

Programme on Market Risk Capital Charges

(Focus: Fundamental Review of the Trading Book)

October 30 – November 4, 2017

Coordinator
Dr Sanjay Basu



National Institute of Bank Management
Pune, INDIA

Programme on Market Risk Capital Charges (Focus: Fundamental Review of the Trading Book)

The global crisis has brought about sweeping changes to the estimation of market risk capital charges. The revised standardised framework, finalised in January 2016, is much more risk-sensitive. The revised IMA captures the impact of stress episodes on the trading book. There is also greater emphasis on monitoring counterparty credit quality and market liquidity. In short, global meltdown has made regulatory capital charge estimates more sensitive to specific-risk and stress scenarios.

However, banks in emerging markets will face serious skill gaps during the transition to FRTB. This programme will help them appreciate the nuances of different loss estimation methods. It will make them estimate tail risks with techniques like 'expected shortfall'. It will allow them to measure traded credit and liquidity risks. It will also enable them to define Market Risk appetite and improve Market Risk policies. In sum, our programme will equip banks with the latest tools and concepts for migration to the FRTB.

Content

- ❑ **Evolution of Market Risk Capital Charges:** Overview of Market Risk Management; Revisions to the Standardised Approach under FRTB Delta, Vega and Curvature Risks.
- ❑ **Prerequisites:** Volatilities, Correlations and Probability Distributions; Duration and Convexity for Fixed Income Portfolio Management; Spot and Forward Rates for Bond Valuation; Derivatives for Market Risk Management.
- ❑ **Introduction to Value-at-Risk:** Variance-Covariance Method; Historical Simulation; Monte Carlo Simulation; Specific Risk Charges for Equity Positions.
- ❑ **IMA for Bonds:** Cash Flow Mapping for Variance-Covariance VaR; Historical Simulation and Monte Carlo Simulation Methods; Spread Risk, Default Risk and Migration Risk; Market Liquidity Risk.

- ❑ **Revised IMA:** Expected Shortfall; Default Risk Charge; Correlation and Liquidity Adjustments; Computation and Comparison of Capital Charges.
- ❑ **Implementation Challenges:** Setting Market Risk Limits; Designing Trading Strategies; Back-Testing and Model Validation; Market Risk Appetite and Policy.

Training Methods

Class discussion of concepts and techniques, lab exercises, case studies and sharing of experiences.

Faculty

In addition to NIBM faculty, professionals and practitioners from leading banks and other institutions will participate as guest faculty.

Coordinator

Dr Sanjay Basu
Associate Professor & Associate Dean-Education
(Finance Area Group)

Target Group

The programme is intended for middle and senior-level executives who are dealing with market risk management in the risk management and treasury departments of banks and financial institutions.

Dates

October 30 – November 4, 2017

The programme will start at 9.00 am on October 30 and will conclude by 5.00 pm on November 4, 2017.

Venue

NIBM Campus, Kondhwe Khurd, Pune, India

Hostel Accommodation

The programme is fully residential. Participants will be provided well-furnished single room AC accommodation in the Institute's hostel complex on the campus. However, they will not be permitted to bring their family members to stay on the campus. In case any Officer/Executive with physical/medical disability is being nominated, kindly

inform us in advance with particulars of disability to facilitate necessary arrangements.

The Institute has facilities for outdoor and indoor games and a large walking/jogging trail for physical fitness besides a yoga centre. Participants are therefore encouraged to bring appropriate clothes/gear.

Programme Fee (*per participant*)

US \$ 2400 for foreign participant

	<i>Fee</i>	<i>CGST</i>	<i>SGST</i>	<i>Fee+CGST +SGST</i>	<i>TDS</i>
Mem. Banks	: 50400	4536	4536	59472	5040
Non-Mem. Banks	: 58800	5292	5292	69384	5880

The fee includes the cost of tuition, board and lodging facilities, teaching material, etc. (Central Goods and Services Tax (CGST) @ 9%, State Goods and Services Tax (SGST) @ 9% and TDS @ 10%. Kindly send the TDS Certificate on priority to NIBM).

Please see the NIBM website for Programme Fee details, Mode of Remittance and the Pune city route map for local conveyance.

Nominations and Enquiries

Please address your enquiries and nominations to:

Dr Sanjay Basu

Programme Coordinator

National Institute of Bank Management

NIBM Post Office, Kondhwe Khurd

Pune 411 048, India

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Website : www.nibmindia.org

Last Date for Receiving Nominations

October 20, 2017

Last Date for Availing Early Bird Incentive 5%

October 14, 2017