Fundamental Review of the Trading Book (FRTB)

**Featuring: Thomas Moser, Executive Director, MSCI Analytics**

Thomas:

My name is Thomas Moser. I work at MSCI as a product manager in charge of our regulatory reporting offering. I started my career about 15 years ago in the financial software industry working as a consultant in market risk helping Austrian clients to implement market risk solutions. I then moved on to work as a financial engineer, again, for banking clients on counterparts credit risk and became a product manager about 10 years ago.

MSCI has been working on FRTB since 2012. Our research team responded to all consultations from the BCBS, and we have worked with clients to answer qualitative impact studies. MSCI has participated in several industry events, and we have hosted our own risk and regulation round tables over the last couple of years. We released the regulatory capital module for RiskManager in 2017 and have recently updated it with the final amendments from BCBS and EBA.

One observation I have made over the last couple of years is that several of our clients who are on an internal model for market risk today are seriously considering to move to the revised standardized approach under the Fundamental Review of the Trading Book.

That’s a very good question. A question I, as a product manager, think about all the time. Thank you very much for asking it! I’d say that MSCI as a company for the sell-side is very unique because we’re hosting our application since more than 15 years. This makes the implementation and maintenance of the solution for our clients very efficient. Furthermore, our subscription-based commercial model aligns the interests of MSCI very closely to the interests of our clients. Clients, as part of the subscription, get access to a dedicated consultant, as well as our client service team.

Specifically to the FRTP module, I’d say that, number 1, it’s based on a very mature risk management solution which covers more than 100 pricing models across all asset classes, including dedicated pricing models for structured products.
It also offers great transparency into the analytical calculation processes, as well as the data used, which is necessary for the clients to be confident in insights the solution provides.

It also enables clients to fine-tune their assumption at the configuration of the model to their own needs, and as well as interpretation of the rules.

Finally, we keep client implementation very efficient because the solution is provided as a hosted solution, and it covers both the analytic aspects, as well as the data aspect of the requirements.

If you’d like to learn more about the MSCI solution for the Fundamental Review of the Trading Book, you can simply go to the MSCI website, MSCI.com where you can access additional material from our research, more videos on our FRTB solution as well as a fact sheet. Furthermore, you have the possibility to contact us. We will be very happy to provide a live demonstration of the product to you.
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