



Misys press releases

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Misys supports banks with FRTB compliance

Fully integrated solution to support transformation in line with new market risk capital charge

London, UK – 15 August – Misys is supporting the banking community as it prepares for Basel’s Fundamental Review of the Trading Book (FRTB). The regulation, which overhauls the market risk capital charge calculation, has significant ramifications which must be addressed to ensure banks comply with new rules. The Misys FusionCapital Risk – FRTB solution will address the standardised approach (SA) requirements out of the box, as well as offering service applications as required for the internal model approach (IMA).

“The impact to frontline trading, market risk and product control activities is significant, especially if firms hold ambitions to achieve capital-efficient, internal model approaches for FRTB. Robust ‘supply chains’ for risk management operations to deliver enhanced and granular risk measures, stringent modeling methodologies and stronger operational controls will become strategic differentiators between banks in optimising capital on an ongoing basis,” said Cubillas Ding, Research Director at Celent.

Following in-depth industry consultation around the demands on banks under FRTB, Misys is readying FusionCapital Risk – FRTB. It will offer financial institutions market leading performance and a credible path to compliance as part of a phased transformation of broader capital markets IT infrastructure, including:

- 1) A pre-packaged reporting solution to comply with the SA, offering rich sensitivities and a stress-test framework with full data control by desk and on an aggregated level.
- 2) Front-to-risk coherence via a shared and coherent pricing engine with ultra-fast analytics and aggregation. At the centre of banks’ capital markets operations, it provides full P&L and risk valuation. Immensely parallelised data aggregation ensures fast processing of all data inputs and massive volumes of simulated results. An in-memory calculator also allows for incremental real time re-calculations.
- 3) An agile solution, easily adaptable to evolving regulations and changing market demands, which minimises the cost of disruption. An open framework provides oversight of operations and reporting through one simple and intuitive dashboard.
- 4) A bedrock for future transformation. The FRTB solution makes full use of Misys FusionCapital’s shared pricing, valuation and UI components, which are designed to incorporate wider transformative activities in the future, e.g. the valuation of collateral, introducing global limits or overall better capital planning to optimise treasury.

The new market risk capital charge is a step change from the former Basel 2.5 for both the SA and IMA. It is forcing banks to review every aspect of the current market risk calculation.



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Banks will need to brace themselves for changes to a multitude of processes, including environments and reporting capabilities, as well as an increase in required computation power for the IMA.

“With more intraday calculations on the cards under FRTB IMA, technology has a key role to play in smoothing the process of data collection and analysis as well as handling the major leap in calculation volume and complexity and the computational demands that result,” said Boris Lipiainen, Global Head of Product Management at Misys. “In order for banks to meet the deadline of January 2020 and to get the most from their investment, it is imperative they begin the process of transformation now.”

Misys is well placed to support banks with FRTB compliance, amidst simultaneous pressures to reduce complexity and transform operating models. The Misys FusionCapital Risk – FRTB solution means banks can integrate all current trading systems, achieve front-to-risk alignment and benefit from scalable components that support wider transformational activities in the future.

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For further information please contact

Caroline Duff

Senior PR Manager

T: +44 (0)20 3320 5892

E: caroline.duff@misys.com

www.misys.com

About Misys

Misys is at the forefront of the financial software industry, providing the broadest portfolio of banking, capital markets, investment management and risk management solutions available on the market. With more than 2,000 customers in 130 countries our team of domain experts, combined with our partner eco-system, have an unparalleled ability to address industry requirements at both a global and local level. We connect systems, collect data and create intelligent information to drive smarter business decisions. To learn more about how our Fusion software portfolio can deliver a holistic view of your operations, and help you to solve your most complex challenges, please visit www.misys.com and follow [@MisysFS](https://twitter.com/MisysFS) on Twitter.