

## Market risk: Internal Models approach

Draft Version of July 2022

ID	Label	Legal references and comments
<b>Columns</b>		
1	Value	
2	Most recent value	
3	Average over last quarter	
4	Highest value of last quarter	
5	Lowest value of last quarter	
<b>Rows</b>		
1.	Minimum requirements for market risks according to the internal models approach	MAR33.43. Using the IMA requires compliance with CAO Art. 88 in combination with MarO-FINMA art. 55 to 60. FINMA makes use of the Basel framework, in particular MAR30-33.
1.1	IMA <sub>G,A</sub> (MAR33.43)	Aggregate capital requirement for approved and eligible (green and amber) trading desks, incl. DRC and excl. the capital surcharge for amber desks. Sum of 1.1.1 and 1.1.2.
1.1.1	CA: Aggregate (non-DRC) capital requirement for those trading desks approved and eligible for the IMA (MAR33.41)	Only positions from approved and eligible trading desks flow into the calculation of this item and all its sub-items.
1.1.1.1	IMCC (0.5*Unconstrained ES+0.5*constrained risk class ES)	Capital requirement for modellable risk factors, MAR33.13-15.
1.1.1.1.1	Unconstrained expected shortfall	MAR33.13
1.1.1.1.2	Constrained expected shortfall	Sum of items 1.1.1.1.2.1 to 1.1.1.1.2.5, MAR33.14.
1.1.1.1.2.1	ES for general interest rate risk	
1.1.1.1.2.2	ES for equity risk	
1.1.1.1.2.3	ES for commodity risk	
1.1.1.1.2.4	ES for foreign exchange risk	
1.1.1.1.2.5	ES for credit spread risk	
1.1.1.2	Capital requirement for non-modellable risk factors; Stressed Expected Shortfall (SES)	MAR33.16, 17
1.1.1.3	Multiplication factor	MAR33.42; the multiplication factor is applied to the average capital requirement for modellable risk factors.
1.1.1.3.1	Number of backtesting exceptions	Backtesting exceptions increase the multiplication factor in line with MAR32.9.
1.1.2	Default risk capital (DRC) requirement (MAR33.22)	MAR33.18-39
1.1.2.1	Default risk capital requirement model measure	
1.2	SA <sub>G,A</sub> (MAR33.45)	Capital requirement from applying the standardised approach to approved and eligible (green or amber) trading desks
1.3	Total SA Capital requirements for trading desks ineligible to use the IMA as reported in P_MKR_BIS_SA.MELD	MAR33.40
1.4	SA capital requirements for all trading desks (including those subject to IMA)	
1.5	Capital surcharge for amber trading desks	The surcharge uses 1.1 and 1.2 as inputs; MAR33.45
1.5.1	k (MAR33.45)	
1.6	Capital requirements for green and amber trading desks (including capital surcharge)	Sum of items 1.1 and 1.5.
1.7	Difference in capital requirements under the IMA and SA for green and amber trading desks	Difference of items 1.1 and 1.2.

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