

AIFIRM risponde al Comitato di Basilea sul documento “Revisions to the minimum capital requirements for market risk”

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29/06/2018 11:14

AIFIRM (Associazione Italiana Financial Industry Risk Managers), tramite la propria Commissione Rischi di Mercato, ha risposto alla consultazione proposta dal Comitato di Basilea sulla revisione dei requisiti minimi di capitale per il rischio di mercato.

Il documento “Revisions to the minimum capital requirements for market risk”, posto in consultazione dal Comitato di Basilea dal 22 marzo al 20 giugno 2018, rappresenta un passaggio fondamentale nella ridefinizione delle regole internazionali volte a prevenire problemi analoghi a quelli verificatisi nel corso della crisi del 2007-2008 e, più in generale, a garantire una gestione più robusta dei rischi di mercato assunti dalle banche, rafforzandone la capacità di resistere a periodi di stress finanziario. Il contesto, infatti, è quello dei passaggi conclusivi per la finalizzazione del nuovo framework sui rischi di mercato, che prende le mosse da una revisione del discrimine tra portafoglio bancario e portafoglio di negoziazione e prevede tre alternative per le banche:

- l’approccio dei modelli interni, con un significativo innalzamento dei requisiti in termini di capacità dei modelli di cogliere tutti i fattori di rischio che concorrono alla determinazione dei profitti e del Profit&Loss
- un approccio standardizzato interamente nuovo, basato sulle sensitività prodotte dai modelli di pricing utilizzati dalla banca
- un approccio standardizzato semplificato, riservato alle banche con attività di negoziazione meno complesse.

I commenti formulati da AIFIRM, sostanzialmente allineati con quelli formulati da altre realtà dell’industria finanziaria, si focalizzano sui temi ancora oggetto di affinamento, tra cui:

- la proposta di revisione degli scenari di correlazione fra i fattori di rischio e la modifica dei requisiti per il trattamento degli strumenti finanziari non lineari nell’ambito del nuovo metodo standardizzato, tipicamente utilizzato dalle banche

piccole e medie,

- una gestione più efficiente del test di attribuzione del Profit&Loss, che autorizza il metodo basato sui modelli interni tipicamente utilizzato dalle grandi banche.

Più in dettaglio, in relazione agli scenari di correlazione, AIFIRM ha evidenziato come le modifiche proposte nel documento di consultazione rappresentino una soluzione ragionevole ai problemi che erano stati rilevati, migliorando almeno in parte la coerenza dello scenario di “basse correlazioni” con quanto potrebbe essere effettivamente osservato in scenari di stress reali. Era stato infatti osservato che la regola precedentemente prevista per modificare le correlazioni tendeva a produrre valori di correlazione troppo bassi per fattori di rischio che tendono ad essere empiricamente molto correlati, quali ad esempio tassi d’interesse riferiti a *tenor* adiacenti della stessa curva.

Nell’ambito delle modifiche proposte al trattamento degli strumenti non lineari, AIFIRM ha commentato, come richiesto dal Comitato, i pregi e i limiti di due soluzioni alternative per la l’applicazione di scenari coerenti all’interno dello stesso raggruppamento (“bucket”) di fattori di rischio. E’ stata inoltre evidenziata una caratteristica delle formule previste nel nuovo approccio standardizzato che potrebbe, sotto talune condizioni, produrre dei “cliff effect”, intesi come forti variazioni dei risultati a fronte di variazioni apparentemente non significative delle posizioni di rischio.

Nell’ambito delle osservazioni sul test di attribuzione del Profit&Loss, AIFIRM ha sottolineato l’importanza di garantire meccanismi che consentano una gestione graduale delle eccezioni rilevate nell’ambito del test. L’introduzione di un approccio “a semaforo”, che prevede tre zone (“zona verde”, “zona gialla”, “zona rossa”) invece di un approccio puramente “binario” (test superato o non superato), rappresenta un importante miglioramento in tale ambito, tuttavia sarebbe auspicabile consentire ad un desk che ha fallito il test, entrando in “zona rossa”, di ritornare in “zona gialla” se soddisfa i corrispondenti requisiti, pur non avendo raggiunto quelli della “zona verde”.

Per quanto riguarda l’approccio semplificato proposto dal Comitato di Basilea, basato sulla ricalibrazione delle regole di Basilea II sul rischio di mercato, AIFIRM auspica la possibilità di applicazione di tale approccio ad un ampio insieme di banche che non presentano particolari livelli di rilevanza e complessità dell’attività di trading.

AIFIRM auspica che il confronto fra regolatori e industria finanziaria proceda, per arrivare a delle regole internazionali sulla gestione dei rischi efficaci nel proteggere sia le banche che gli investitori ed i risparmiatori dagli effetti negativi di nuove possibili crisi finanziarie.

Riferimenti:

BIS: Revisions to the minimum capital requirements for market risks (PDF)

Basel Committee: revisions to minimum capital requirements for market risk (Finriskalert News)

ECB: methodology for calculating Euro Short-Term Rate (ESTER)

29/06/2018 12:04

The Governing Council of the European Central Bank (ECB) has decided on the final methodology for calculating the Euro Short-Term Rate (ESTER) – an overnight unsecured rate based entirely on money market statistical reporting (MMSR), which will start to be published by October 2019. We report here the main features of ESTER computation; the complete methodology can be found on the ECB website (see link below).

ESTER is exclusively based on borrowing transactions in euro conducted with financial counterparties that banks report in accordance with EU Regulation (MMSR Regulation)

ESTER is calculated using overnight unsecured fixed rate deposit transactions over €1 million. Unsecured deposits are standardised and are the most frequent means of conducting arm's length transactions on the basis of a competitive procedure, thereby limiting idiosyncratic factors potentially influencing the volatility of the rate.

ESTER is calculated for each TARGET2 day as a volume-weighted trimmed mean rounded to the third decimal. The volume-weighted trimmed mean is calculated by:

1. ordering transactions from the lowest rate to the highest rate;
2. aggregating the transactions occurring at each rate level;
3. removing the top and bottom 25% in volume terms; and
4. calculating the mean of the remaining 50% of the volume-weighted distribution of rates

A pro rata calculation is applied to volumes that span the thresholds for trimming to ensure that exactly 50% of the total eligible volume is used in the calculation of the volume-weighted mean.

The ECB publishes ESTER with three decimal places no later than 09:00 CET on the next TARGET2 business day. Together with ESTER, the following related information is published:

- total nominal value of transactions before trimming in EUR millions;
- number of banks reporting transactions before trimming;
- number of transactions before trimming;
- percentage of total nominal amount reported by the five largest contributing banks that day, as a whole number;
- calculation method: normal or contingency;

- rates at the 25th and 75th percentiles with two decimal places.

ECB: ESTER Methodology (PDF)

FSB Europe: recovery and resolution, interest rate benches and market-based finance

29/06/2018 11:52

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Europe met in Florence today. RCG members began by discussing current financial vulnerabilities, including global and regional macroeconomic and financial market developments.

Members received an update on the work of the FSB, including the outcomes of the FSB's recent Plenary meeting. The FSB's 2018 workplan focuses on:

- monitoring the financial system to identify emerging risks, including those related to crypto-assets;
- completing the G20's financial reform priorities;
- evaluating policies that have been implemented to ensure the reform programme is efficient, coherent, effective and addressing any unintended consequences
- optimising how the FSB works to maximise its effectiveness.

Interest-rate benchmarks in individual jurisdictions within the RCG Europe were the next topic for discussion. Members of the group discussed the reforms put in place across Europe. Members discussed the implementation of EU benchmark legislation and the issues authorities face to ensure the transparency, reliability and improved governance and supervision of benchmark rates.

Members then discussed progress in work to transform shadow banking into resilient market-based finance. Members noted that market-based finance provides a valuable alternative to bank funding and helps to support real economic activity, but it may also pose risks for financial stability.

European authorities are currently developing legislation to implement the FSB's standard on Total Loss-Absorbing Capacity that is designed to ensure that a failing bank has sufficient loss-absorbing and recapitalisation capacity available.

BdI: coefficiente capitale anticiclico a zero per il Q3 – 2018

29/06/2018 11:39

Banca d'Italia comunica la decisione di mantenere il coefficiente della riserva di capitale anticiclica allo zero per cento per il terzo trimestre del 2018. La decisione è stata presa sulla base dell'analisi degli indicatori di riferimento, in particolare:

- nel primo trimestre del 2018 lo scostamento dal trend di lungo periodo del rapporto tra credito bancario e PIL (*credit-to-GDP gap*), calcolato sulla base della metodologia standard del Comitato di Basilea, era negativo per circa tredici punti percentuali. Secondo la metodologia sviluppata dalla Banca d'Italia, che tiene conto delle caratteristiche specifiche del ciclo creditizio nel nostro paese, il divario sarebbe negativo per nove punti percentuali. Indicazioni analoghe provengono dall'analisi del rapporto tra credito totale e PIL, riferito al quarto trimestre del 2017 (l'ultimo per il quale si dispone di informazioni complete).
- la condizione macrofinanziaria dell'economia italiana, seppure in ripresa, è ancora complessivamente debole. Il tasso di disoccupazione si riduce, ma rimane su livelli elevati. La dinamica del credito bancario al settore privato è positiva; il tasso di crescita del credito alle imprese resta tuttavia contenuto. La quota dei prestiti deteriorati (sia al lordo sia al netto delle rettifiche di valore) sul totale dei prestiti continua a ridursi, pur rimanendo ancora su valori elevati. I prezzi degli immobili in termini reali si sono pressoché stabilizzati, ma restano ben inferiori al loro livello di lungo periodo.

BdI: Coefficiente di capitale anticiclico — comunicato stampa (PDF)

BdI: Indicatori di riferimento — dati per grafici (XLSX)

EBA: how financial institutions should prepare for Brexit

29/06/2018 11:27

The European Banking Authority (EBA) published an Opinion relating to the risks posed by lack of preparation by financial institutions for the departure of the UK from the EU. In this Opinion, the EBA asks Competent Authorities to ensure that financial institutions take practical steps now to prepare for the possibility of a withdrawal of the UK from the EU with no ratified Withdrawal Agreement in place, and no transition period.

The monitoring of firms' contingency planning conducted by supervisory and resolution authorities shows that financial institutions need to speed up their preparations for the potential departure of the UK from the EU in March 2019 without a ratified Withdrawal Agreement in place. While the political agreement on a transition period is welcome, it will not be given legal effect until there is a ratified Withdrawal Agreement in place. This is not guaranteed, and in any event, it will only come at the end of the Article 50 process.

In a bid to ensure that firms are fully prepared for all scenarios the EBA has shared its views on its expectations in the Opinion. Andrea Enria, Chairperson of the EBA, said *"firms cannot take for granted that they continue to operate as at present nor can they rely on as yet unrealised political agreements or public policy interventions"* He added *"Risks, capacity and legal implications must be examined and addressed."* It is imperative

that financial institutions in the EU27 and in the UK identify potential exposures and risk channels that may be affected, and the possible implications of the potential departure of the UK without a ratified Withdrawal Agreement in place.

Based on the EBA's assessment, financial institutions should take adequate steps to mitigate the impact without relying on possible public sector solutions that may not be proposed and/or agreed in time. In particular, financial institutions should ensure they have the correct regulatory permissions, and associated management capacity in place ahead of time. They should identify risks around access to financial market infrastructures and funding markets and mitigate those. Financial institutions should also assess and take necessary actions to address any impacts on rights and obligations of their existing contracts, in particular derivative contracts.

Financial institutions also have a duty to communicate clearly to their customers where the latter might be impacted by the departure of the UK without a ratified Withdrawal Agreement. Financial institutions should inform their Competent Authorities about the actions they are taking, including with respect to communication with their customers.

EBA: Opinion on Brexit preparations (PDF)

BIS: The likelihood of effective lower bound events

23/06/2018 00:16

The Bank for International settlement published a research paper aimed at estimating the probability of an economy hitting its effective lower bound (ELB) on the nominal interest rate and of the expected duration of such an event for eight advanced economies.

The paper estimates the probability that the economy will hit its effective lower bound for the nominal interest rate (ELB risk), ie the likelihood that the monetary authority will not be able to reduce its monetary policy rate to further ease monetary policy and must therefore consider unconventional measures.

The study focuses on eight advanced economies (Canada, the euro area, Japan, Norway, Sweden, Switzerland, the United Kingdom and the United States).The paper provides ELB risk estimates that are based on a fully estimated empirical model.

The simulation procedure based on a vector autoregression produces ELB risk estimates for both the short term, where the current phase of the business cycle plays an important role, and the medium term, where the occurrence of an ELB situation is determined mainly by the equilibrium values of macroeconomic variables. The approach in this paper makes use of data on recent actual ELB events in advanced countries.

The paper provides estimates of the ELB risk for the short and medium run. It finds that the differences in ELB risk estimates between various frameworks stem from three factors:

1. whether the steady states (especially the interest rate steady state) are assumed or estimated;
2. whether the uncertainty of the steady state is a part of the

estimation procedure; and

3. whether the model is non-linear.

The likelihood of effective lower bound events (PDF)

FSB: guidance on bail-in execution to promote G-SIB resolvability

23/06/2018 00:08

The Financial Stability Board (FSB) today published two guidance documents to assist authorities in implementing its *Key Attributes of Effective Resolution Regimes* for global systemically important banks (G-SIBs). The guidance documents were issued for public consultation in November 2017 and have been revised in light of the comments received during the consultation. The guidance will support the application of the overall policy framework to end “too-big-to-fail”.

Together with the final guidance the FSB published feedback notes setting out how responses to the November public consultations have been incorporated into the final guidance.

Bail-in within resolution is at the core of resolution strategies of G-SIBs. It helps achieve a creditor-financed recapitalisation by way of a write-down and conversion of liabilities into equity that minimises impacts on financial stability, ensures the continuity of critical functions, and avoids exposing taxpayers to loss.

The guidance sets out principles to assist authorities as they make bail-in resolution strategies operational. The principles cover:

- disclosures on the instruments and liabilities within the scope of bail-in;
- valuations to inform and support the application of bail-in;
- processes to suspend or cancel the listing of securities, to notify creditors, and to deliver new securities or tradeable certificates following entry into resolution;
- securities law and securities exchange requirements during the bail-in;
- processes for transferring governance and control rights to a new board and management for the firm emerging from resolution; and
- communications to creditors and the market at large.

This second guidance document covers the development of a resolution funding plan for G-SIBs. It builds on the FSB’s August 2016 *Guiding Principles on the temporary funding needed to support the orderly resolution of a global systemically important bank (G-SIB)* and existing supervisory and resolution guidance on liquidity risk management and resolution planning. The guidance covers:

- firms’ capabilities to support monitoring, reporting and estimating funding needs in resolution and executing the funding strategy;
- the development of resolution funding plans by authorities;

- the reliance on firm assets and private funding as preferred sources of funding in resolution;
- access to temporary public sector backstop funding mechanisms and ordinary central bank facilities; and
- information sharing and coordination between authorities.

Guiding Principles on the temporary funding needed to support the orderly resolution of a global systemically important bank — G-SIB (PDF)

Principles of bail-in Execution (PDF)

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