



RiskTech 100 2019

IHS Markit

**Fundamental Review of
the Trading Book (FRTB)**

Solutions: Fundamental Review of the Trading Book (FRTB)

IHS Markit

The new Basel market risk requirements set out in the Fundamental Review of the Trading Book (FRTB) are expected to transform risk calculations, and the looming deadline means decisions are being made on how to prepare for this change. IHS Markit was crowned winner of the first *RiskTech 100*[®] FRTB category.

The IHS Markit FRTB Solution Suite can integrate with existing risk management infrastructure and processes, and the offering is designed to help accelerate FRTB programs, reduce costs and help firms manage the capital impact of the regulation. Andrew Aziz, Global Head of Financial Risk Analytics, says the IHS Markit FRTB Solution Suite has been designed to be modular to complement an existing infrastructure – much of which is software as a service, which means customers benefit from low cost of adoption and fast implementation times.

IHS Markit's background in market data has also given the vendor a unique starting point for approaching FRTB. "It is the combination of the data and the technology that we provide that I really think make us stand out in the industry," he says.

The first offering in the suite was the FRTB Modellability Service, which can be used to test liquidity of risk factors and, in the past year, IHS Markit has continued to expand data coverage. "IHS Markit had strengths in certain areas, and we've now very aggressively expanded the asset class coverage to include equities and commodities," says Aziz.

The developments go far beyond data, however, as the past 18 months have seen the entire FRTB suite maturing. Aziz says IHS Markit initially entered the space due to FRTB introducing a need for modeling and



(l-r) Rob Stubbs; Andrew Aziz and Torjus Dalen, IHS Markit; and Laura Galante

proving the liquidity of risk factors before using them in calculations, and thus released FRTB Modellability Service. As requirements have progressed, the IHS Markit FRTB offering has been further extended to include the FRTB Scenario Service – which enables clients to create the required scenarios to manage liquid and non-liquid risk factors – and FRTB Capital Analytics for analytics requirements.

With the combination of the three products, IHS Markit is ready for the new year when FRTB programs are expected to shift up a gear. "In 2019, banks have to make decisions on what approach they are going to take for capital analytics and start building out, so they can run in parallel for a couple of years," says Aziz.

In the long term, IHS Markit also plans to take risk analytics beyond FRTB. "We're seeing interest from clients in expanding the offering to broader scenario capabilities," says Aziz, explaining that the flexibility the system offers around risk factors opens up a whole new market, and there is an opportunity to roll out the services to the buy-side and other areas within the banks.