Date: [Insert Date]

To: Chief Risk Officers and Executive Management of [Relevant Financial Institutions]

From: [Regulating Body/Risk Management Department]

Subject: Announcement of Systemic Financial Contagion Stress Testing Scenario

Dear Stakeholders,

This letter serves as the formal announcement of the upcoming stress testing cycle, focusing specifically on **Systemic Financial Contagion**. Given the increasing interconnectedness of global financial markets, this exercise is designed to evaluate the resilience of individual institutions and the broader financial system against a hypothetical cascading shock.

Scenario Overview:

The "Contagion Shock" scenario assumes a default by a major [Global/Regional] counterparty, triggering a sharp contraction in interbank liquidity, significant asset fire sales, and a rapid decline in market confidence. This scenario incorporates both first-order credit losses and second-order liquidity spirals.

Key Objectives:

- Assess the impact of interconnected credit and liquidity risks.
- Evaluate the effectiveness of current recovery and resolution plans.
- Identify potential systemic "blind spots" in cross-border exposure.

Timeline and Requirements:

- **Data Templates Release:** [Insert Date]
- **Submission Deadline:** [Insert Date]
- **Review Period:** [Insert Dates]
- **Final Results Publication:** [Insert Date]

Technical specifications, macro-variable projections, and reporting templates are attached to this communication. All participating institutions are required to submit their quantitative results and qualitative narratives via the [Insert Portal Name] secure link.

Questions regarding the methodology or data requirements should be directed to the Stress Testing Coordination Team at [Insert Contact Information].

Sincerely,

[Name/Signature]
[Title]
[Organization Name]