



REFERENCE LIST

November 2017

Carney: Conduct risk failings could spark capital add-ons

November 2017 – Tom Osborn, Journal of Risk

Tough new conduct risk rules are making it easier for UK regulators to spot evidence of cultural failings at banks, with repeat offenders likely to see their operational risk capital requirements hiked, the governor of the Bank of England, Mark Carney, has warned.

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Dealers warn of FRTB impact on funding programmes

November 2017- Nazneen Sherif, Quant Finance editor

Certain notes issued by banks' treasury functions to raise funding could be caught under new market risk rules, potentially forcing dealers to move them into the trading desk.

Euro medium-term notes (EMTNs), issued to raise funding for banks and generally managed as part of the banking book, are usually hedged using swaps where the structured leg of the swap matches the coupon that is paid out, creating a derivatives leg.

But dealers say it is unclear whether this could mean the notes now have to be considered as part of the trading book instead of the banking book under the Basel Committee on Banking Supervision's revamp of market risk capital rules, known as the Fundamental Review of the Trading Book (FRTB).

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TOBAM seeks to bring Bitcoin to institutional investors

November 2017 – Nick Reeve, News editor

TOBAM is looking to raise money from institutional investors for Europe's first mutual fund investing in Bitcoin. The French asset manager – a specialist in smart beta strategies – has developed an in-house team focussed on cryptocurrency research. It said cryptocurrencies had "the potential to become durable standards in financial and saving markets". Yves Choueifaty, president of TOBAM, described Bitcoin as a "highly diversifying asset", and said the company had conducted research into the digital currency "from a technical, financial, economic and regulatory point of view" for a year prior to the launch of the fund.

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The Strengths and Weaknesses of Country Risk Maps

November 2017 – Daniil Davydoff, Mngr. of Global Security Intelligence for AT-RISK International

Country risk maps are a type of infographic developed by consultancies and insurance firms that shows how exposed countries around the world are to particular threats such as political instability, terrorism or crime, among others. In some cases, the maps assess an aggregate risk

like security or travel risk, both of which have many component elements. These maps are indeed useful snapshots of global issues, but as they grow in popularity, consumers also need to be aware of potential flaws in their methodology.

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How to save op risk modelling

November 2017 – Ruben D. Cohen, Operational Risk & Model Risk.

It's been 20 months since the standardised measurement approach (SMA) for operational risk capital was proposed by the Basel Committee on Banking Supervision. But, despite much soul-searching by both banks and regulators, the method has still not been finalised.

A watered-down version of the original proposal is, at the time of writing, the likeliest successor to current approaches but, given its many flaws, the danger is it will create more problems than it solves.

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Russian crypto-currency will threaten AML efforts

November 2017 – Zura Kakushadze, Jim Kyung-Soo Liew, Financial & Risk Assistant Proffesor

Russia is preparing to issue a government-backed crypto-currency, CryptoRuble. Unlike decentralised crypto-currencies such as bitcoin and Ethereum, there is no mining involved in CryptoRuble – all transactions are recorded via blockchain and verified by a centralised government authority.

The implications are worrying: such a system could be a means for a state to exert control or evade controls – including sanctions. Run badly, it could also become a haven for dirty money.

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JP Morgan's CRO on the bank's six buckets of risk

November 2017 – Duncan Wood, editor in Chief, Risk.net

This is the last of 10 interviews marking Risk's 30th anniversary. Links to the rest of the series can be found [here](#).

There are lots of things Ashley Bacon doesn't want to talk about.

During the course of the interview, he declines to comment – or refuses to expand on a point – on nine separate occasions. Bacon explains that he needs to be cautious – which, as chief risk officer (CRO) of JPMorgan Chase, is probably part of the job description.

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The Eightfold Path for Enterprise Risk Management

November 2017 – Damon Levine, published ERM

Enterprise Risk Management (ERM) practitioners often struggle with thematic challenges cutting across both industry and geography. These difficulties include capturing all categories of risk with metrics that reflect an organization's decision style and performance measurement methods, avoiding the trap of being perceived as bureaucracy or redundant, informing critical strategic considerations for investment of capital and resources in the various lines of business, ensuring that ERM is part of the fabric of the business and not a parallel process or after-thought, and articulating the targeted levels of risk exposure by risk category and line of business and providing a method to accurately assess these levels.

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Reference List:

Link to Database of SoA of Ireland: <https://web.actuaries.ie/press/erm-resource-database>



UPCOMING EVENTS



Economic Balance Sheet Seminar

7 December 2017, Chicago Marriott O'Hare

Presenters will review the concepts of economic value and capital, along with the main existing accounting frameworks and their building blocks. They will use spreadsheet examples for both term-life and deferred-annuity blocks of business to apply the concepts learned, while analyzing the impact of assumption changes to the economic values of assets and liabilities. Various methods for determining economic capital, including approaches to analyzing risk distributions and considering correlations across risks, will also be addressed. This seminar will conclude with an experiential spreadsheet application, as well as a mock communication of results to executive leadership.

[Find out more](#)



5th African Actuarial Congress

15-16 March 2018, Casablanca, Morocco

The International Actuarial Association, in collaboration with the Moroccan Association of Actuaries, is organizing the 5th African Actuarial Congress, to be held in Casablanca on March 15th and 16th, 2018 at the Hotel Sofitel Tour Blanche. This event follows the international congress in November 2016 in Cape Town, South Africa, which brought together over 160 participants from 15 African countries and other regions of the world.

[Find out More About the Event](#)



31st International Congress of Actuaries (ICA 2018)

4–8 June 2018, Berlin, Germany

Like no other metropolis in Europe, Germany's capital symbolizes the breakdown of old structures and the beginning of a new era of understanding and cooperation. May the unique atmosphere of a city that has re-invented itself in recent decades inspire you to be an integral part of a vibrant International Congress of Actuaries in 2018.

Come and join colleagues working together, at an event without cultural or geographical barriers.

[See the list of pension-related topics, or find out more about the ICA 2018](#)