

Misys FusionCapital Risk
Solution insight

Achieving FRTB compliance with **phased** transformation

A fully **integrated** solution to
respond to the ever-increasing
compliance burden

Connect
Innovate
Expand

Basel rules to

cost banks

€40 – 120m each

The new market risk capital charge is forcing banks to review every aspect of the current market risk calculation. In order for banks to get the most from their investment it is imperative they begin the process of transformation now.

Sustainable compliance for FRTB and beyond

The fundamental review of the trading book (FRTB) will have a far-reaching impact on financial institutions over the next three years. Although the deadline for compliance is not until January 2020, it is crucial banks act now by analysing its likely impact to ensure their operations and infrastructure are capable of delivering full compliance.



Significant work has to be undertaken in 2016 to comply with the standardised approach (SA) alone to ensure readiness in 2020, including the analysis of data, workflow and disclosure capabilities. The workload to achieve this is considerable, with many banks underestimating the effort it will take.



The new internal model approach (IMA) requires a substantial increase in data inputs and computation power to achieve operationally acceptable performance. A new path needs to be found where banks can gain additional value for their investments beyond FRTB and improve speed, performance and data granularity across affected operations.



FRTB is one of the most costly regulatory programmes that banks are currently dealing with. Whilst the cost range will vary for each bank due to the quality of its data and IT systems and the complexity of their trading operations, it is critical that banks decide on a sensible strategy to avoid overlaps and spiralling costs.

The cost of compliance

Simply taking on each new regulation as it comes is no longer sufficient. FRTB, combined with overlaps of other risk regulations, is forcing front office operations to work towards a wider, interconnected goal.

Regulatory capital

With the front office under more regulatory scrutiny, it is becoming even more essential that front offices have the right tools to see their impact on capital before they commit to a transaction.

Focus on coherent data

Front to risk data coherence is one of the main goals of FRTB. Banks are forecasting to make the greatest investments on risk data completeness and accuracy, followed by regulatory reporting in the next 18 months.

A horizontal bar chart showing 54%. The bar is green and extends to the 54% mark on a scale from 0% to 100%.

54%

54% of banks do not know if they will meet the regulatory deadline - Chartis*

A horizontal bar chart showing 57%. The bar is green and extends to the 57% mark on a scale from 0% to 100%.

57%

57% of banks find understanding exact requirements the greatest challenge to regulatory compliance projects - PRMIA**

A horizontal bar chart showing 80%. The bar is green and extends to the 80% mark on a scale from 0% to 100%.

80%

80% of investment banks think FRTB will have a transformational impact on operations and significantly increase regulatory capital - Chartis*

Banks can expect a weighted-average capital increase of 40% by introducing FRTB - Chartis*

* Chartis 2016: Forming FRTB action plans: tactical vs transformational

**PRMIA 2016: Regulatory Compliance and the Impact on Technology

Misys **FusionCapital** FRTB

Delivering FRTB compliance with better performance and a controlled journey to greater transformation.

Comply with full data control and transparency.

With Misys FusionCapital FRTB, you get the standardised approach off-the-shelf as a baseline. Full data control and transparency by desk and on an aggregated level brings you instantly better business intelligence on which to base your decision.

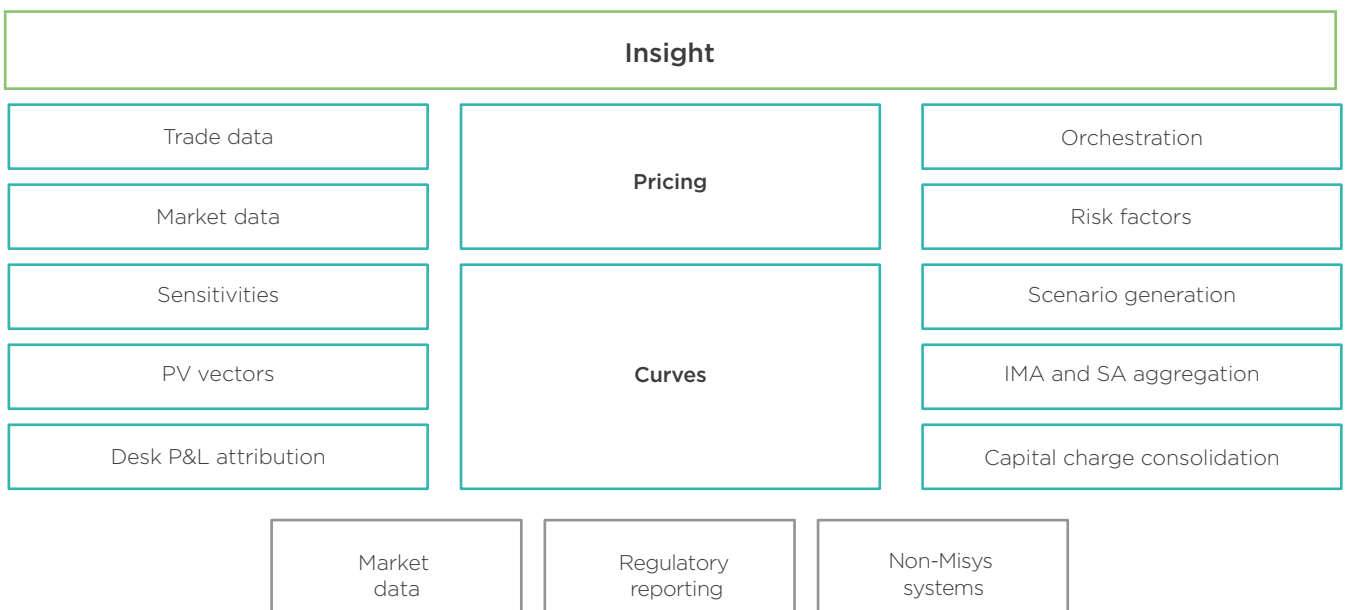
Expand - by protecting and growing your existing systems

FusionCapital FRTB open architecture delivers greater agility and performance to achieve the IMA. The solution offers a fast, shared and coherent pricing engine that brings pricing consistency between risk and the front office. FusionCapital Risk supports P&L attribution and back-testing to help optimise desk performance.

FusionCapital FRTB protects and grows your existing systems if you so wish. The solution integrates with other trading and in-house systems, taking care of all required data inputs, aggregation and reporting needs.

Innovate and connect information and data for better decision making

To succeed in the race for regulatory compliance Misys FusionCapital FRTB offers a strategic path to transformation where open, innovative components can be shared beyond compliance and form the bedrock to unite disparate data across the organisation whilst adding performance, scalability and visibility for timely and better decision making. FusionCapital FRTB's agile components are the bedrock to achieve an integrated, phased transformation.



Misys **FusionCapital** FRTB

Pre-packaged regulatory reporting

Misys FusionCapital FRTB delivers the standardised approach (SA) off-the-shelf as a baseline. It offers a rich sensitivities and stress-test framework with full data control by desk and on an aggregated level. With this package you are able to:

- Manipulate very large P&L sets or reconcile complex P&L and store large results for audits
- Request on-demand re-runs with transparent data mergers
- Adopt all new metrics to limit management and introduce the required data granularity
- Perform pre-deal FRTB calculations to check the materiality of charges

Front-to-risk coherence

FusionCapital FRTB offers a fast, shared and coherent pricing engine that offers ultra-fast analytics and aggregation. It sits at the centre of your capital markets operations and gives you full P&L coherence. Immensely parallelised data aggregation capability ensures fast processing of all data inputs and can store massive volumes of simulated results. An in-memory calculator also allows for incremental real time re-calculations.

Innovative technology and performance

FusionCapital FRTB allows you to build an open framework. By using the latest technology and scalable performance, it can grow with changing market and regulatory demands.

- Using a big data approach, analysis, drilldown and reporting are made simple from one intuitive dashboard
- Our radical de-coupling architecture creates opportunities for smaller, more incremental software updates that minimise disruption
- Open standards connectivity allows you to integrate seamlessly with existing infrastructure

Bedrock for further transformation

FusionCapital FRTB allows you to quickly adapt to FRTB and other market practices while minimising costs and disruption. The shared components used for FRTB compliance 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 the treasury. Misys modern technology adds speed, aggregation and easy-to-deploy components that can be leveraged to improve internal governance.

Easier maintenance, with fewer and simpler updates, enable ongoing cost controls. FusionCapital's reusable components can be designed and deployed rapidly, re-energising traditional solutions with value-added functionality. New components can be added without having to upgrade the platform, achieving a wider transformative vision.

Proven, award-winning solutions



The Asian Banker

Winner for Best Market Risk Management Implementation



Technology Implementation Awards 2015

Winner for Risk Management Software of the Year
Winner for Best Treasury Management Project



FSTech Awards 2015

Winner for Best Trading System



Structured Products Technology Rankings 2015

Winner for Limit Management
Winner for Trading Systems Credit



Gartner 2014

Leader - Gartner's Magic Quadrant for Trading platforms



Risk Technology Rankings 2014

Winner: Trading Systems Rates
Winner: Trading Systems Equities
Winner: Trading Systems Forex
Winner: Systems Support
Winner: Enterprise-wide Market Risk Management
Winner: Liquidity Risk Management
Winner: Risk Data Depository and Data Management
Winner: Regulatory Compliance and Reporting



AsiaRisk Technology Rankings 2014

Winner: Trading Systems Forex
Winner: Trading Systems Equities



CIR Risk Management Awards 2014

Winner: Best use of Technology in Risk Management

Best Use of Technology in Risk Management

About Misys

We provide the broadest, deepest portfolio of financial services software on the market. Our solutions cover retail and corporate banking, lending, treasury, capital markets, investment management and risk management. With more than 2,000 customers across 125 countries our team of domain experts and partners has an unparalleled ability to address industry requirements at both a global and local level. We deliver market leading solutions by putting customer needs at the centre of everything we do. We offer a unique componentised, open architecture to enable our clients to innovate, connect and expand their existing services and increase value faster. 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 on Twitter. For the latest news, interviews, videos and features from the financial technology industry visit www.fusionwire.net.

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