global systemically important bank', 18 August 2016 - https://www.fsb.org/wp-content/uploads/Guiding-principles-on-the-temporary-funding-needed-to-support-the-orderly-resolution-of-a-global-systemically-important-bank-%E2%80%9CG-SIB%E2%80%9D.pdf

To the extent that the FSB can develop harmonised and proportionate approaches to meeting the needs of host regulators, this would be welcomed.

5. Should authorities distinguish between different solvent wind-down scenarios (e.g. going vs. gone concern, different situations of banks, initiation of winddown by a counterparty, or interaction with insolvency proceedings) when they develop solvent wind-down plans?

As previously highlighted, the delivery of SWD across both recovery and resolution is not as distinctive as has been conceptualised. A SWD in both scenarios will rely on the same capabilities, and the disposal options considered will differ depending on the demands of the situation, rather than it necessarily being a recovery or resolution scenario.

We should stress, however, that SWD capabilities should not lead to SWD being mandated during the recovery phase. The restoration of a sound economic model involves balancing a number of factors, and it is critical that management have clear ownership of strategic decisions during this phase. While management control is necessarily more mixed during resolution, we would also argue for a balanced approach in this phase as well, to ensure management buy-in for a workable strategic model going forward.

For this reason, we do not believe that authorities should distinguish between these two states, but rather focus instead on firms' capabilities to deliver SWD whether in recovery or resolution. Whilst planning in advance may be undertaken, scenario-based plans should not be the driver for requirements where they are put in place. Ensuring firms are equipped with the tools and resources to undertake a SWD should be the primary objective of any requirements, however we recognise that some *ex ante* planning may further refine and help test these capabilities once in place.

Where scenarios are deemed to be necessary as a part of the testing of capabilities for the evaluation and verification of capabilities, or for the demonstration of the current capacity of a firm to undertake a SWD, firms should be permitted to determine the most plausible baselines scenario for themselves. Firms should also be able to adjust certain parameters depending on the actual circumstances during a SWD. Imposing requirements on firms to model multiple scenarios is resource intensive and costly, and this is exacerbated where different scenarios are the product of jurisdictional differences in their approach to SWD.

In undertaking SWD planning there is currently a lack of collaboration between home and host authorities that can further undermine the value of such scenario analysis. We therefore see value in firms being able to develop their own holistic scenario for a SWD, if need be in collaboration with the relevant CMG or resolution college. Having different jurisdictions applying their own scenarios and requirements only leads to the risk that SWD plans lack coherence and ignores the global picture for SWD which could result in siloed approaches to managing risks in SWD. This would also minimise duplication and encourage resources to be allocated in a manner appropriate to the SWD plan, enhancing the executability of the SWD.

Consideration should also be given to the business composition of a particular bank. For banks that have relatively limited traded market risk or low level of inter-affiliate transactions the

appropriateness of a recovery scenario is limited, as events necessitating recovery actions are less likely to be connected to the trading book in these cases.

6. Are there any other actions that are not discussed in this paper that could be taken by authorities or firms to help facilitate successful solvent wind-down in the event of resolution?

As previously raised under the home-host section, action should be taken to address policies that may undermine SWD, or resolution more broadly.

One such example would be the proposed rule by the Canadian Securities Administrators[4] that would enable a provincial securities commission (which has no mandate to consider the prudential or economic impact of its enforcement decisions) to suspend the registration of a derivatives dealer firm. This could occur if, for example, the firm is in financial difficulty and fails to meet capital requirements under the rule. While suspended, the firm would not be able to trade derivatives in the province, even as an end-user. Suspension is a default trigger within many CCP rulebooks and several bilateral agreements. It may thereby impede the ability of prudential regulators to recover the firm, or the ability of an institution to undertake a SWD, by virtue of a loss of access to critical FMIs.

Given that many GSIBs are actively dealing in derivatives in Canada, including by trading with Canadian banks, they would be required to register or be exempt from registration. To the extent an exemption may be available, they are subject to conditions, including notifying Canadian regulators of any material non-compliance of an exempt firm's home regulations, which could arise in the scenario described and result in similar enforcement action in Canada. Therefore, this is by no means an issue that is limited to Canadian banks. This example highlights the need for coordination between authorities both in policy making as well in executing recovery and resolution actions for cross-border groups. Cooperation is vital for the delivery of a home authority led recovery or resolution, and the absence of the necessary level of collaboration could potentially undermine the entire global strategy.

In developing guidelines for SWD, it would be useful to consider the different home/host considerations that should apply to MPE and SPE firms to guide host and home authorities of what can be expected in terms of information flow and ability to apply localised SWD requirements.

Host authorities for SPE firms should review their requirements for these firms and assess the appropriateness of any required local resources (staff, risk management capability) when considered against the future guidelines for SPE firms. We would also encourage the FSB to monitor the impact of the guidelines on the requirements imposed by host authorities to evaluate whether the guidance has reduced legal entity-based fragmentation for SPE and MPE firms.

Other considerations that the FSB may wish to take forward specific to SWD for home-host authorities include the expectations of how they will coordinate to provide emergency liquidity support if there are temporary periods of shortfalls; how they will provide any necessary regulatory

[4] Canadian Securities Administrators, 19 April 2018 - https://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20180419_93-102_rfc-derivatives-registration.htm

forbearance in relation to BAU capital and liquidity requirements; whether and how they will encourage clients to exit positions to help deliver a SWD; their interaction with CCPs to support the continued provision of access to any that provide critical services; operational support from home or host authorities; or permitting traders to undertake remote booking into a location to support a wind-down of assets in that location.

Annex - The Associations

The Global Financial Markets Association (GFMA) brings together three of the world's leading financial trade associations to address the increasingly important global regulatory agenda and to promote coordinated advocacy efforts. The Association for Financial Markets in Europe (AFME) in London, Brussels and Frankfurt, the Asia Securities Industry & Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in New York and Washington are, respectively, the European, Asian and North American members of GFMA. For more information visit www.gfma.org.

The Institute of International Finance is a global association of the financial industry, with close to 450 members from 70 countries. Its mission is to support the financial industry in the prudent management of risks; to develop sound industry practices; and to advocate for regulatory, financial and economic policies that are in the broad interests of its members and foster global financial stability and sustainable economic growth. IIF members include commercial and investment banks, asset managers, insurance companies, sovereign wealth funds, hedge funds, central banks and development banks. For more information visit www.iif.com.

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has more than 900 member institutions from 71 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org. Follow us on Twitter @ISDA.