

Compliance with Basel III

Sustainable services to overcome ongoing compliance challenges.

The financial industry continues to face many regulatory challenges; one of which is Basel III – a global regulatory resilience framework for banks and banking systems issued by the Basel Committee on Banking Supervision. SIX Financial Information is offering comprehensive and high quality data to support clients in overcoming these challenges on an ongoing basis, while providing efficiencies via straight through processing means.



What do I need to know about Basel III?

Basel III, the third of the Basel Accords, sets the rules which banks have to follow in order to mitigate the risks concerned with their capital, liquidity and governance. In order to mitigate the requirements, banks are requested to implement a broad valuation of securities and use structured scenario analysis. The Basel III regulation is based on the three Basel II Pillars:

- **Pillar 1** – Minimum Capital Requirements with Tier 1 based capital which must be invested in common equity and retained earnings and Tier 2 harmonisation of capital instruments.
- **Pillar 2** – Supervisory Review Process
- **Pillar 3** – Market Discipline

Basel III aims to improve the banking sector’s ability to manage uncertainty in financial and economic stress, improve risk management and governance, and strengthen banks’ transparency and disclosures.

Key Benefits:

- Sustainable solutions that minimize the implementation efforts and support ongoing compliance in the future.
- Granular, consistent, and high quality reference data delivered automated in near real-time.
- Continuous corporate actions notification services delivering news as soon as possible.
- Defensible pricing information for liquid and illiquid securities to minimize investment risk.

SIX Financial Information compliance services

The Basel III regulatory implementation period begins in 2013, which affects banks worldwide. In order to comply with Basel III, SIX Financial Information offers a wide range of data through its flagship product VDF (Valordata Feed). VDF is a fully structured and encoded financial data feed offering near-real time delivery of reference data on millions financial instruments.



SIX Financial Information data offering supports compliance with Basel III

SIX Financial Information offers a wide spectrum of Basel III compliant financial data and supports the regulation's requirement to cover the minimum capital requirements (Pillar 1, ensure a proper supervisory (Pillar 2) and ensure the transparency requirements under market discipline (Pillar 3).

VDF provides wide range of data related to tax, regulatory and compliance. In order to comply with Basel III, the client can use SIX Financial Information data offering, in particular:

– **Global Corporate Actions** – With SIX Financial Information's award-winning corporate actions you have access to critical financial information that is timely, complete and automatically processed in our flagship product Valordata Feed (VDF). With our corporate action messages, made up of cash flow and corporate actions events, you are always in the know. These include name or domicile changes, mergers, spinoffs, purchases and reorganizations, bankruptcies and liquidations, class actions, capital increases and reductions, splits/reverse splits and share conversions.

SIX Financial Information's coverage of Global Corporate Actions enable its customer to comply with the Minimum Capital Requirements under Pillar 1.

– **Evaluated Pricing** – SIX Financial Information's Evaluated Pricing consists of evaluations produced using our own capabilities supplemented by prices from third party providers. Our proprietary service offers highly transparent valuations for a wide range of fixed income securities and derivatives, as well as for complex and hard-to-price securities, and supports you in adhering to regulatory and operational standards.

SIX Financial Information Evaluated Pricing product helps its customers to monitor the Minimum Capital Requirements under Pillar 1. The product ensures appropriate risk and exposure assessments, as requested under a Supervisory process – Pillar 2.

– **Securities Ratings** – In order to evaluate the risks of investment products (including funds), SIX Financial Information provides a variety of ratings data from leading international rating agencies such as Moody's, S&P, FITCH, Morningstar and so forth.

An appropriate securities rating allows the financial institutions to take the appropriate investment decisions (Pillar 1) as well as allow for adequate supervision of the risk exposure – as requested under Pillar 2. An appropriate securities rating can also support the transparency of the reports issued to shareholders – under Pillar 3.

For more information, please contact your local SIX Financial Information office and a representative will be happy to assist you.

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