Bloomberg FRTB solutions overview

The Basel Committee on Banking Supervision (BCBS) has set new global standards for Minimum Capital Requirements for Market Risk. Banks must implement the final version of this rule, also known as the Fundamental Review of the Trading (FRTB), by January 1, 2022. Given the many infrastructure and workflow changes needed to implement FRTB, banks must move quickly in order to meet the new requirements in time. Bloomberg's suite of solutions offer data and tools to help ease the burden of FRTB implementation and facilitate ongoing compliance.

Regulatory data for FRTB

FRTB introduces a number of challenges requiring regulation specific data sets in addition to the reference and pricing data necessary to perform the calculations that FRTB requires. Bloomberg provides data sets to meet both the Standardized and Internal Models Approaches.

- FRTB SA bucketing data
- FRTB RFET transparency data

Reference, pricing and derivatives data

FRTB requires banks to fundamentally change the way they look at data if they are to meet the challenges in obtaining consistency, alignment, and understanding of provenance.

Bloomberg delivers data-sets for all asset classes including:

- **Reference data** – Terms & conditions, classifications, corporate structure, index constituent, and fund holdings
- **Pricing & derivatives data** – Fixed income evaluated pricing, issuer and sector curves, OTC and listed derivatives
- **Historical data** – 10+ years depending on asset class

Data pooling

Data availability surveys 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 currently used in the pricing of bonds and derivatives:

- Industry wide acceptance
- Strong governance procedures
- Ease of onboarding

Risk analytics for Standardized Approach

Comprehensive market risk workflow enabling banks to calculate and report regulatory capital in accordance with the current BCBS market risk requirements.

- Integrated position feeds from Bloomberg OMS
- Mapping to SA risk classes and risk factors
- Delta, Vega, Curvature, Jump to Default
- Risk bucket assignment and aggregation
- Full capital with BCBS risk weights and correlations

Risk analytics for internal models approach

Basel-compliant market risk models powered by Bloomberg pricing and data to help clients pass the Risk Factor Eligibility Test and P&L Attribution Tests and avoid capital surcharges.

- Expected Shortfall (ES) and SES engine
- Liquidity classification and multiple liquidity horizons
- Issuer-level default model and data for DRC
- Backtesting and P&L Attribution Tests (PLAT)

Alignment with Bloomberg TOMS to help pass PLAT.

Open platform with flexible workflows

Bloomberg provides an open FRTB platform whose components are available as services to plug and play with outside data and software, enabling clients to design their own custom FRTB workflows and solution.

- Risk factor mapping service
- Simulation upload API
- Client market data and history upload
- Integration of client and Bloomberg data

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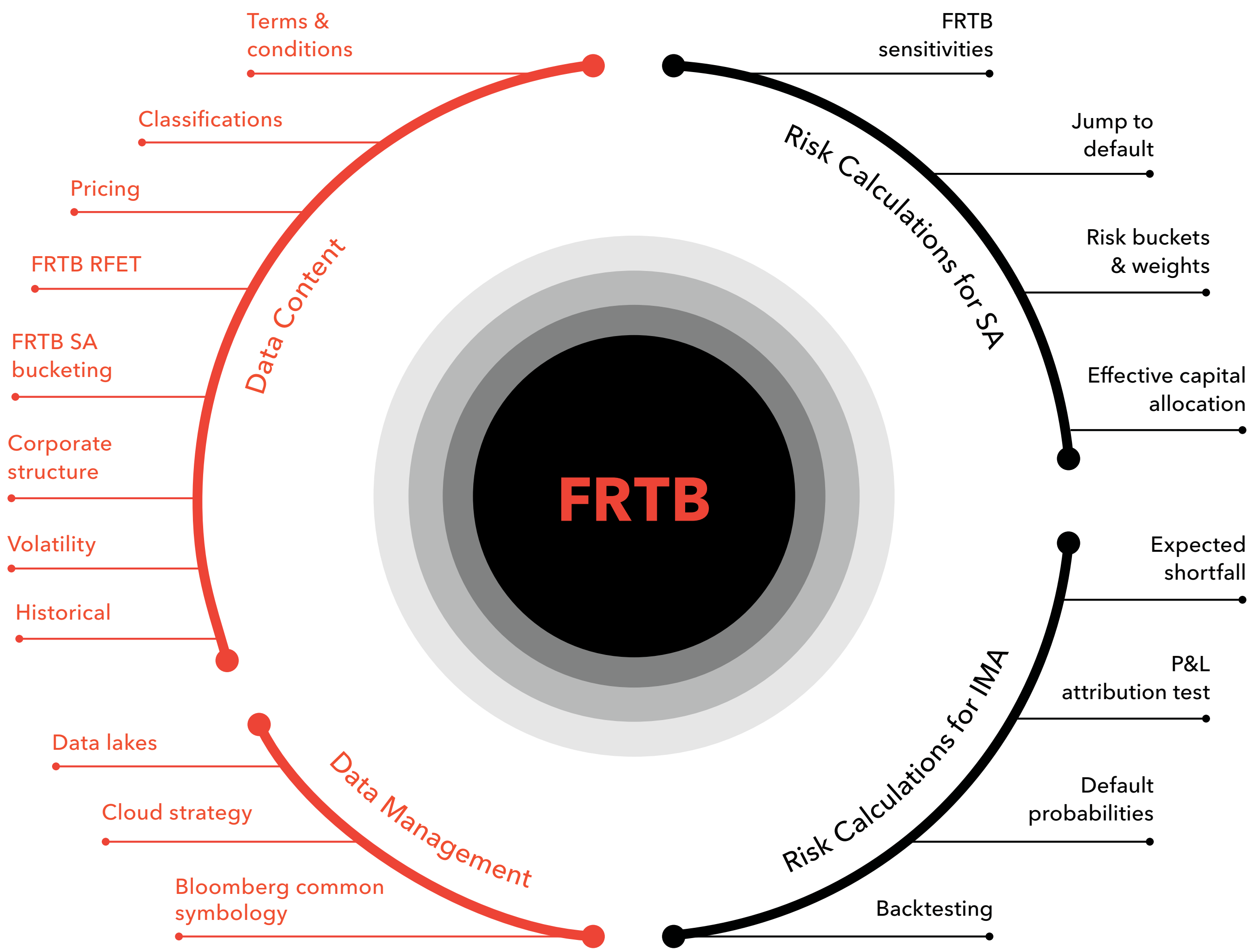
Bloomberg’s Risk & Data Solutions for FRTB



The clock is ticking. Bloomberg can help.

Learn more about how we can help your firm comply with FRTB.
Visit bloomberg.com/frtb or visit FRTB <GO> on the Bloomberg Terminal®.

Take the next step.

For additional information, press the <HELP> key twice on the Bloomberg Terminal®.

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