

OTC Fin Integrates Solvency II Engine Into Data Platform

LONDON—Technology vendor OTC Fin has launched a Solvency II engine that offers enhanced transparency and look-through functionality.

The tool is designed to enable third-party administrators to help their insurance clients comply with the European Union directive on capital adequacy and risk management for insurers.

The engine has been integrated into OTC Fin's PATOne data management platform, and guides users through the completion of the Quantitative Reporting Templates (QRT), which have been developed by the European Insurance and Occupational Pensions Authority (EIOPA).

Once the templates have been completed, the engine will "aggregate this with market risk information to provide the final templates that EIOPA requires," says Diego Tornini, OTC Fin's Barcelona-based financial engineering director.

The Solvency II engine is supported by PATOne's data warehouse, which aggregates data on a single platform.



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construction capabilities," says Tornini. When the data has been confirmed, it can then be converted into XBRL and sent to EIOPA.

Flexibility has been built into the engine to allow for modifications when the regulations are finalized.

Nicholas Hamilton

Basel Committee Proposes Basel 2.5 Revisions

BASEL, SWITZERLAND—The Basel Committee on Banking Supervision has revised the "Basel 2.5" update of the Basel II capital adequacy rules as part of its work on the new Basel III version of the rules. Notable parts of the revisions include changes to hierarchies in the frameworks the rules set for securitization.

The committee has proposed two new hierarchies and is seeking comments on the proposals by March 15. The hierarchies are a modified supervisory formula approach and an alternative hierarchy to distinguish senior high-quality securitization exposures from other securitization exposures.

Both hierarchies align standardized and internal ratings-based approaches more closely, using a ratings-based approach, a backstop approach, a risk-weight floor and caps on capital requirements for consistency with non-securitization frameworks.

The proposed update also describes possibilities including a revised ratings-based approach, a simplified supervisory formula approach and some concentration ratio-based approaches. There are also plans to publish a complete technical discussion of the modeling and recalibration work needed.

Michael Shashoua