

Bloomberg is providing critical BCBS-239 compliance support.

BLOOMBERG ONTOLOGY & PROVENANCE: FOUNDATIONS OF EFFECTIVE RISK DATA AGGREGATION

The Bank of International Settlement's Basel Committee on Bank Supervision (BCBS) Regulation 239 (BCBS-239) went into effect on January 1, 2016 for all globally systemic important banks (G-SIB's) and many domestically systemic important banks (D-SIB's). BCBS-239 is comprised of 14 principles requiring mandated institutions to have IT architecture and management information systems in place to support automated, timely, and accurate risk aggregation and reporting practices firm-wide. Given these overarching goals, and given that the effectiveness of a risk management system is directly dependent upon the integrity of its underlying data, BCBS-239 also includes requirements for utilizing metadata in establishing the integrity and lineage of data, calculations, and reports arising out of risk systems. These requirements, primarily articulated through BCBS-239 Principles 2 and 3, even apply to data provided by external parties.

Bloomberg Ontology and Provenance directly support client efforts to satisfy BCBS-239 for all Bloomberg Data License-sourced data. Bloomberg Ontology includes metadata detailing all fields, including their definitions, datatypes, and properties, across all data received from Bloomberg. Bloomberg Ontology also includes metadata detailing all Data License content sets, including their components. Bloomberg Provenance is descriptive metadata attributing the authority of all Data License content sets to Bloomberg L.P., along with providing details on the location and generation time of delivered content. By automatically providing critical, machine process-able ontology and provenance metadata in W3C standard formats, Bloomberg is doing its part to ensure clients are in full compliance today with BCBS-239 Principles 2 and 3 for all Bloomberg Data License-sourced data. Further, Bloomberg Ontology is necessary for ensuring clients can readily transform their data and metadata collected today and in the future into the standard of their choosing, whether FIBO, SEDOL for security identifiers, or a proprietary format.

ESSENTIAL DETAILS

- Facilitates compliance with BCBS-239
 - Automates all data onboarding and validation processes
 - Maintains end-to-end data lineage
 - Defines clear dictionary of risk concepts
 - Provides clear dictionary for ensuring transformation of data and metadata into standard of choice (e.g., FIBO)
 - Tracks interactions with all Bloomberg Data License products
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Comprised of 14 principles, BCBS-239 can be grouped into four distinct themes:

Completeness

GSIB's and DSIB's should be able to capture and aggregate all material risk data across business lines and be able to measure and monitor the comprehensiveness of that data.

Timeliness

Banks should be able to generate critical, aggregate risk data in a timely manner, including aggregate credit exposure to large borrowers, counterparty credit risk, trading exposures, liquidity risk indicators, and time-critical operational risks.

Accuracy

Banks, in order to minimize errors in risk aggregation, should principally rely on automation and establish a dictionary that uniformly defines data definitions across their organization.

Adaptability

GSIB's and DSIB's should have flexible data aggregation and reporting practices to meet a broad range of on-demand reporting requests, particularly during crisis or stress situations.

Bloomberg Ontology and Provenance

ENTERPRISE ADVANTAGES

Bloomberg Ontology and Provenance delivers advantages across enterprises subject to BCBS-239.

Compliance – The principles of BCBS-239 insist on transparency and integrity. Bloomberg Ontology and Provenance helps clients establish full lineage for Data License data, providing end-to-end visibility of risk data to compliance and, ultimately, regulators.

Risk – The principles of BCBS-239 insist on the accuracy, completeness, availability, and timeliness of risk data. Bloomberg Ontology and Provenance are complete, consistent, timely, and granular for all Data License content received, ensuring enhanced, efficient risk management.

Data and Enterprise Architecture – The principles of BCBS-239 insist banks define data consistently across their organization. Bloomberg Ontology, with its basis in W3C OWL-standard format, provides such a “dictionary” for fields sourced from Data License.

IT – The principles of BCBS-239 insist on a high degree of automation for risk management processes in order to minimize errors. Bloomberg Ontology and Provenance are provided in W3C standard, machine-readable format to simplify the integration of Bloomberg data and metadata with existing risk and data systems.

TAKE THE NEXT STEP

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BLOOMBERG FOR ENTERPRISE

To succeed today, financial institutions must respond to challenges that are not addressed by traditional approaches. They require world-class solutions that integrate people, processes, information and technology for the front office, middle office and operations. Bloomberg partners with these institutions to protect and capitalize on data, manage risk, deliver transparency and control costs. Through enterprise-level expertise and three decades of deep industry experience, Bloomberg creates real value through the use of innovative technology that turns data into a strategic asset.

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