

Programme on Internal Models Approach (IMA) to Market Risk Capital Charges

June 27 – July 2, 2016

Coordinator
Prof Sanjay Basu



**National Institute of Bank Management
Pune, India**

Programme on Internal Models Approach (IMA) to Market Risk Capital Charges

The recent crisis has brought about sweeping changes to the Internal Models Approach (IMA). In the revised Basel II framework, finalised in January 2016, there is a clear attempt to capture the impact of unforeseen shocks, during stress episodes on the trading book. There is greater emphasis on monitoring counter-party credit quality and market liquidity in a chaotic environment. In short, the global meltdown has made market risk capital charges more sensitive to stress scenarios.

However, most banks in emerging markets face serious skill gaps during the transition to IMA. This programme will help participants appreciate the nuances of different Value-at-Risk (VaR) methods. It will make them focus on tail risks, with techniques like Expected Shortfall and Extreme Value Theory, and select suitable stress models. It will allow them to measure specific risk and liquidity risk in the trading book. Finally, it will enable them to define their market risk appetite and improve market risk policies. In sum, our programme is designed to equip banks with the latest tools and concepts for migration to the IMA.

Faculty

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

Training Methods

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

Content

- ❑ **Evolution of Market Risk Capital Charges:** Overview of market risk management; merits and demerits of the Standardised Approach.
- ❑ **Prerequisites for IMA:** 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; valuation of illiquid securities and market liquidity risk; credit valuation adjustment for derivatives; VAR for derivatives.
- ❑ **Stress Testing under IMA:** Expected Shortfall and Extreme Value Theory; selection of stress models.
- ❑ **Implementation Challenges:** Setting market risk limits; designing trading strategies; back-testing and model validation; market risk appetite and policy.

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

June 27 – July 2, 2016

The programme will commence at 9.00 am on June 27 and will conclude by 5.00 p.m. on July 2, 2016. Participants are requested to report at the NIBM campus by the evening of June 26, 2016.

Venue

NIBM Campus, Kondhwe Khurd
Pune, India.

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 Coordinator

Prof Sanjay Basu
Associate Professor
(Finance Area Group)

**Last Date for
Receiving Nominations:**
June 17, 2016

**Last Date for
Availing Early Bird Incentive:**
June 11, 2016
(See fee structure on
home page of the website)

Nominations and Enquiries

Please address your enquiries and nominations along with the fees to:

Prof Sanjay Basu
Programme Coordinator
National Institute of Bank Management
NIBM Post Office, Kondhwe Khurd
Pune 411 048, India

Tel. : 0091-20-26716000 (EPABX)
0091-20-26716564 (Direct)
Fax : 0091-20-26834478
E-mail : sbasu@nibmindia.org
Website : www.nibmindia.org

Programme Fee (per participant)

US \$ 2400 for foreign participant

(See fee structure on home page of the website for incentive)

	Fee	ST	SBAC	Fee+ST+SBAC	TDS
Mem. Banks :	42000	5880	210	48090	4200
Non-Mem. Banks :	49000	6860	245	56105	4900

The fee includes the cost of tuition, board and lodging facilities, teaching material, etc. (Service Tax (ST) @ 14%, Swachh Bharat Abhiyan Cess (SBAC) @ 0.5% and TDS @ 10%. Kindly send the TDS Certificate on priority to NIBM).

Mode of Payment for Indian Participants

- The fee may preferably be transferred by RTGS/NEFT/ECS to our A/c No. 20002400021 with Bank of Maharashtra, NIBM Branch, Pune (IFSC Code MAHB0001124). NIBM PAN No. AAATN0040P and ST No. AAATN0040PST001.
- National Institute of Bank Management
NIBM Post Office, Kondhwe Khurd, Pune 411 048, INDIA.

Mode of Payment for Foreign Participants

Mode of Remittance: SWIFT*

- Name & Address of our Bankers : Oriental Bank of Commerce
C-2, Shop No. 4-5, Bramha Estate
Kondhwe Khurd, Pune 411 048
Maharashtra, India
- Name of the Account : National Institute of Bank Management
- NIBM's Bank Account No. : Current A/C 11281131004402
with Oriental Bank of Commerce
- Bank's Swift Code : ORBCINBBFCP
- Oriental Bank of Commerce A/c No. : 36152559
with Correspondent Bank
- Preferred currency : USD
- Correspondent Bank : CITIBANK N.A.
- Swift code for Citi Bank : CITIUS33

*** The Foreign Bank Charges/ SWIFT charges/Commission is to be borne by the remitter. The fees mentioned in the invoice/brochure is to be paid to NIBM, net of all bank charges.**

***Payments will be accepted only through electronic mode.
Cheques/DDs/Pay Orders will not be accepted.**

- For all electronic remittances, kindly send a confirmatory e-mail at: accounts@nibmindia.org giving details of the remitter and participant, name and dates of programme, etc.**

Please see programme fee structure on home page of the website for early bird incentive, incentives for SAARC and other developing countries, mode of remittance, Pune City route map and local conveyance.