Basel Committee on Banking Supervision

BANK FOR INTERNATIONAL SETTLEMENTS

Specification of the closed form questions for the QIS on the Fundamental review of the trading book (based on end-June 2015 data)

This document lists the closed form questions banks should respond to in line with the instructions provided in the document *Instructions: Impact study on the proposed frameworks for market risk and CVA risk.*[1] Banks should select the relevant answers from the drop-down menu in cells G59:G65 of the "General Info" worksheet, Panel E ("Additional information – closed form questions"). **Banks are asked to leave cells G49:G58 blank**.

As previously communicated to banks in the last quantitative impact study (QIS) on the trading book,[2] for the purpose of filling in cells C198:C202 of the "FRTB-Global impacts" worksheet banks may treat any risk factors derived from other modellable risk factors as modellable. In addition, no correlation or diversification benefit should be assumed between non-modellable risk factors.

Questions on non-modellable risk factors and default risk in the proposed internal models approach

Q11.   Please provide an estimate of the increase in the aggregate *SES* (ie the figure in cell C197 of the "FRTB-Global impacts" worksheet) if risk factors derived from other modellable risk factors via extrapolation (rather than interpolation) were treated as non-modellable.

  A1.   0% to 20%

  A2.   21% to 40%

  A3.   41% to 60%

  A4.   61% to 80%

  A5.   81% to 100%

  A6.   101% to 200%

  A7.   > 200%

Q12.   Please provide an estimate of the increase in the aggregate *SES* (ie the figure in cell C197 of the "FRTB-Global impacts" worksheet) if risk factors that are not derived from other modellable risk factors via a deterministic function were treated as non-modellable. *(Note: for this purpose a*

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[1]   Available at www.bis.org/bcbs/qis/instr_impact_study_jul15.pdf

[2]   See *Frequently Asked Questions (FAQs) on Basel III Monitoring.* Section 6.2 (FAQ no. 5). www.bis.org/bcbs/qis/biiiimplmonifaq_27mar15.pdf

deterministic function of modellable risk factors is defined as a function that is sensitive only to modellable risk factors, with all other parameters and definition of the function having a fixed calibration that does not change over time).

A1.   0% to 20%

A2.   21% to 40%

A3.   41% to 60%

A4.   61% to 80%

A5.   81% to 100%

A6.   101% to 200%

A7.   > 200%

Q13.   Please provide an estimate of the decrease in the aggregate *SES* (ie the figure in cell C197 of the "FRTB-Global impacts" worksheet) if the same stressed period as is used for the Expected Shortfall model for modellable risk factors were used to capitalise each non-modellable risk factor.

A1.   0% to 20%

A2.   21% to 40%

A3.   41% to 60%

A4.   61% to 80%

A5.   81% to 100%

Q14.   Please provide an estimate of the decrease in the aggregate *SES* (ie the figure in cell C197 of the "FRTB-Global impacts") if a separate stress scenario is used for each non-modellable risk factor (as per the QIS instructions) and the resulting stressed losses were aggregated assuming zero correlation within each risk class (ie interest rate, credit spread, equity, commodity and FX) and then aggregated across risk classes as a simple sum.

A1.   0% to 20%

A2.   21% to 40%

A3.   41% to 60%

A4.   61% to 80%

A5.   81% to 100%

Q15.   Please provide an estimate of the decrease in the aggregate *SES* (ie the figure in cell C197 of the "FRTB-Global impacts" worksheet) if a separate stress scenario is used for each non-modellable risk factor (as per the QIS instructions) and the resulting stressed losses were aggregated assuming zero correlation both within and across each risk class.

A1.   0% to 20%

A2.   21% to 40%

A3.   41% to 60%

A4.   61% to 80%

A5.   81% to 100%

Q16.   Please provide an estimate of the decrease in the aggregate SES (ie the figure in cell C197 of the "FRTB-Global impacts" worksheet) if the same stress scenario is used for each idiosyncratic credit spread non-modellable risk factor and the resulting stressed losses for this sub-portfolio were aggregated assuming zero correlation. All other non-modellable risk factors would be treated the same as under draft rules text (ie different stress scenarios and no correlation recognition).

A1.   0% to 20%

A2.   21% to 40%

A3.   41% to 60%

A4.   61% to 80%

A5.   81% to 100%

Q17.   What is the proportion of the contribution to the total DRC model estimate (ie the figure in cell C203 of the "FRTB-Global impacts" worksheet) that is derived from the inclusion of equities?

A1.   0% to 25%

A2.   26% to 50%

A3.   51% to 75%

A4.   76% to 100%

A5.   Did not include equities in DRC estimate