MAHOGHA

Basel Committee on Banking Supervision
c/o Bank of International Settlements

India, June 9, 2016

Dear Sir/Madam,

The Mahogha Technologies welcomes the opportunity to comment on the Basel Committee on Banking Supervision consultative document entitled "Pillar 3 disclosure requirements - consolidated and enhanced framework"

Introduction

Mahogha Tech. (MT) is incorporated to provide technological solutions for financial institutions. Currently we intent to create an opportunity for banks to own a simple and effective solution for upcoming regulatory guidelines. Mahogha also intends to provide analytical tools for financial regulators and other institutions.

Comment

<u>For Part 11: Market Risk- section II on Market risk under standardised approach (SA)</u>

As per FRTB standards published in January 2016, the market risk capital charge is to be computed for upward shock (1.25) and downward shock (0.75) including base case (1) for all the correlation numbers. Maximum of above 3 scenarios would be the minimum market risk capital required under SA.

Let us assume that the following results were arrived after computation of market risk capital under SA.

1) Shock 0.75
Capital under GIRR (delta +Vega + Curvature): 10
Total market risk capital required across all risk classes: 100
2) Base case
Capital under GIRR (delta +Vega + Curvature): 11
Total market risk capital required across all risk classes: 90
3) Shock 1.25
Capital under GIRR (delta +Vega + Curvature): 12
Total market risk capital required across all risk classes: 80

In this case we believe that total market risk capital required would be 100 (to be input in row 12 and column named d (=a+b+c) of template MR1 provided in above mentioned consultative document). However, what would be the number to be filled in row 1 and column named d, 10 or 12?.We request you to please clarify the same.

Yours sincerely,

Mahogha Technologies Pvt. Ltd.
www.mahogha.com
admin@mahogha.com