



FRTB Modellability Service

A combination of data and analytics for assessing and managing risk factor modellability in both QIS and production use cases

KEY STATS

95%+

coverage of CDS transactions globally

85%+

coverage of interest rate derivative transactions globally

The Fundamental Review of the Trading Book (FRTB) establishes strict criteria for determining risk factor modellability and introduces significant capital charges for non-modellable risk factors (NMRFs). The FRTB Modellability Service helps banks satisfy the requirements and avoid punitive capital charges by transforming raw market data into compliant risk factors.

The service is comprised of two distinct products:

- **The Risk Factor Utility (RFU)**, a cloud-based risk factor modelling environment
- **The FRTB Data Service**, a repository of transaction data and other FRTB-related data

As part of the FRTB Modellability Service, the RFU is prepopulated with transaction data from the FRTB Data Service. Banks have the option of supplementing this data with proprietary and third-party data.

The FRTB Modellability Service supports the derivation of modellable risk factors (MRFs) and NMRFs by counting transaction observations and assigning transactions to buckets of risk factors of varying sizes. It reduces the number of capital-intensive NMRFs by proving modellability.

Reports produced by the FRTB Modellability Service can be leveraged by downstream systems, including IHS Markit's FRTB Scenario Service, to generate FRTB-compliant scenarios.

Unique transaction datasets

The FRTB Modellability Service comes pre-populated with data from the FRTB Data Service, which combines data from the industry-leading MarkitSERV trade processing platform and trade data contributed by leading banks. These sources create extensive and unique transaction datasets across asset classes, which can significantly reduce NMRFs. Banks have the option of supplementing this data with proprietary and third-party transaction data.

Dynamic bucketing API

A dynamic risk factor bucketing API enables users to assess cross-asset modellability in a fully-documented, user-friendly environment. Banks enjoy all of the benefits of mutualisation without loss of control, flexibility or security.

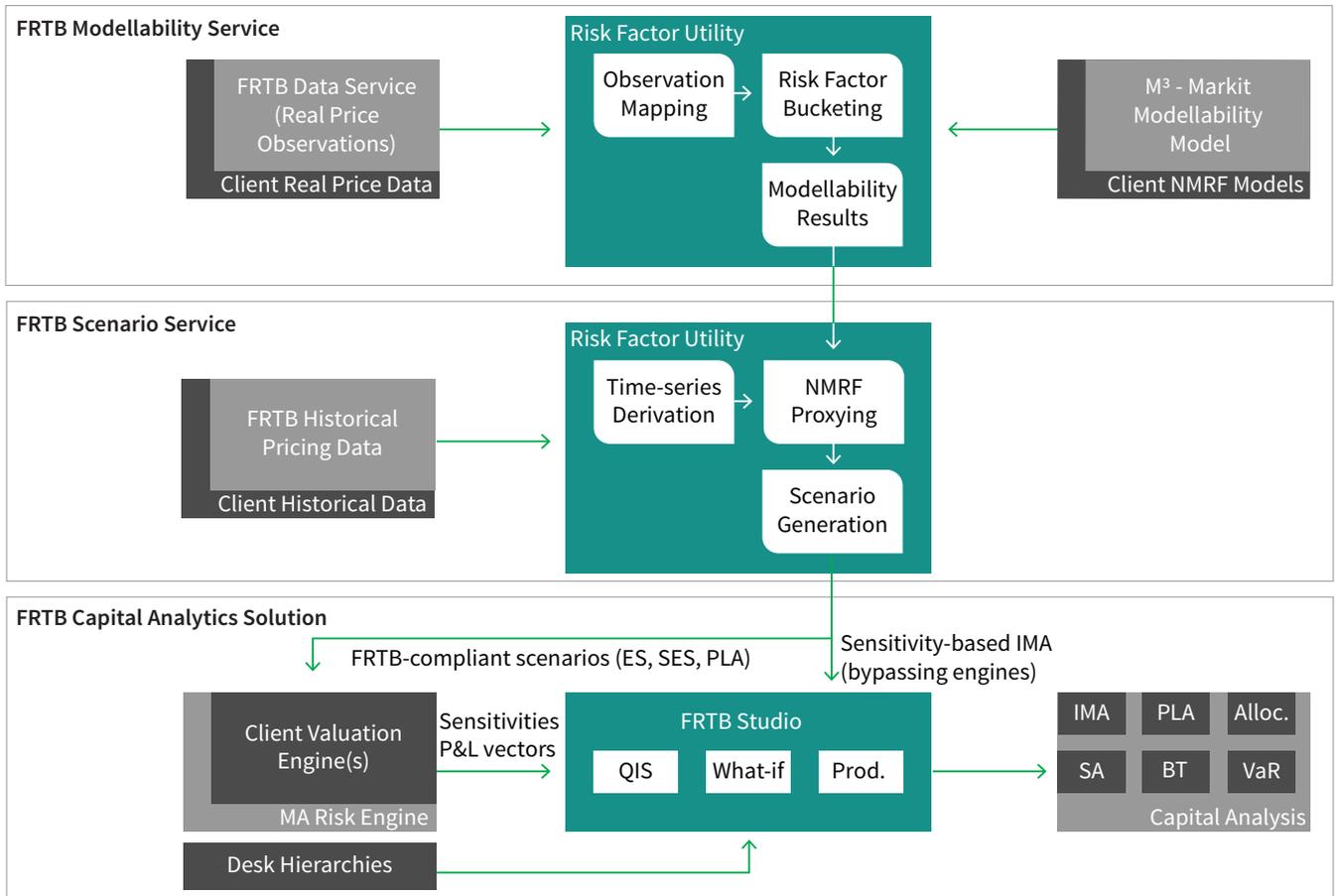
Out-of-the-box risk factor methodology

Banks have the option of implementing their own risk factor definitions or leveraging the Markit Modelling Model (M³), an out-of-the-box risk factor methodology designed by IHS Markit and Oliver Wyman to highlight which risk factors satisfy the FRTB modelling requirements. This templated methodology is built into the RFU, allowing banks to avoid time-consuming and costly development work and methodology justification.

Data management in the cloud

The FRTB Modelling Service is hosted by IHS Markit, giving banks access to the latest data science and technologies while reducing time to market and mutualising costs. Users can access a wide range of analytical tools. The cloud-based design offers banks the advantages of anonymity, security and mutualisation.

FRTB Solution Suite



More information on IHS Markit products and services

London +44 20 7260 2000
New York +1 212 931 4900
Amsterdam +31 20 50 25 800
Boulder +1 303 417 9999

Dallas +1 972 560 4420
Frankfurt +49 69 299 868 100
Hong Kong +852 3726 7000
Tokyo +81 3 6262 1700

Toronto +1 416 777 4485
Singapore +65 6922 4200
Sydney +61 2 8076 1100

sales@ihsmarkit.com