

Eight Technology Vendors License ISDA SA Benchmarking Unit Test

NEW YORK, December 9, 2020 – The International Swaps and Derivatives Association, Inc. (ISDA) has today announced that eight technology vendors have licensed the ISDA Standardized Approach (SA) Benchmarking unit tests to promote consistent implementation of the standardized approach for calculating capital requirements. The eight vendors are ActiveViam, Avera AI (Area 120 at Google), AxiomSL, Calypso, Finastra, FIS, MSCI and Murex.

The ISDA SA Benchmarking initiative was launched in 2018 to help firms and regulators achieve consistent and accurate implementation of the standardized approaches for market risk regulatory capital, known as the Fundamental Review of the Trading Book (FRTB). The exercise is also used to benchmark the use of standardized approaches for counterparty credit risk (SA-CCR) and credit valuation adjustment (CVA) risk, and leverages the Common Risk Interchange Format (CRIF) data standards.

So far, 52 banks, including 23 global systemically important banks, and 16 regulators have participated in the benchmarking exercise. The vendor licensing program allows the benefits of SA benchmarking to reach smaller entities that use third-party systems for their capital calculations.

“The implementation of the final components of Basel III will lead to much more widespread and uniform use of standardized approaches for calculating capital. For any standardized model to be effective, it needs to be comparable across the industry. The ISDA SA Benchmarking initiative has been very effective in supporting accurate, efficient and consistent use of standardized approaches, and we are delighted that vendors are now licensing the unit test so their clients can achieve the same consistency,” said Scott O’Malia, ISDA’s Chief Executive.

The ISDA SA Benchmarking exercise comprises a unit test to ensure the fitness of implementation of the SA across firms and a hypothetical portfolio exercise to identify, assess and explain any observed variances and coordinate remediation where necessary. In the same way as vendors have licensed the ISDA Standard Initial Margin Model (ISDA SIMM), they can license the unit test by confirming to ISDA that they have reconciled their technology to the industry standard.

“Our clients have always relied on us to help them solve their most challenging regulatory and data analytics issues. Partnering with ISDA on the benchmarking exercises for the standardized approach gives them confidence that our solutions have stood up to the rigorous standards set by ISDA and are certified to perform all of the complex calculations to meet the regulatory requirements,” said Colleen Cosgrove, Director of R&D Applications at ActiveViam.

“It is an honor to collaborate with ISDA and be one of the first vendors to deliver these complex calculations that are attested to ISDA’s unit test benchmark. The golden source calculations are designed to ensure the credibility of firms’ standardized calculations for FRTB, SA-CCR and CVA, and this initiative will help promote transparency and alignment between regulators and market participants, ensuring regulatory goals can be met more efficiently,” said Edward Royan, Head of Global Products at AxiomSL

“As the regulatory landscape for risk is evolving rapidly, it is key that our clients can rely on market standard compliance processes. The ISDA SIMM certification program has been instrumental for our clients in their journey toward non-cleared margin compliance. With ISDA’s FRTB-SA benchmarking program, Calypso will continue to offer fully compliant solutions in the risk space. We are very pleased to partner with ISDA on this new chapter of Basel III regulatory compliance,” said Richard Bentley, Chief Product and Engineering Officer at Calypso.

“We’re working closely with our customers as they work towards implementation of the FRTB. Being able to compare our results with ISDA’s baseline facilitates the effective implementation of our solution, helping firms to comply more quickly,” said Vincent Prado, Product Management, Market and Credit Risk, Finastra.

“FIS had previously licensed the ISDA SIMM unit test and is now participating in the ISDA FRTB-SA unit test. We believe this will provide our customers with additional value and allow our solution to communicate with surrounding IT systems using standard international formats,” said Irina Reitgruber, Product Management, Market Risk at FIS.

“We believe that confirming consistency between ISDA’s unit test and our implementation of the rules will reduce the validation efforts of our customers and that the unit tests benefit the entire industry by providing a consistent standard,” said Thomas Moser, Executive Director, MSCI Analytics.

“We welcome ISDA’s benchmarking initiative for standardized approaches that will accelerate the implementation and validation of regulatory standard methods. At Murex, we are committed to continuously delivering regulatory solutions such as the FRTB, SIMM and SA-CCR to our clients, and we believe that ISDA’s SA benchmarking will further ensure the consistency and accuracy in interpretations across banks and regions,” said Marwan Tabet, Head of Product Evolution for Enterprise Risk Management at Murex.

A factsheet explaining more about ISDA SA Benchmarking is available [here](#).

Further information on the vendor licensing program is available [here](#).

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About ISDA

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