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Via email

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW., Suite 3E-218
Washington, DC 20219
Email: prainfo@occ.treas.gov

Re: FFIEC Cybersecurity Assessment Tool

Ladies and Gentlemen,

We refer to the Federal Financial Institutions Examination Council (“**FFIEC**”) Cybersecurity Assessment Tool (the “**Assessment Tool**”) released by the FFIEC in June 2015. CLS Bank International (“**CLS**”), the operator of the CLS settlement system (the “**CLS System**”), appreciates the opportunity to comment on the Assessment Tool.¹

Background

The CLS System is a global settlement system that offers its members and their customers the ability to mitigate settlement risk with regard to their foreign exchange transactions. CLS is a special purpose corporation organized under the laws of the United States of America and supervised by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York, and it has been designated a systemically important Financial Market Utility by the United States Financial Stability Oversight Council under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Additionally, CLS is subject to cooperative oversight by 22 central banks whose currencies are settled in the CLS System, pursuant to a Protocol for the Cooperative Oversight Arrangement of CLS² that is organized and administered by the Federal Reserve (the “**CLS Oversight Committee**”).

Among financial institutions, CLS is unique in certain respects. CLS is a financial market infrastructure (an “**FMI**”), rather than a traditional financial institution, and it is unique even among

¹ Please note that these comments are not being submitted pursuant to the Paperwork Reduction Act of 1995.

² See http://www.federalreserve.gov/paymentsystems/files/cls_protocol.pdf.



FMI, as it is neither a central counterparty (CCP) nor a traditional payment system. As an FMI, the CLS System currently observes the applicable CPSS-IOSCO³ *Principles for financial market infrastructures* (April 2012) (the "PFMI"), including Principle 17: (Operational Risk) ("[s]ystems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity"). Additionally, CLS is unique in that it operates in multiple jurisdictions pursuant to a bespoke oversight regime in the form of the CLS Oversight Committee.

Comment

CLS recognizes the value of frameworks created to facilitate identification of cybersecurity risks and associated preparedness. CLS also appreciates the significance of tools like the Assessment Tool, which provide repeatable and measurable processes for financial institutions to measure their cybersecurity preparedness over time. However, while the Assessment Tool is useful both for the identification of risk and the assessment of cybersecurity maturity, and sets forth guidance for financial institutions with a variety of different profiles, CLS takes the view that it should not preclude an FMI like CLS from using other, perhaps more relevant, tools to assess cybersecurity governance, risks and preparedness.

An appropriate assessment tool for the CLS System may include aspects of a range of tools, which may change over time in accordance with applicable best practices and regulatory imperatives. For example, CLS takes into account the CPMI's *Cyber resilience in financial market infrastructures* (November 2014), which was created specifically for systems like the CLS System, and would expect to take into account similar guidance, in combination with other relevant tools that may be promulgated over time to address sector-wide or other considerations.

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Please do not hesitate to contact us if you have any questions regarding this letter.

Yours sincerely,

Dino Kos

cc: Stuart Sperry, *Deputy Associate Director, FMI Oversight Division of Reserve Bank Operations and Payment Systems, Federal Reserve System Board of Governors*
Alan Marquard, *General Counsel, CLS Group*
Vas Rajan, *Managing Director, Chief Information Security Officer, CLS Bank International*
Andrea Gildea, *Director, Assistant General Counsel, CLS Bank International*

³ Effective September 1, 2014, the Committee on Payment and Settlement Systems changed its name to the Committee on Payments and Market Infrastructures ("CPMI"). The PFMI were jointly published with the International Organization of Securities Commissions ("IOSCO").