

# FRTB Solution Suite from IHS Markit

A suite of solutions for the Fundamental Review of the Trading Book, which enables banks to comply with the Basel market risk requirements by supplementing their existing infrastructure and processes



IHS Markit

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IHS Markit is an APN Capital Markets Partner

## Industry Trends

The Fundamental Review of the Trading Book (FRTB) is a set of market risk capital rules developed by the Basel Committee on Banking Supervision. It is designed to replace a series of patches introduced after the financial crisis. It aims to ensure that banks will have sufficient capital to withstand long-stressed market conditions by better capturing tail risk, redrawing the boundary between banking and trading books and raising the bar for internal models. Banks want to be able to hold the minimum capital required while also meeting these regulatory requirements.

## Challenges

FRTB establishes strict criteria for determining risk factor modellability and introduces significant capital charges for non-modellable risk factors (NMRFs). It also includes new stress testing rules and requirements for pricing data going back to 2007. To comply, banks face the challenge of identifying and processing appropriate market data sources, filling time series gaps and making justified proxy decisions.

FRTB also includes a host of complex capital calculations for IMA, SA, profit and loss attribution (PLA) and backtesting. Aggregating and analysing the results of these calculations is a computationally intensive exercise.

## Solution Overview



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### FRTB Solution Suite

IHS Markit's FRTB Solution Suite provides a comprehensive functional workflow that includes the complete set of analytics required to address both the standardised approach (SA) and internal models approach (IMA). The suite is comprised of three solutions, which can be implemented independently or as an integrated workflow, which begins upstream with the management of risk factor modellability and provides support through to the downstream capital analytics calculations. The solutions are:

- [The FRTB Modellability Service](#)
- [The FRTB Scenario Service](#)
- [The FRTB Capital Analytics Solution](#)



### Partner on AWS

The FRTB Solution Suite runs on AWS giving banks access to the latest data science and technologies while reducing time to market and mutualising costs. Users can access a wide range of analytical tools. The cloud-based design offers banks the advantages of anonymity, security and mutualisation.

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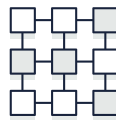
## Benefits

The FRTB Solution Suite is designed to shorten FRTB implementation programmes, reduce execution risk and cost, and help firms manage the capital impact of the regulation.



### Flexible, modular design

Use modules to separate functional, data, scalability and integration concerns and choose to update your risk infrastructure in a phased, controlled manner. The light-touch deployment approach allows you to evaluate the solutions without lock-in and with a low barrier to entry



### Scalable, versatile stack

Boost efficiencies with a single, coherent and scalable platform. The FRTB Solution Suite is built on Apache Spark, a powerful, open-source analytical framework based on speed, ease of use and sophisticated analytics. The stack seamlessly combines risk analytics, SA (Standardized Approach), IMA (Internal Models Approach) and PLA (Profit and Loss Attribution) with unrivaled transparency and control



### Highly skilled team

Work with our team, which has a wealth of capital modeling and engineering expertise. The product team has many years' experience of IMA (market risk), Internal Model Method (IMM, credit risk) and xVA at banks and vendors.



### Unique datasets

Access a unique source of cross-asset transaction and historical pricing data, which is combined with trade data contributed by leading banks

## How It Works

The FRTB Solutions can be implemented on a standalone basis to address specific aspects of the requirements or in combination with one another to provide end-to-end support for FRTB.

## Getting Started

[Contact AWS and IHS Markit](#)

[IHS Markit offering on Solution Space](#)



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