

## Basel Capital Adequacy Risk and Reporting

### KEY BENEFITS

**DATA INTEGRATION  
FROM DISPARATE SOURCES  
AND FORMATS**



**UNRIVALLED  
TRANSPARENCY  
WITH DRILLDOWN  
TO SOURCE DATA**



**ROBUST ARCHIVING  
AND VERSIONING**



**SEAMLESS INTERFACE  
WITH EXISTING SYSTEMS/  
PROCESSES**



**SCALES ACROSS  
LINES OF BUSINESS  
AND JURISDICTIONS**



**SCENARIO ANALYSIS  
AND STRESS-TESTING  
CAPABILITIES**



**ROBUST CHANGE  
MANAGEMENT: SOURCES,  
BUSINESS RULES,  
WORKFLOWS**



**EXTENSIVE DATA  
VALIDATION AND REPORT  
EDIT CHECKS**



**INCREASES ACCURACY,  
ENGENDERS CONFIDENCE**

**In July 2018**, Canada's Office of the Superintendent of Financial Institutions (OSFI) issued a Discussion Paper: Implementation of the final Basel III reforms in Canada, in which it states, "OSFI supports the changes proposed in the final Basel III reforms and intends to implement them domestically, while also making adjustments to reflect the Canadian market."

So weighty that they are informally dubbed 'Basel IV', Basel III final reforms tackle five areas: Credit Risk, Operational Risk, Leverage Ratio, and Credit Valuation Adjustment frameworks, and Output Floor. As a member of the Basel Committee on Banking Supervision (BCBS), OSFI continues to participate strongly in leading Basel initiatives, typically initiating reforms in Canada well ahead of other jurisdictions and issuing frequent updates.

A case in point is OSFI's CAR Guideline that took effect in Q1 2018 setting out capital standards which, together with its Leverage Requirements Guideline, provide the framework within which the Superintendent assesses whether Federally Regulated Financial Institutions (FRFIs) including the designated G-SIB and D SIBs (globally/ domestically systemically important banks) maintain adequate capital. In October 2018, OSFI issued changes to the Leverage Requirements (LR), Liquidity Coverage Ratio (LA), and BCAR (BA) returns. And, it issued EB/ET, a new large-exposure report that replaces the LE report.

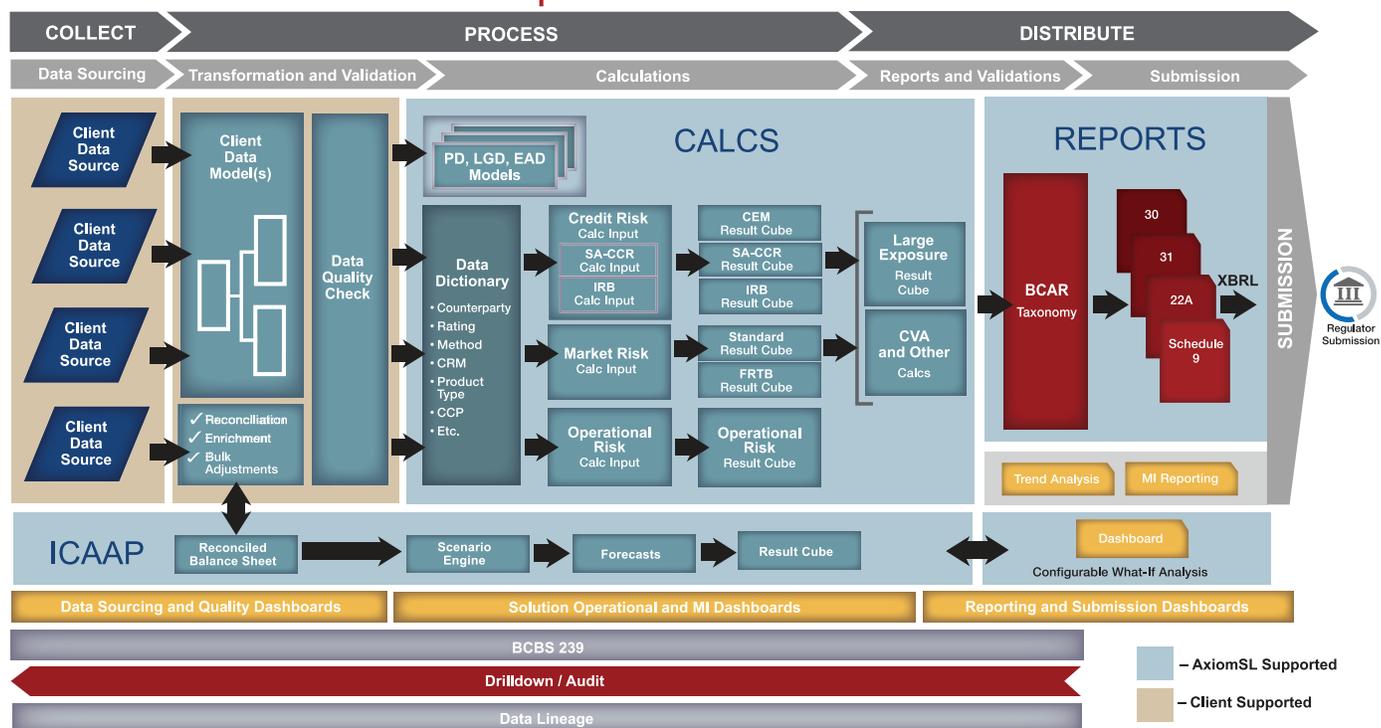
OSFI's forward-leaning stance is also exemplified in its approach to the Credit Risk Framework reforms. Here the heavy focus is on the FRFIs' real-estate credit books, with residential mortgages dominating. OSFI already required that reporting shift away from mortgage pools, instead drilling down to the individual loan level to properly account for DLGD through HPI adjustment. As Basel III evolves, it is expected the requirements for evaluating and reporting at the granular loan-level will tighten further. Reflecting that expectation, in November 2018, OSFI issued a new requirement centering on credit risk in the retail book — the new Home Equity Line of Credit (HELOC) Report (J2). As OSFI evaluates participants' responses to its discussion paper, it continues to release further Basel-related requirements, including the new Joint Balance Sheet (Z4) report, also issued in November 2018.

### CHALLENGES

FRFIs must keep current with OSFI's new guidelines and prepare for the implications of 'Basel IV'. Meeting OSFI's mandates to produce high-quality financial, liquidity and risk reports, as frequently as daily by region, legal entity, and line-of-business with consolidated views over multiple time dimensions requires significant automation and enhancements to data management, technology and infrastructures. FRFIs must also address regulatory standards and requirements encompassed in Pillar III, Fundamental Review of the Trading Book (FRTB), International Financial Reporting Standards (IFRS 9) and others.

The compliance effort easily overwhelms existing legacy systems and related human-capital-intensive processes as FRFIs struggle to cope with the three 'V's of data management challenges: velocity, volume and veracity.

# Basel Capital Solution Overview



## AXIOMSL'S SOLUTION

To meet evolving Basel III-driven regulations while successfully implementing OSFI's current requirements, FRFIs need a powerful capital and liquidity computation solution combined with a robust and flexible data management and reporting platform.

As depicted above, AxiomSL delivers a sophisticated BCAR solution equipped with a state-of-the-art analytical engine and reporting capabilities that operates efficiently and seamlessly on its data integrity and control platform. Easily ingesting data in native format from across the FRFI's existing data architecture, its platform accurately processes required information enabling BCAR validation and reporting within tight timelines.

AxiomSL's cost-effective, high-performance strategic platform delivers the process, calculations and controls that empower FRFIs to improve risk management and data governance and strengthen transparency and disclosures. Its strategic platform for risk and regulations enables clients to comply with Basel regulatory requirements as implemented in Canada and other jurisdictions and also meet other regulatory needs. Skilled in working with clients facing complex requirements such as BCAR, Pillar III, FRTB and IFRS 9, AxiomSL's regulatory and data-management subject-matter experts speed implementation, de-risk projects and facilitate FRFIs in addressing other regulatory mandates. AxiomSL maintains its solutions with timely updates to ensure compliance with changing regulatory-driven requirements.

## ABOUT AXIOMSL

Leveraging its more than 25 years' experience, AxiomSL combines deep industry expertise with an intelligent data management platform to deliver services around regulatory and risk reporting, liquidity, capital and credit, operations, trade and transactions, and tax analytics. Its global footprint spans a client base of regional and global financial institutions with more than \$39 trillion in total assets and covers more than 70 regulators, 50 jurisdictions and 4,000 regulatory reports.

## KEY FEATURES

- AGGREGATION ENABLES DETAILED VIEWS BY ANY GROUPING CRITERIA
- DISAGGREGATION ENABLES DRILLDOWN INTO GRANULAR DATA
- FLEXIBLE, AUDITABLE, PERFORMANCE-DRIVEN; HIGH VOLUME
- MULTI-LEVEL SIGN-OFF WITH ALERTING
- PRE-SUBMISSION REPORT REVIEW
- SECURE, CONTROLLED, PERMISSIONED ENVIRONMENT