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Electronically

Secretariat of the Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002
Basel, Switzerland

Re: CLS Bank International's Response to the Basel Committee on Bank Supervision's Consultative Document, "Corporate governance principles for banks" (October 2014)

Dear Sirs/Mesdames,

CLS Bank International ("CLS Bank") welcomes the opportunity to submit these comments in response to the Basel Committee on Bank Supervision's ("BCBS") consultative document, "Corporate governance principles for banks" October 2014 (the "Consultative Document").

CLS Bank is the operator of a financial market infrastructure ("FMI") that is the predominant settlement system for foreign exchange transactions (the "CLS System"). The CLS System is the world's largest multicurrency cash settlement system, providing payment-versus-payment settlement in 17 currencies.

CLS Bank is an Edge Act corporation regulated and supervised by the Federal Reserve, and has been designated a systemically important financial market utility by the United States Financial Stability Oversight Council. In addition, the central banks whose currencies are settled in the CLS System have established a cooperative oversight arrangement, the CLS Oversight Committee ("OC"), organized and administered by the Federal Reserve. The OC provides the 22 participating central banks a mechanism to carry out their individual responsibilities for the safety and efficiency of payment and settlement systems, and the stability of the financial system. CLS Bank is therefore subject to demanding regulatory standards and risk management requirements under the Federal Reserve's Regulation HH as well as the CPMI-IOSCO's *Principles for financial market infrastructures* ("PFMI").



CLS Bank would like to express its broad support for the Consultative Document and its appreciation for the BCBS's guidance with respect to corporate governance and internal controls that are critical to the proper functioning of the banking sector and the economy as a whole.

CLS Bank notes, however, that the intended scope and applicability of the Consultative Document is unclear, and for systemically important FMIs, may conflict with already-established standards in Principle 2 of the PFMI.

Specifically, we believe that the definition used in the Consultative Document in identifying the scope of institutions covered to include a "bank or banking organization" is overly vague, and could therefore be read as including specialized institutions like CLS Bank that we presume are not intended to be covered given the presence of the PFMI. For the avoidance of doubt, CLS Bank recommends clarifying the intended scope and applicability of the Consultative Document to explicitly exclude systemically important FMIs, as they are subject to the PFMI standards and requirements.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Dino Kos". The signature is fluid and cursive, with a horizontal line underneath.

Dino Kos

cc: Alan Marquard, Chief Legal Officer, CLS Group
Lauren Alter-Baumann, Managing Director, Legal and Regulatory Strategic Affairs,
CLS Bank International