Basel III & Capital Requirements Conference: CVA, Counterparty Credit Risk, VaR & Central Counterparty Risk

London: 29th & 30th November 2012

This workshop provides TWO booking options

Register to ANY ONE day of the workshop

Register to BOTH days of the workshop and receive a £200 discount

Early Bird Discounts: 15% Before 28th September 2012 / 10% Before 26th October 2012

PRESENTER LIST

Matthias Arnsdorf
(Executive Director, Risk Methodology EMEA, JPMorgan)

Andrea Buzzigoli
(Senior Quantitative Finance Analyst – Counterparty Credit Risk Analytics, Bank of America Merrill Lynch)

Jon Gregory
(Partner, Solum Financial Partners)

Sanja Hukovic
(Executive Director, Head of Quantitative Risk Standards, UBS)

Chris Kenyon
(Director, Quantitative Research, CVA, Lloyds Banking Group)

Antoine Miribel
(Head of CVA Trading for Global Finance and Foreign Exchange, Deutsche Bank)

Frank Oertel
(On move to University of Southampton – formerly Senior Expert, German Federal Financial Supervisory Authority – BAFIN)

Dmitry Pugachevsky
(Director of Research, Quantifi)

Jonathan Salt
(CVA Trading, Global Finance and Foreign Exchange, Deutsche Bank)

Dirk Stemmer
(Director, Senior Manager, Leader CVA Market Initiative, Deloitte & Touche GmbH)

DAY 1: BASEL III & CAPITAL REQUIREMENTS: CVA, COUNTERPARTY CREDIT RISK, VAR & CENTRAL COUNTERPARTY RISK

09:00 – 10:30
A Critical Analysis of Counterparty Credit Risk and CVA in a Basel III World
by Jon Gregory, Solum Financial Partners

- Background of counterparty risk regulation
- Regulatory changes since the the global financial crisis
- Changes to the Basel II regime
- The “mark-to-market” of CVA
- CVA VAR
- Central counterparties

10:30 – 10:45
Break

10:45 – 11:45
Optimising Capital Charges and the Effects of Hedging Under Basel III
by Dmitry Pugachevsky, Quantifi

- Basel III capital charges
- The effect of hedging under Standardised and IMM approaches
- Optimising Basel III capital charges

11:45 – 12:45
Addressing the Quantitative Liquidity Modelling Challenges under Basel III
by Sanja Hukovic, UBS

- The current position
- Key quantitative modelling issues
- Addressing the challenges

12:45 – 13:45
Lunch

13:45 – 15:30
Basel III Pricing: Uncollateralized Trades
by Chris Kenyon, Lloyds Banking Group

- Loss of simplicity for discounting
- Exposure profile sources and backtesting
- CCDS cost versus CVA VaR Capital cost
- Analytic approaches

15:30 – 15:45
Break

15:45 – 16:30

Basel III & Capital Requirements Panel Discussion

Jon Gregory: Partner, Solum Financial Partners
Dmitry Pugachevsky: Director of Research, Quantifi
Antoine Miribel: Head of CVA Trading, Global Finance and FX, Deutsche Bank

- CVA risks such as closeout, first to default and interaction with Funding ignored by Basel?
- Should we really take out DVA as Basel (but not FASB) recommends?
- Is simplistic regulation (past bond equivalent formulas etc) diminishing risk or creating more?
- The computational challenge to properly compute simplified CVA VaR or even Expected Shortfall
- Data issues: joint historical/cross sectional calibration and data scarcity.
- Should we rather look at the whole CVA future Loss distribution rather than a percentile?
- Can we integrate funding risk properly?

16:30 – 18:00

Pricing and Trading CVA in the Basel 3 World

by Jonathan Salt, Deutsche Bank

- What affects the CVA charge
- Basel 2 and 3 highlights
- Basel 2 and 3 impact on price
- The old days of CVA trading
- Basel 3, a new constraint for risk management
- CVA and CVA Var Optimization

DAY 2: BASEL III & CAPITAL REQUIREMENTS: CVA, COUNTERPARTY CREDIT RISK, VAR & CENTRAL COUNTERPARTY RISK

09:00 – 11:00
Counterparty Credit Risk Management and Regulatory Challenges Post Basel 3
by Andrea Buzzigoli, Bank of America Merrill Lynch

- Regulation of Internal Model Method (IMM) for CCR
- Key regulatory changes in Basel 3 / CRD4 for CCR (key discussion points will be implementation of EEPE, Stressed EEPE, Backtesting and Wrong Way Risk)
- CVA VaR charge (focus on stress CVA calculation, eligible hedges and proxies)
- CCP capital charge
- Putting everything together: counterparty credit risk management in the new regulatory environment

11:00 – 11:15
Break

11:15 – 12:00
Central Counterparty Risk
by Matthias Arnsdorf, JPMorgan

- Central Counterparty Risk
- Capital structure of a Central Counterparty
- What risks do clearing members face
- How can we model counterparty risk to central clearing houses
- What is the typical cost of the central counterparty risk
- Implications for Central Counterparty Capital

12:00 – 13:00
Bilateral First-to-Default Counterparty Credit Risk
by Frank Oertel, German Federal Financial Supervisory Authority (BAFIN)

- Introduction to bilateral counterparty credit risk (BCCR)
- Alice and Bob: who will default first?
- Embedding of BCCR in the framework of a financial network
- Main building blocks of BCCR in an incomplete financial market and the role of information
- Vulnerable cash flows, ISDA's close-out rules and DVA
- First-to-Default Bilateral Valuation Adjustment (FTDBVA) as market price of BCCR
- The FTDBVA Representation Theorem of Brigo and Capponi
- Unilateral CVA (UCVA) in Basel III as a special case of BVA – Part I

Please note: that possible topic might be adapted to the most recent developments in Basel III and IMM modeling, so that some of the subtitles might change accordingly.

13:00 – 14:00
Lunch

14:00 – 15:00

First-to-Default Bilateral Valuation Adjustment – A Top-Down Approach

by Frank Oertel, German Federal Financial Supervisory Authority (BAFIN)

- Valuation of defaultable claims including bilateral counterparty credit risk: an actuarial point of view
- General mechanics of market prices of BCCR, accounting standards and the DVA paradox
- Given ISDA's close-out rules, what do we else require from a suitable market price of BCCR?
- The necessity of FTDBVA: Brigo-Capponi revisited
- Unilateral CVA in Basel III as a special case of BVA – Part II
- How does Basel III model UCVA: assumptions, generalisations and Wrong-Way Risk
- Can we embed systemic risk in BCCR and FTDBVA?
- The CVA capital charge of Basel III: IMM and ACVA
- A first approach towards a generalisation of ACVA in Basel III: multivariate dependence modelling, copula approaches and research problems

Please note: that possible topic might be adapted to the most recent developments in Basel III and IMM modeling, so that some of the subtitles might change accordingly.

15:00 – 15:45

Basel III & Capital Requirements Panel Discussion: Managing Risk

Andrea Buzzigoli: Senior Quantitative Finance Analyst – Counterparty Credit Risk Analytics, Bank of America Merrill Lynch
Frank Oertel: On move to University of Southampton – formerly Senior Expert, German Federal Financial Supervisory Authority (BAFIN)
Dirk Stemmer: Director, Senior Manager, Leader CVA Market Initiative, Deloitte & Touche

- Can CVA and funding capital requirements be optimized or restructured?
- CCDS as CVA hedging instruments. Will the regulators recognize their benefit?
- CCDS issues and the new ISDA standardized CCDS portfolios
- Past and current attempts at direct restructuring: Bistro, Score, and Credit Suisse Bonus Programme.
- Margin Lending: Should Counterparties borrow collateral from banks to avoid CVA charges?
- Would Margin Lending be recognized by regulators?
- Is collateral transformation and re-hypothecation recognized by regulation?

15:45 – 16:00

Break

16:00 – 17:30

The Regulatory, Accounting and Business Drivers for CVA

by Dirk Stemmer, Deloitte & Touche

- The current status of CVA implementation
- CCR charge Implementation challenges
- Managing & Hedging CVA under regulatory and accounting constraints
- CVA pricing under consideration of regulatory capital costs

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