

Client	<p>The client is an international Asset Management Company with focus on European equity and a global focus on wealthy private clients and select institutional corporations.</p> <p>The client offers a full range of funds both sophisticated and non-sophisticated and Risk Management services through both Luxembourg and other offices.</p>
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Project Name	Implementation of the Requirements of CSSF Circular 07/308 on Risk Management
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Project Start Date	March 2008	Project End Date	June 2008
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Industry	<input type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input type="checkbox"/> Investment banking	
	<input checked="" type="checkbox"/> Private banking	<input checked="" type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	
		<input type="checkbox"/> Corporate

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 type="checkbox"/> Business process improvement
	<input type="checkbox"/> Specialised risks	<input checked="" type="checkbox"/> Training and people change
	<input type="checkbox"/> Data Quality	<input checked="" type="checkbox"/> System selection and implementation

The Challenge	<p>The client has operations in Luxembourg that fall under the ambit of the CSSF (<i>Commission de Surveillance du Secteur Financier</i>) Circular 07/308 (the Circular). The Circular defines the use of derivative products and risk management in Undertakings for Collective Investment in Transferable Securities (UCITS).</p> <p>The requirements of the Circular define regulatory reporting requirements on UCITS's activities, sophisticated or otherwise. Furthermore, the Circular requires the creation of a comprehensive Risk Management framework.</p> <p>The client's Risk Management function is due to run a mandatory set of measurement on all UCITS activities. The Asset Management Company has decided to build a dedicated risk management department to address these requirements.</p>
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Approach and Solution	<p>avantage conducted a diagnostic assessment to determine the best way for the client to meet its regulatory obligations. The software-based solution that was eventually proposed, not only meets but exceeds the Circular's requirements.</p> <p>avantage was designated as project manager to implement a scalable risk management software solution in partnership with Gambit Financial Solutions (Gambit).</p> <p>In light of extensive risk management and asset management experience, avantage was also engaged as an adviser in the preparation of the reporting framework both for the regulator and the Board of Directors.</p>
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	<p>Beyond the Circular, avantage and Gambit provided unique risk models to address the valuation of specific market products, and risk measures that have not been targeted by the Circular such as Liquidity Risk both for equity and fixed income, Brokerage Risk and Credit Risk.</p>
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<p>Results and Benefits</p>	<p>The asset management company recognised avantage’s proposed approach as novel and able to be rapidly implemented. The company valued avantage and Gambit flexibility and advisory skills.</p> <p>This approach provided the following benefits to the company:</p> <ul style="list-style-type: none"> • Comprehensive risk management framework; • Compliance with regulatory requirements; • Ability to address more complex products and thus to market this to clients; • A time-bound and result-focused method for solving issues.
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<p>Software used</p>	<p>Gambit</p>
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