Qinetic Analytics LLP: Streamlining FRTB-SBA Challenges for Banks

Qinetic Analytics LLP offers a comprehensive solution to help banks navigate and streamline the complexities of the **FRTB-SA (Standardized Approach for Market Risk)** framework. Our expertise empowers banks to efficiently calculate market risk capital charges, meet regulatory requirements, and perform insightful impact analysis, ensuring compliance with **BCBS D457** and local regulatory standards.

Key Features of Our FRTB-SBA Module

1. **Computation of Market Risk Capital Charges**:

   o Enables banking clients to compute **market risk capital charges** at the **Trading Desk level**, aligning with regulatory requirements.

   o Facilitates **capital charge attribution** across:

     ▪ **Risk Factor Level**: Granular attribution to individual risk factors.

     ▪ **Risk Class Level**: Aggregation by asset class (e.g., GIRR, FX, EQ, Commodities).

     ▪ **Factor Sensitivity Level**: Breakdown by **Delta**, **Vega**, and **Curvature** sensitivities.

2. **Mapping Bank Internal Trade Data to Regulatory Parameters**:

   o Aligns trade data with regulatory **parameters**, **correlation structures**, **risk weights**, and **bucketing logic** to compute aggregated capital charges.

   o Aggregates market risk capital charges by **risk types**, **currency**, and **risk classes** for enhanced reporting and compliance.

3. **Capital Impact Assessments**:

   o Enables banking clients to perform detailed **capital impact assessments** to meet regulatory requirements such as **CCAR (Comprehensive Capital Analysis and Review)**.

   o Provides tools for **attribution analysis**, identifying areas where risks are emanating and concentrating within the portfolio.

How We Help Banks Streamline FRTB-SBA Programs

1. Trading Desk and Trading Book Definition:

- Assist in defining and validating **Trading Desks** for FRTB compliance, ensuring alignment with regulatory guidelines.

- Help refine **Trading Book definitions** to identify trades eligible for **capital requirements**.

2. Building a Trade Data Model for FRTB-SBA Compliance:

- Design and implement a robust **Trade Data Model** that integrates seamlessly with bank systems and ensures data consistency and accuracy.

- Ensure compatibility with regulatory requirements, supporting accurate calculation and reporting.

3. Mapping Trade Data to Metadata and Regulatory Text:

- Map internal trade data to **metadata** and align it with **BCBS D457 regulatory text** for compliance with FRTB-SBA requirements.

- Ensure the completeness and correctness of mappings to avoid compliance risks.

4. FRTB-SBA Reporting:

- Develop **reporting frameworks** for both **internal stakeholders** and **local regulators**, providing transparency in capital charge computations.

- Automate reporting processes to ensure accuracy and efficiency in submissions.

5. Gap Identification in Data, Calculation, and Model Infrastructure:

- Perform a detailed **gap analysis** to identify shortcomings in:

    - **Data quality and completeness.**

    - **Calculation logic** for sensitivities, capital aggregation, and correlations.

    - **Model infrastructure** to ensure compliance and scalability.

6. Sourcing Accurate Factor Sensitivities (FS):

- Help banks source accurate **Factor Sensitivities (FS)** (Delta, Vega, and Curvature) in accordance with BCBS D457 guidelines.

- Ensure consistency and alignment of sensitivities with market data and regulatory requirements.

7. Defining Risk Factors (RFs) for Aggregation and Reporting:

- Assist in creating an accurate and comprehensive set of **Risk Factor (RF) definitions** for aggregation and FRTB-SBA reporting.

- Ensure proper bucketing of risk factors as per regulatory guidelines for capital computation.

8. Impact Analysis for Capital, Business, and P&L:

- Perform **impact analysis** to understand the effect of FRTB-SBA implementation on:

    - **Regulatory Capital**: Quantify changes in required capital.

    - **Business Strategy**: Assess how FRTB impacts trading strategies and profitability.

    - **P&L Attribution**: Identify and attribute P&L variations to market risk factors.

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Benefits of Our FRTB-SBA Solutions

1. **Regulatory Compliance**:

   o Ensure full compliance with **BCBS D457** and local regulations by aligning data, processes, and models with regulatory standards.

2. **Efficiency and Scalability**:

   o Streamline workflows and reduce manual efforts through automation and robust infrastructure.

   o Scalable solutions that adapt to growing portfolios and regulatory updates.

3. **Data Transparency and Governance**:

   o Enable clear traceability of data, calculations, and assumptions to build trust and transparency across stakeholders.

4. **Insightful Decision-Making**:

   o Provide actionable insights into risk concentrations and their impact on capital, enabling better decision-making at the desk and portfolio levels.

5. **Cost Optimization**:

   o Minimize capital charges through efficient modelling and sensitivity calculations, helping banks optimize their regulatory capital usage.