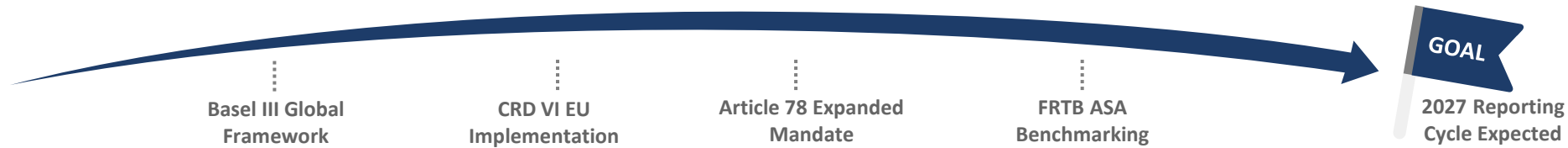


# ISDA FRTB-SA Benchmarking: Enabling Compliance Excellence...



**EBA Scope Expansion**

- Article 78 of Directive 2013/76/EU (CRD) requires national competent authorities (NCAs) to conduct an annual assessment of the quality of internal approaches used for the calculation of own funds requirements.
- The new mandate in Article 78 of Directive 2024/1619 requires institutions using the alternative standardised approach, with on- and off-balance-sheet business subject to market risk of at least EUR 500 million, to report the results of their calculations for exposures or positions included in the benchmark portfolios.

| What is the ask? | Hypothetical portfolio exercise (HPE)                                                                                                                                                                                            | Validation Portfolios                                                                                                                                                                                              |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                  | <ul style="list-style-type: none"> <li>The aim is to measure variability in capital across firms for the same risk.</li> <li>Banks need to submit capital (output) and sensitivities (input) as per EBA instructions.</li> </ul> | <ul style="list-style-type: none"> <li>The aim is to ensure aggregation of FRTB SA is consistent and accurate across firms.</li> <li>Banks need to submit SbM capital (output) as per EBA instructions.</li> </ul> |

| Key Considerations for Banks | Volume of Data Submission     | <ul style="list-style-type: none"> <li>The exercise is highly data-intensive, with <b>128 Interest Rate portfolios alone to be submitted</b> across HPE and validation.</li> </ul>                                                                                                                | <b>HPE Portfolios</b><br><b>36</b><br><small>Input + Output</small> | <b>Validation Portfolios</b><br><b>56</b><br><small>Output</small> | <b>Total Submission Portfolios</b><br><b>128</b><br><small>Interest Rate Only</small> |
|------------------------------|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                              | Complexity of Data Submission | <ul style="list-style-type: none"> <li>The exercise requires coordination across multiple internal systems and teams, with results needing to be produced within a fixed timeline.</li> <li>Each instrument/portfolio must be booked in line with precise instructions/specifications.</li> </ul> |                                                                     |                                                                    |                                                                                       |
|                              | Additional Scrutiny           | <ul style="list-style-type: none"> <li>Banks with the highest number of outliers may be selected by supervisors for interviews to discuss the underlying modelling assumptions.</li> </ul>                                                                                                        |                                                                     |                                                                    |                                                                                       |
|                              | Experienced Peer Group        | <ul style="list-style-type: none"> <li>More than 40 EU firms with internal model approval have participated in the ISDA benchmarking exercise and gained valuable experience.</li> </ul>                                                                                                          |                                                                     |                                                                    |                                                                                       |

**How can ISDA help?**

- ISDA has developed **unique benchmarking expertise** over 7 years, supporting firms across EBA, US and UK FRTB SA benchmarking exercises and can support you in following ways:
  - 01 ISDA Analytics Technology Platform**  
Industry benchmarking results with bank specific granular insights with **zero additional effort**.
  - 02 ISDA Benchmarking Working Group**  
Benefit of participation in ISDA EBA Shadow Benchmarking WG
  - 03 ISDA Training and Support**  
ISDA-led training on the ISDA platform and the EBA benchmarking process.
- For more information, please contact the ISDA Capital Models Benchmarking team at [ISDABenchmarking@isda.org](mailto:ISDABenchmarking@isda.org)

\* European Commission's draft delegated act published on 22 Apr 26 proposes Article 495u introducing transitional provisions for small trading book institutions