

What's coming up: China

local knowledge global solutions

This factsheet briefly highlights the upcoming CBRC policy initiatives to Basel II and also describes FRS product coverage for Basel II.

The CBRC seeks public comments on four new-released Basel II documents

In January 2009, the Basel Committee released four consultative papers, i.e. Principles for sound stress testing practices and supervision, Revisions to the Basel II market risk framework, Guidelines for computing capital for incremental risk in the trading book, and Proposed enhancements to the Basel II framework, with the purpose of seeking worldwide consultations.

With the initiative of actively engaging in the international rule-making efforts, the CBRC has translated the four documents into Chinese and released them on the CBRC website and would like to collect consultation opinions from domestic banking industry.

Previously on Dec. 11, 2008, The CBRC has also requested public comment on the proposals listed below. The proposals are eight documents under the framework of the Basel II rule-making initiative:

- Supervisory Guidance-Internal Model Approach to Capital for Market Risk
- Supervisory Guidance-Interest Rate Risk on Banking Book
- Supervisory Guidance-Liquidity Risk Management
- Supervisory Guidance-Information Disclosure on Capital Adequacy Ratio
- Supervisory Guidance-Validation of AMA Approach
- Supervisory Guidance-Calculation of Capital Adequacy Ratio
- Supervisory Guidance-Regulatory Capital for Exposure in Asset Securitization

- Supervisory Guidance-Supervisory Review for Capital Adequacy Ratio

According to the CBRC's timetable, the year 2008 and 2009 is preparation period for Basel II implementation and the CBRC will start to process commercial bank's Basel II implementation applications from the year 2010.

FRS believes that Basel II implementation will greatly enhance the supervisory effectiveness and banks' risk management capacity. This set of guidance has found a balance between complying with the Basel requirements and improving the risk management practices in local banks. During the next a couple of years, all commercial banks are about to fully understand the relations of the three pillars of the new Accord and ensure the balanced implementation.

FRSGlobal Product Coverage

FRSGlobal provides a sophisticated module called RiskPro which has the ability to calculate the capital charge for credit, market and operational risk.

The RiskPro Basel II compliance and regulatory capital solution can be used independently with corresponding interfaces (for example collateral valuation) or in combination with the other RiskProfessional analysis methods.

Besides Pillar 1, Pillar 2 (sound practices, market risk, liquidity risk, strategic risk, etc.) and Pillar 3 (CoREP) are also covered in the RiskProfessional module.

The Basel II compliance, regulatory capital module can be used as an independent, stand-alone solution, or in combination with all other FRSGlobal RISKCentre products.

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