Question 4:

Section 3.5.1.1 - What's the source of market data?

FROM RFP:

CMHC has identified a requirement to purchase an ESG software able to generate comprehensive sets of financial and economic variables as well as their related time series over relevant projection periods, which are necessary inputs for stress testing, risk analysis, economic capital modeling, and strategic capital management for CMHC's main business activities. The scenario generator will generate both real world and risk neutral consistent economic scenarios covering the full distribution of outcomes over up to 30 years and, be transparent (not a black-box).

The proposed ESG software solution must be installed on a platform compatible with the CMHC's Information Technology infrastructure environment and meet the requirements outlined below, both functional and technical. The table below provides the detailed requirements including mandatory and rated requirements.

Response:

The question being asked is not clear. The ESG generates economic scenarios. The success proponent will be expected to have its own models and presumably use existing available market data to build them. CMHC will not be providing source data.

Question 5:

Section 3.5.1.18 - Does this refer to the default of bonds?

FROM RFP:

Proponents should describe how default calibration is conducted.
Also:
   a. When is it updated (quarterly / monthly / adhoc)?
   b. What are the types of frameworks available: market-consistent, risk-neutral, real-world, etc?
How are nested simulations handled, for example one-year time horizon for each year of a 5-year plan?

Response:

Yes, this question refers to default of bonds.

Question 6:

Section 3.5.3.1 – What is the required format for scenario output?

FROM RFP:

The proposed solution must provide a report facility built into the ESG.

Response:

ESG is expected to have a link to the software platform that CMHC will use to build the economic capital model. CMHC expects the ESG to have sufficient flexibility to adapt to different common formats.