



◆ Case Study

Retail, Corporate and Investment Bank Clients

Fundamental Review of the Trading Book

Implementation across the market risk regime

Monocle's Service Offering



Extensive expertise and knowledge across risk, data, regulation and financial securities



Project management and technical implementation expertise across the end-to-end compliance journey



Expertise on secondary implementation requirements including BCBS 239, data management and future-proofing considerations

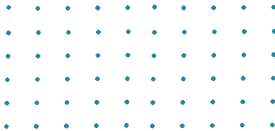
Overview

The Fundamental Review of the Trading Book (FRTB), as the name suggests, is an extensive redefining of market risk management with significant implications for banks' internal practices, processes and their underlying data solutions.

Effective FRTB implementation demands expertise and knowledge across various risk, data, product and regulatory topics. With our wealth of expertise and experience, Monocle is has subsequently filled the following roles at several DSIB clients across their Basel IV and FRTB compliance programmes.

Program Management

Monocle has overseen the execution of a full FRTB as well as the greater Basel IV Reform program at one of South Africa's DSIB banking clients. In close collaboration with the board of directors, senior management and key stakeholders, we oversaw and drove the execution of the bank-wide delivery and compliance plan, including deliverables regarding BCBS 239 compliance, model governance and validation, capital impact assessment and business-wide awareness of the reform impacts.



Technical Analysis and Development

Monocle positions itself as the critical link between business and technology. Our expertise run across the entire risk landscape including the interpretation of the regulatory and legislative requirements linked to the Basel Framework as well as unpacking and sourcing the resulting key data elements. Our analysis capabilities enable us to design, develop and configure strategic data assets including risk data models, in-house calculators (*sensitivity-based methodology and expected shortfall*) and various data processes. Lastly we design and develop integrated regulatory risk reporting solutions that enable effective business decision making and management insights.

In many cases, firms will need to upgrade their vendor-based risk calculation system or start over with an in-house engine built to accommodate the complexity of new modelling approaches. Monocle has played a key role in supporting risk engine migrations by providing business and technical analysis skillsets across analysis, POC design, and testing. Additionally, Monocle supports these initiatives through executing parallel run testing, developing operational controls to monitor for differences in results, and supporting business decision-making regarding impact and capital assessment.

Regarding in-house model design and development, Monocle is equipped to spec, design and build FRTB calculations that are fully FRTB compliant and cater to the business and data idiosyncrasies of our clients.

FRTB implementation Insight Highlights

- **Risk engine migrations** are often necessities to meet the complexity of new Basel approaches. With any migration, effective data quality and output controls are critical to ensuring accurate and complete testing of reporting hierarchies, risk factors and market data.
- **Comprehensive due diligence should be performed regarding vendor system offerings** to ensure regulatory and business requirements are met. In particular, understand the tools' capability for customisation and *ad hoc* changes.
- **Timely and complete impact assessment results** are imperative to enabling effective business decision-making capabilities by key stakeholders in order to make meaningful capital optimisation and portfolio construction decisions.

Key Skills Required

- Specialised knowledge on the Basel requirements, the bank's products and data best practices.
- Working knowledge of financial products and securities, including how they function and their data attributes.
- In-depth understanding of BCBS 239 risk aggregation principles as part of risk data governance and data management.

Banking Area

- Market Risk
- Financial Markets
- IT and Systems

Skill Sets

- SQL
- Python
- Financial securities expertise

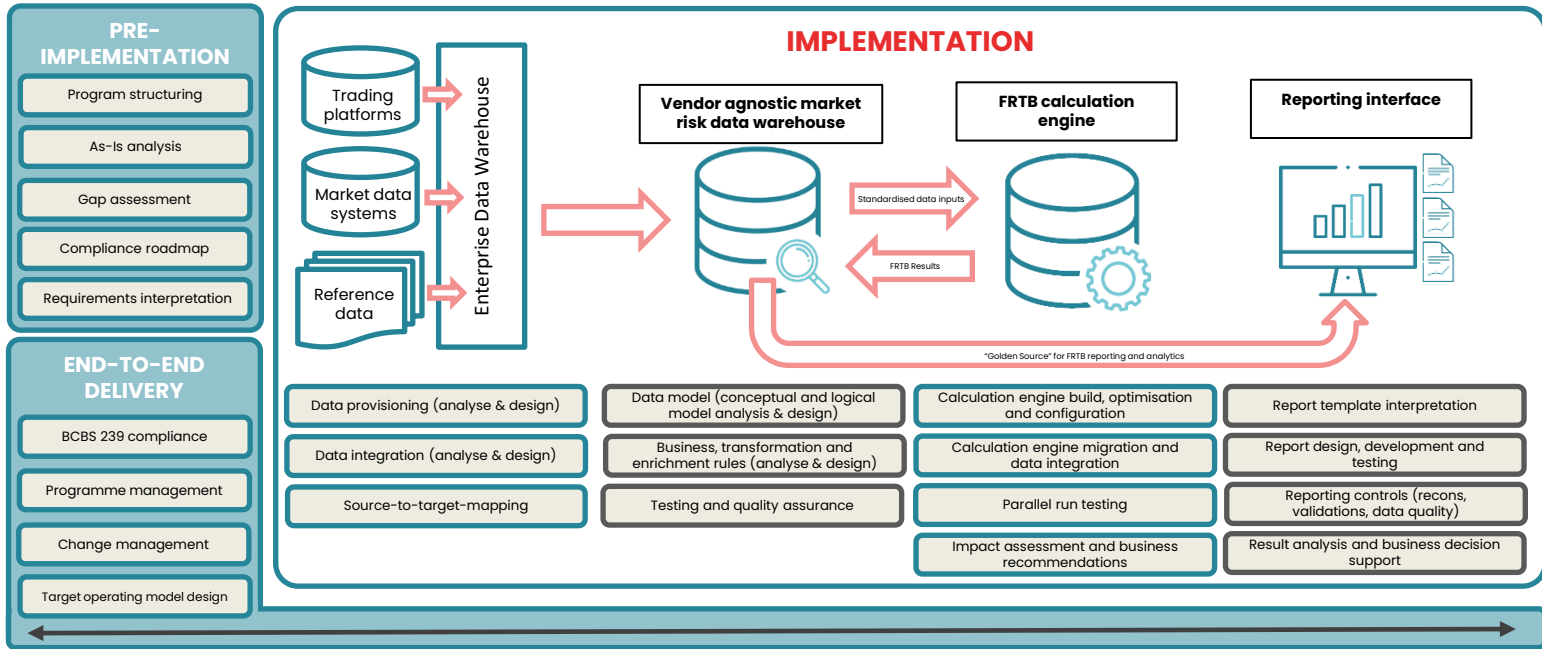
Themes

- Data provisioning and ETL
- Capital management
- Regulatory reporting
- BCBS 239
- Basel reform

Market Risk Transformation Landscape

◆ Monocle's Service Offering

"Monocle advocates for the development of a system 'agnostic' data model which provides a simplified and consistent translation layer between upstream and downstream systems without being beholden to any one source, calculation engine, or reporting process's data needs, resulting in more flexible integration capability." – [Basel IV, Potential into Practice](#)



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