

Client	The client is a Global Banking Group
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Project Name	Implementation of CP09/29 (Basel 2010 / CRD 3) – Market Risk
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Project Start Date	February 2010	Project End Date	January 2011
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Industry	<input type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input type="checkbox"/> Fund Custody & Investment Services	<input checked="" type="checkbox"/> Investment banking
	<input type="checkbox"/> Private banking	<input type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	<input type="checkbox"/> Corporate
	<input checked="" type="checkbox"/> Broker / Dealer	

Category of Service	<input type="checkbox"/> Performance measurement and monitoring	<input checked="" type="checkbox"/> Regulatory compliance and reporting
	<input checked="" type="checkbox"/> Portfolio risk management	<input checked="" type="checkbox"/> Business process improvement
	<input checked="" type="checkbox"/> Specialised risks	<input type="checkbox"/> Training and people change
	<input type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation

The Challenge	<p>As part of FSA CP09/29, which sets out the proposed implementation rules relating to Basel 2010/CRD 3, a number of changes to the trading book capital framework will come into force from 2011. This project required:</p> <ul style="list-style-type: none"> • Delivery of methodology and systems for each capital charge into production; • Creation of a target operating model under the new capital regime for each capital charge; and • Creation of prototype models to gauge the impact for both the business and the regulator.
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Approach and Solution	<p>avantage provided a number of resources with expertise in Market Risk and Change Management to deliver the three elements of the Basel 2010 programme of work, i.e.</p> <ul style="list-style-type: none"> • Stressed Value at Risk; • Incremental Risk Charge; and • Trading Book Securitisations. <p>avantage were able to assist the client by providing</p> <ul style="list-style-type: none"> • Individual project deliverables (Terms of Reference / Requirements / Specification / Target Operating Model / Testing Plans); • Project Planning and Management; • Market Risk SME and modelling skills; • Day to day stakeholder management; • Day to day team management; and • Delivery of robust prototype models prior to the IT delivery.
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Results and Benefits	The program will deliver compliance with CRD3 allowing the client to retain its VaR waiver from 2011 onwards. Without such delivery the client would be punitively capitalised using the standard approach to Market Risk. The program aims to deliver best in class models and infrastructure, the stated goal of senior management.
Software used	SAS / Excel VBA / Bloomberg.