

Fundamental Review of the Trading Book.

FRTB-ready datasets to ease implementation

In setting the global standards for Minimum Capital Requirements for Market Risk, the Basel Committee on Banking Supervision (BCBS) has overhauled the Standardized Approach (SA) while also presenting a revised framework for the Internal Models Approach (IMA).

Both SA & IMA approaches present their own challenges, and in order to effectively implement FRTB banks must examine and enhance their risk architecture and governance processes. They will also reconsider the ways in which they acquire, align, and use their reference and market data if they are to satisfy some of the more stringent requirements relating to data.

Bloomberg offers a suite of data solutions to assist banks with FRTB implementation including comprehensive reference and award-winning pricing data; along with recently released FRTB observability data to assist with the new Risk Factor Eligibility Test.

Reference & pricing data

Bloomberg delivers data across asset classes including:

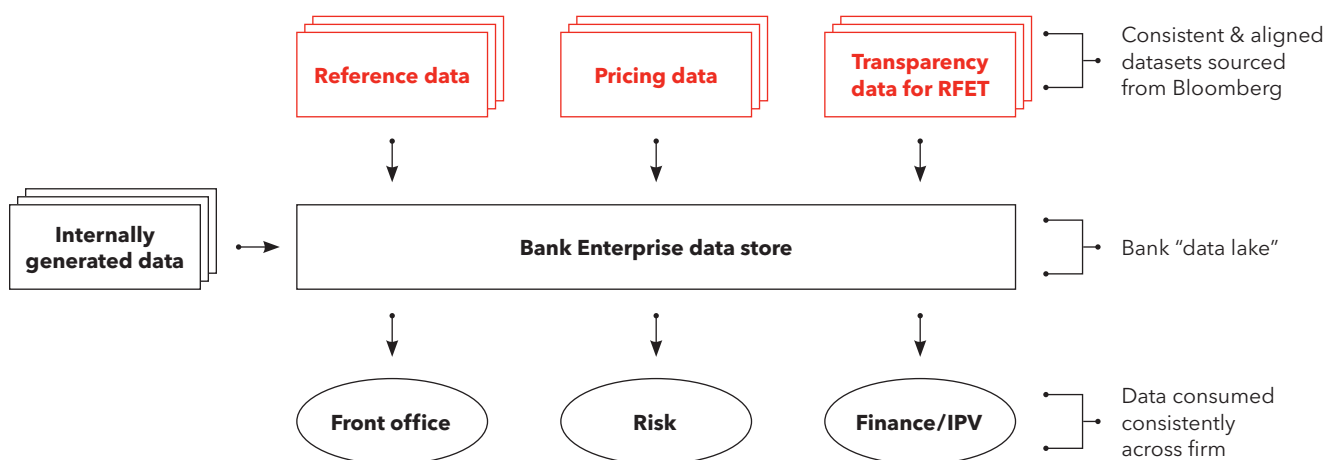
- **Reference data** – Terms and conditions, industry classifications, corporate structure
- **Market data** – Listed instruments, bond prices, credit curves, derivatives data
- **Historical data** – 10+ years depending on asset class

FRTB "RFET" transparency data

Bloomberg augments its award-winning pricing data with FRTB-specific transparency data, enabling banks to apply the Risk Factor Eligibility Test according to FRTB rules:

- Eligible trade + committed quote counts
- Seasonality and other information
- RFET pass/fail flags

Consistent & aligned datasets sharing a common symbology enable banks to confidently feed multiple systems across front-, middle- & back-offices



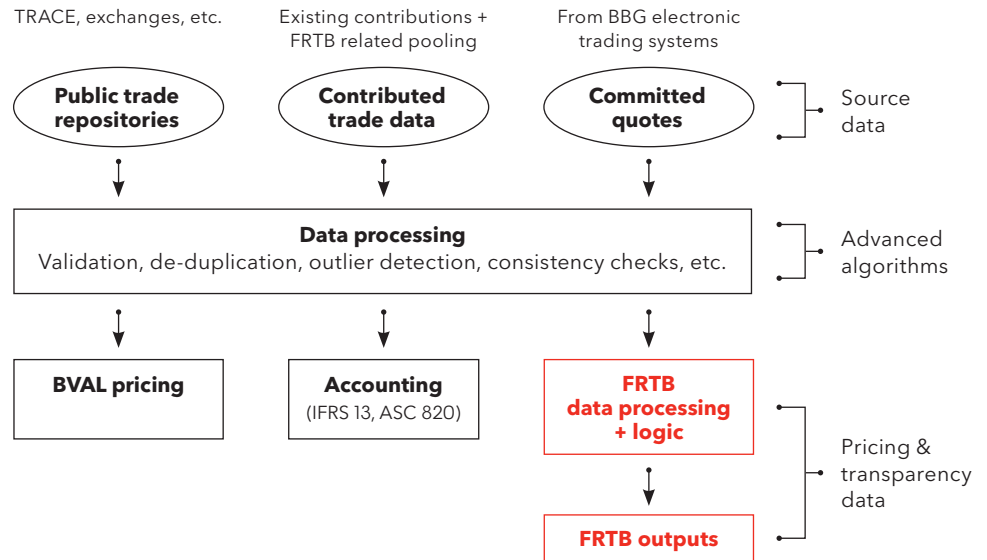
Data contributions from clients

Data availability surveys and proof-of-concepts have shown that pooling can alleviate the problem of sparse data in many markets and thereby minimize the impact of risk factors being deemed non-modellable under FRTB rules.

Bloomberg is uniquely positioned to take a leadership role in industry-wide pooling by leveraging our existing contributions platform.

Benefits include:

- Industry-wide acceptance
- Strong governance procedures
- Ease of on-boarding



Illustrative FRTB use-cases for Bloomberg data

Classifications

Bloomberg classification products (BICS, BLCASS) enable industry and risk classification of both securities and legal entities, and can be used to assist with SA bucketing. The same classifications data can be used across IMA for risk aggregation, and as inputs into risk factor mapping, and identification of proxies.

Corporate structure

Bloomberg legal entity data can be used across FRTB workflows to gain insight and enable risk aggregation using instrument-to-entity linkage, issuer/parent, and obligor relationships; and country of risk. Data can also be used in risk factor mapping, and identification of proxies.

Terms & conditions and other fields

Bloomberg provides the data necessary for consistent security identification across FRTB that aligns with classification, corporate structure, pricing and other data. Bloomberg provides additional datasets and fields to identify securities by relevant economic and risk characteristics.

FRTB RFET data

Bloomberg transparency data provided at the instrument and risk factor level delivers corresponding RFET results, and when used in conjunction with classification, corporate structure and other terms & conditions data, enables clients to map instruments to corresponding risk factors and identify proxies for instruments with sparse observation data.

Historical data

Bloomberg historical data for cash, listed instruments, and derivatives data & analytics provides the history needed for both bank developed stress-testing scenarios and to enable banks to identify the 12-month period used in calculation of Expected Shortfall.

Pricing & derivatives data

Enabling clients to feed their systems in a consistent manner Bloomberg provides:

- Bloomberg's Evaluated Pricing Service (BVAL) provides evaluated pricing on 2.5m+ instruments multiple times a day.
- BVAL OTC for derivatives provides derivatives data and analytics across all asset class.
- Other pricing sources available including CBBT, BGN, BMK and prices from all global exchanges.

Learn more

Learn how we can help your firm automate your data needs. Visit bloomberg.com/FRTB or contact us at eprise@bloomberg.net.



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