



**PENHALLOW ASSOCIATES LIMITED**  
A Financial Knowledge Company



## **European Capital Requirements Regulation**

**Virtual Learning or Classroom Training**

**Duration 6 Hours**

**Course Price: On Request.**

**Location: (UK) For Virtual Learning Live Environment via Video Communication.**

***To book, or, require more information. Please contact Alan Penhallow; e-mail: [alanp@penassco.co.uk](mailto:alanp@penassco.co.uk) Mobile: +44 (0) 7712086934.***

***This programme may be of interest to your colleagues.***

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### **Introduction**

The recent banking credit crunch has exposed a lot of weaknesses in the existing European regulatory regime, and a huge appetite for new regulations amongst politicians and banking supervisors. Basel III is the latest challenge that auditors, risk managers and bankers face. In response, the EU has adopted most of these Basel III reforms through new EU Regulations and Directives which will be issued shortly. These are known as Capital Requirements Directive V and Capital Requirements Regulation VI.

This course is designed for risk managers, internal auditors and accountants to prepare them for the new requirements of the Basel rules. In particular, the course examines how banks should identify what is required from their databases and offer practical guidance on the inputs required for measuring, Loss Given Defaults (LGD's), Probabilities of Default (PD) on a long term basis. The arbitrage opportunities that were present under Basel II, and soon to be eliminated under Basel III are also identified.

### **Practical emphasis**

There is considerable interaction between Basel III and other forms of regulation, in particular the International Financial Reporting Standards as well as new rules on disclosures and how banks should calculate bonuses. What is clearly emerging is that regulators, risk managers, accountants and bankers need to develop a 'joined up' approach to implementing Basel as well as the various other regulatory changes. Throughout this practical case study driven course, delegates will have an opportunity to identify the market, credit, liquidity and operational risks associated with various vanilla and complicated products. They will also see the accounting and disclosure implications and the impact that they have on Operational risk.

### **Latest developments**

#### **Review of EU Regulations**

CRR2 the changes

Regulation 575 of 2013 – update

Directive 36/2013 – role of supervisors and the EU Single Supervisory Mechanism

Impact of Brexit

Total Loss Absorption Capacity

#### **Problems that the new Regulations are attempting to address**

Hiding losses through off balance sheet exposures

Correct impairment measurement – the impact of IFRS 9

Boundaries between the trading book and banking book

Incorrect self-assessment through the Internal Model Approach

#### **Potential solutions**

OTC derivatives an margining

Fundamental Review of Trading book

New too big to fail rules

Credit Valuation Adjustments

## **Minimum capital requirements for market risk**

Fundamental Review of the Trading Book

New boundaries between trading book and banking book

Revised internal models approach

Updated standardised approach to deal with flawed internal risk models

## **Trainer Profile**



**Cormac Butler** is currently an active equity and options trader and a former consultant with Lombard Risk Systems London and has also worked with Peat Marwick and PricewaterhouseCoopers.

He has considerable international experience as a training consultant in derivative accounting, Corporate Finance and Derivative Mathematics, working with major banks including Banquet BNP Paribas.

He has conducted in-house courses Morgan Stanley, PriceWaterhouseCoopers (Holland), Investec (South Africa) and ABB Switzerland and Asian Development Bank. In addition, he has worked for IIR and Euromoney in Singapore, Hong Kong, Thailand, America and Saudi Arabia.

Cormac graduated from the University of Limerick, Ireland with a degree in Finance He has recently published Mastering Value at Risk (Financial Times Pitman) which is currently on the best sellers list (for Risk Management books) with Amazon.com, Gloriamundi.org and Financial World Bookshop (London). He has also published Accounting for Financial Instruments by Wiley.

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