

PERSISTENCE ANALYTICS GROUP LLC, NEIL OSNATO

Proposal and Comment Information

Title: Request for Comment on Model Changes for the Board's 2027 Supervisory Stress Test, OP-1882

Comment ID: FR-2026-0037-01-C02

Submitter Information

Organization Name: Persistence Analytics Group LLC

Organization Type: Company

Name: Neil Osnato

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Re: Request for Comment on Model Changes for the Board's 2027 Supervisory Stress Test [OP-1882]

Persistence Analytics Group LLC ("PAG") appreciates the opportunity to comment. PAG develops written Decision Assurance analyses for decisions that depend on forecasts, models, representations, test results, and external dependencies. PAG's concern here is not to advocate a particular policy outcome. It is to improve the evidentiary record supporting reliance: what proposition is being relied upon, what assumptions connect the available evidence to that proposition, what dependencies must remain true, who owns the downside if they fail, and what material change should require revalidation.

PAG's working architecture is:

Representation → Assumption → Evidence → Dependency → Downside Ownership → Decision Gate
→ Material Change → Revalidation

PAG does not propose that the agency adopt PAG's proprietary scoring, weighting, thresholds, durability analytics, or determination logic. The recommendation is narrower: preserve an administrable record of the evidence, dependencies, decision conditions, and revalidation triggers that support material reliance decisions.

PAG recommends that material supervisory-model changes be accompanied by a concise "Model Assumption Record" that distinguishes model operation from the continuing validity of the assumptions supporting reliance on model outputs.

A supervisory model can continue to run according to its approved methodology while the assumptions, data relationships, or dependencies that justified reliance on the model have materially changed.

For each decision-relevant model component or material change, the record could identify:

- the proposition the model output is intended to support;
- the material assumptions embedded in the model or needed to interpret its output;
- the empirical or analytical evidence supporting those assumptions;
- material dependencies on data definitions, reporting practices, historical relationships, segmentation, external variables, or other models;
- known sensitivity or downside where an assumption does not hold;
- the supervisory decision or use for which the evidence is considered sufficient; and
- material-change triggers that require targeted revalidation.

This is not a request for disclosure of proprietary or security-sensitive model details beyond what the Board determines appropriate. Nor is it a proposal for an external scoring system. The objective is to preserve decision traceability inside the supervisory process and, where appropriate, explain at a higher level the conditions that support reliance on a model.

Potential revalidation triggers can be linked to the model's own evidence base: structural changes in reported data; material changes in portfolio composition; breakdowns in historical relationships; new products or exposures outside the calibration experience; changes in accounting or reporting conventions; or observed performance indicating that a key assumption is no longer representative.

PAG also encourages the Board to distinguish three evidence questions:

1. whether the model is technically implemented as intended;
2. whether the data and relationships supporting the model remain representative; and
3. whether the model output remains fit for the particular supervisory decision for which it is being used.

These are related but different forms of assurance.

The proposed changes to data collection can support this structure if the Board explicitly links new data fields to the risk assumptions they are intended to test or improve. Doing so would make future model development and revalidation more legible and reduce the risk that data collection becomes disconnected from the proposition it is meant to evidence.

Respectfully submitted,

Neil P. Osnato

Founder

Persistence Analytics Group LLC

Decision Assurance™ | Infrastructure Assumption Verification™

Evidence before reliance. Revalidation after material change.

neil@persistenceanalyticsgroup.com

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