FRTB & Counterparty CCR Solutions Implementation and Support

Qinetic Analytics LLP offers comprehensive **implementation and support services** for advanced risk management systems like **Murex**. Our expertise enables banks and financial institutions to streamline their processes for **FRTB (Fundamental Review of the Trading Book)** and **Counterparty Credit Risk (CCR)** while ensuring compliance with regulatory frameworks such as Basel III/IV and SA-CCR.

Key Services for FRTB & CCR Implementation and Support

1. System Implementation

A. Fundamental Review of the Trading Book (FRTB)

- **Standardized and Internal Model Approaches**:
    - Configure and implement Murex modules to handle both **FRTB-SBA** (Standardized Approach) and **FRTB-IMA** (Internal Model Approach).
    - Enable computation of sensitivities (Delta, Vega, Curvature) and aggregation of risk capital charges based on regulatory bucketing and correlation rules.

- **Risk Factor Identification and Mapping**:
    - Map the bank's internal trade data to FRTB-compliant **risk factors (RFs)** and regulatory parameters, including correlation matrices and risk weights.

- **P&L Attribution (PLA)**:
    - Configure Murex to perform P&L attribution testing and backtesting to assess desk eligibility for the IMA framework.

- **Regulatory Reporting**:
    - Automate generation of FRTB regulatory reports, including desk-level capital charge breakdowns, stress testing results, and risk factor sensitivities.

B. Counterparty Credit Risk (CCR)

- **Exposure Metrics Implementation**:
    - Configure modules to compute CCR metrics such as **Potential Future Exposure (PFE)**, **Expected Positive Exposure (EPE)**, and **Credit Valuation Adjustment (CVA)**.

- **SA-CCR Compliance**:
    - Enable Murex to compute counterparty exposures under the **Standardized Approach for Counterparty Credit Risk (SA-CCR)**, incorporating netting and collateral agreements.

- **Wrong-Way Risk (WWR) Management**:

- o Set up systems to identify and quantify specific and general wrong-way risks and integrate them into exposure calculations.

- **Collateral and CSA Management**:

  - o Configure collateral agreements (e.g., ISDA CSA) to reduce counterparty exposures and optimize capital requirements.

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2. System Customization

- **Trade Data Model**:

  - o Design and implement a **data model** to ensure seamless integration of internal trade data into Murex for FRTB and CCR calculations.

- **Scenario Analysis and Stress Testing**:

  - o Customize Murex to run stress scenarios, including shocks to risk factors, to evaluate the capital impact under adverse market conditions.

- **Risk Factor Definitions**:

  - o Develop bespoke risk factor mappings aligned with specific product classes, currencies, and regulatory frameworks.

- **API Integration**:

  - o Enable seamless integration between Murex and other systems (e.g., data providers like Bloomberg, Refinitiv) for market data, trade feeds, and reporting.

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3. Post-Implementation Support

- **System Optimization**:

  - o Monitor system performance and optimize configurations to improve computational efficiency for large trade portfolios.

- **Model Validation and Updates**:

  - o Validate pricing, exposure, and risk models to ensure they remain compliant with evolving regulatory standards and market dynamics.

- **Regulatory Compliance Upgrades**:

  - o Ensure that the Murex platform is updated to reflect the latest Basel III/IV requirements, including FRTB and SA-CCR revisions.

- **User Training**:

  - o Conduct training sessions for risk managers, traders, and compliance teams to maximize the system's capabilities.

4. Managed Services

- **Ongoing Maintenance**:
  - Provide end-to-end maintenance support, including system health checks, bug fixes, and performance tuning.

- **24/7 Technical Support**:
  - Offer round-the-clock support to address issues related to system functionality, data feeds, or reporting.

- **Cloud and Infrastructure Support**:
  - Manage cloud-based deployments of Murex for scalable and secure risk management operations.

Key Benefits

1. **Regulatory Compliance**:
   - Ensure adherence to global standards like **BCBS D457**, Basel III/IV, SA-CCR, and FRTB guidelines.

2. **Operational Efficiency**:
   - Automate complex risk calculations, reducing manual effort and minimizing errors.

3. **Enhanced Risk Management**:
   - Gain real-time insights into risk exposures and their capital impact, enabling proactive decision-making.

4. **Customizable Reporting**:
   - Generate detailed reports tailored to internal stakeholders and regulators.

5. **Scalability and Reliability**:
   - Optimize system performance to handle growing portfolios and increasing regulatory complexity.

Implementation Roadmap

1. **Initial Assessment**:
   - Evaluate the bank's existing infrastructure, data systems, and regulatory requirements.

    o Identify gaps in current processes for FRTB and CCR compliance.

2. **System Design and Configuration**:

    o Design a comprehensive system architecture that aligns with the bank's business and regulatory objectives.

    o Configure Murex modules for FRTB and CCR functionality.

3. **Integration and Testing**:

    o Integrate Murex with internal systems (e.g., risk engines, trade repositories).

    o Perform end-to-end testing to validate system accuracy and efficiency.

4. **Deployment and Training**:

    o Roll out the system in phases, starting with pilot desks and scaling to the entire organization.

    o Train users to ensure effective adoption.

5. **Post-Implementation Review**:

    o Conduct a detailed review to evaluate system performance and address any issues.

Why Choose Qinetic Analytics LLP?

1. **Domain Expertise**:

    o Deep understanding of **FRTB**, **CCR**, and **Basel III/IV** requirements ensures a smooth and compliant implementation process.

2. **Technology Proficiency**:

    o Expertise in configuring and managing Murex, along with other risk management systems, ensures reliable and efficient deployment.

3. **Tailored Solutions**:

    o Provide customized solutions that address specific business needs and regulatory challenges.

4. **Proactive Support**:

    o Offer dedicated support to ensure continuous improvement and system reliability.

Qinetic Analytics LLP is your trusted partner for implementing and supporting advanced risk systems like Murex, enabling your organization to stay ahead of regulatory requirements, optimize capital, and enhance risk management capabilities. Let us know how we can assist your institution!