In setting the new global standards for Minimum Capital Requirements for Market Risk, the Basel Committee on Banking Supervision (BCBS) has overhauled the Standardized Approach (SA) and has revised the framework for the Internal Models Approach (IMA). The final version of this rule, also known as the Fundamental Review of the Trading Book (FRTB), was published in January 2019 and confirmed the January 1, 2022 implementation date. Given the many infrastructure and workflow changes needed to implement FRTB, banks need to move quickly in order to meet these requirements in time. Bloomberg's suite of solutions offer the data and tools needed to help ease the burden of FRTB implementation and facilitate ongoing compliance.

**Reference & pricing data**

FRTB requires banks to fundamentally change the way they look at data if they are to meet the challenges in obtaining consistency, alignment, and understanding of provenance.

Bloomberg delivers data-sets for all asset classes including:

- **Reference data** – Terms and conditions, industry classifications, corporate structure
- **Market data** – Listed instruments, bond pricing, credit curves, derivatives data
- **Historical data** – 10+ years depending on asset class

**Data pooling**

Data availability surveys have shown that pooling can alleviate the problem of sparse data in many markets and thereby minimize the impact of risk factors being deemed non-modellable under FRTB rules. Bloomberg is uniquely positioned to take a leadership role in industry-wide pooling by leveraging our existing contributions platform currently used in the pricing of bonds and derivatives:

- Industry wide acceptance
- Strong governance procedures
- Ease of onboarding

**Standardized approach capital**

Comprehensive market risk workflow enabling banks calculate and report regulatory capital in accordance with the current BCBS market risk requirements.

- Integrated position feeds from Bloomberg OMS
- Mapping to SA risk classes and risk factors
- Delta, Vega, Curvature, Jump to Default
- Risk bucket assignment and aggregation
- Full capital with BCBS risk weights and correlations

**FRTB “RFET” transparency data**

Bloomberg augments its award-winning pricing data with FRTB-specific transparency data, enabling banks to apply the Risk Factor Eligibility Test (RFET) according to FRTB rules:

- Eligible trade + committed quote counts
- Seasonality and other information
- RFET pass/fail flags

**Internal models approach**

Basel-compliant market risk models powered by Bloomberg pricing and data to help clients pass the Risk Factor Eligibility Test and P&L Attribution Tests and avoid capital surcharges.

- Expected Shortfall (ES) and SES engine
- Liquidity classification and multiple liquidity horizons
- Issuer-level default model and data for DRC
- Backtesting and P&L Attribution Tests (PLAT)

Alignment with Bloomberg TOMS to help pass PLAT.

**Open platform with flexible workflows**

Bloomberg provides an open FRTB platform whose components are available as services to plug and play with outside data and software, enabling clients to design their own custom FRTB workflows and solution.

- Risk factor mapping service
- Simulation upload API
- Client market data and history upload
- Integration of client and Bloomberg data
Learn more
Learn more about how we can help your firm comply with FRTB.
Visit bloomberg.com/frtb or visit FRTB<GO> on the Bloomberg Terminal™.

Take the next step.
For additional information, press the <HELP> key twice on the Bloomberg Terminal™.

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