

TCH Expresses Support for Bank of England Efforts to Develop UK Stress Testing Framework

TCH Applauds BOE's Commitment to Coordination With National Regulators, Offers Recommendations to Enhance BOE Proposal

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New York, NY – January 10, 2014 – The Clearing House Association (TCH) submitted a comment letter to the Bank of England (BOE) today in response to the BOE's October 2013 discussion paper outlining a proposed stress testing framework for the UK banking system. In its letter, TCH highlights the value and importance of capital adequacy stress testing in supporting and preserving a safe and effective global banking system and expresses support for the BOE's efforts to enhance the stability and resilience of both individual financial institutions and the broader financial system through the development and implementation of a regular stress testing regime for the UK banking system. TCH also applauded the BOE for its stated commitment to coordinate with other national regulators in finalizing and implementing its own stress testing framework.

Drawing on its prior experience evaluating and informing the development of the U.S. stress testing framework, TCH provides in its letter several recommendations and observations regarding the BOE proposal, including (i) measures intended to ensure results that are credible and meaningful for regulators and market participants and (ii) clear delineation of real and certain consequences for any failure to meet such applicable requirements (rather than an array of possible consequences). In addition, the letter encourages BOE to continue to coordinate with U.S. regulators to ensure that their respective stress-testing frameworks are as aligned as possible.

About The Clearing House Established in 1853, The Clearing House is the oldest banking association and payments company in the United States. It is owned by the world's largest commercial banks, which collectively employ more than two million people and hold more than half of all U.S. deposits. The Clearing House Payments Company L.L.C. provides payment, clearing, and settlement services to its member banks and other financial institutions, clearing almost \$2 trillion daily and representing nearly half of the automated-clearing-house, funds-transfer, and check-image payments made in the U.S. The Clearing House Association L.L.C. is a nonpartisan advocacy organization representing – through regulatory comment letters, amicus briefs, and white papers – the interests of its owner banks on a variety of systemically important banking issues.