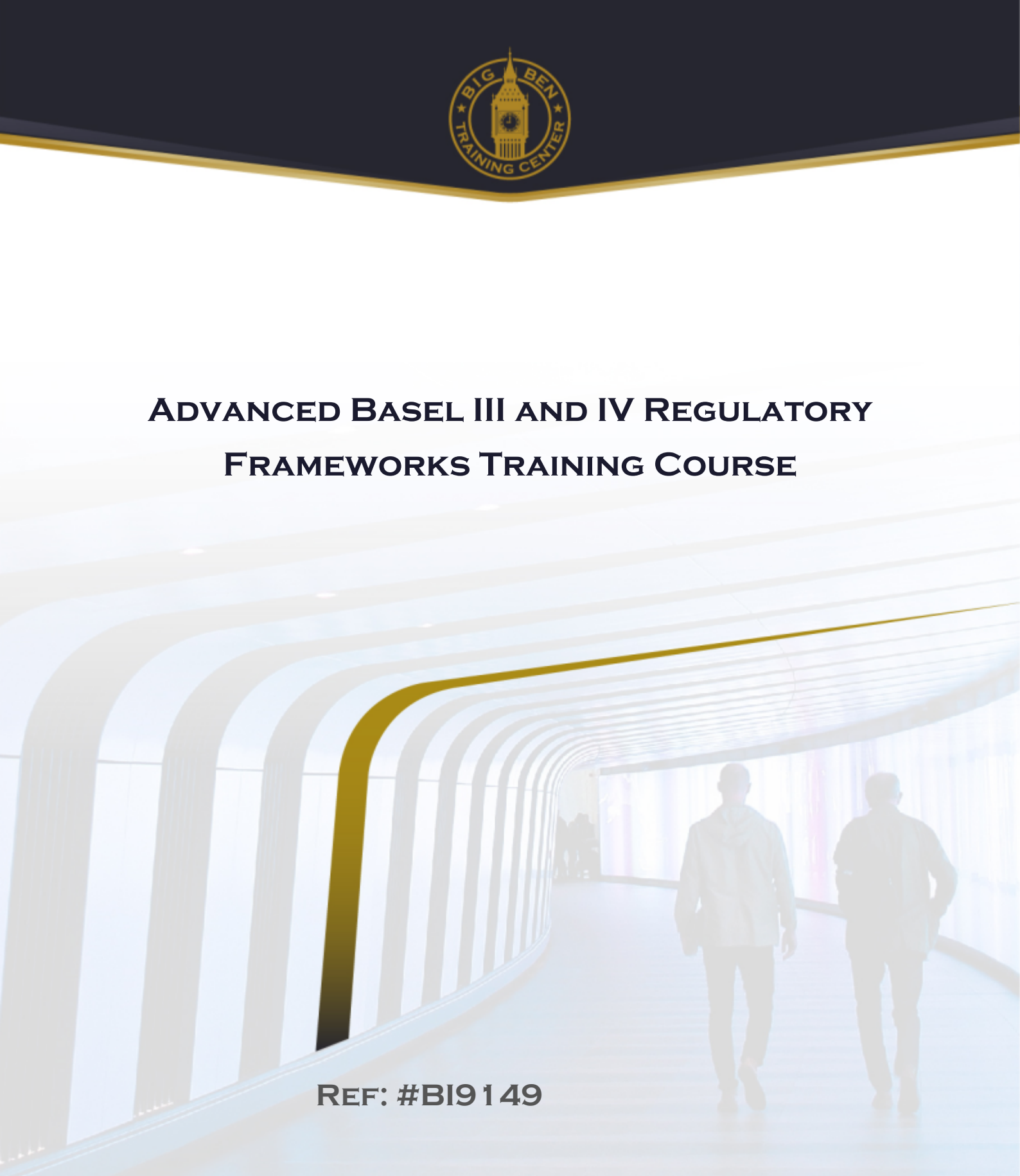
Advanced Basel III and IV Regulatory Frameworks Training Course



Ref: #BI9149

Course Introduction / Overview:

The global financial landscape is continuously shaped by evolving regulatory standards designed to enhance banking sector resilience and stability. The Basel III and IV frameworks represent the cornerstone of modern financial regulation, introducing stringent requirements for capital adequacy, liquidity, and risk management. This comprehensive course provides an in-depth exploration of these critical frameworks, moving from foundational principles to the most advanced components and implementation challenges. As detailed by renowned academic John C. Hull in his seminal work, "Risk Management and Financial Institutions," a profound understanding of these regulations is not merely a compliance exercise but a strategic imperative for sustainable growth. This program, offered by BIG BEN Training Center, is meticulously designed to demystify the complexities of the Basel accords, including the finalization of Basel III, often referred to as Basel IV. Participants will gain a robust understanding of the Pillar 1, 2, and 3 requirements, the intricacies of the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and the significant changes introduced by the Fundamental Review of the Trading Book (FRTB). The course equips professionals with the practical knowledge to navigate the regulatory maze, manage risk effectively, and align their institution's strategy with the future of global banking supervision.

Target Audience / This training course is suitable for:

- Risk Management Professionals.
- Compliance Officers and Managers.
- Internal and External Auditors.
- Bank Regulators and Supervisors.
- Treasury and Capital Management Staff.
- Financial Controllers and Accountants.
- Senior Banking Executives and Board Members.
- Credit Risk Analysts.
- Market Risk Analysts.
- Operational Risk Managers.
- Financial Consultants and Advisors.

Target Sectors and Industries:

- Commercial and Retail Banking.
- Investment Banking and Capital Markets.
- Central Banks and Monetary Authorities.
- Financial Regulatory and Supervisory Agencies.
- Asset Management and Investment Firms.
- Financial Technology (FinTech) Companies.
- Credit Rating Agencies.
- Management and Financial Consulting Firms.
- Governmental bodies responsible for financial stability.
- Insurance Companies with banking-like activities.

Target Organizations Departments:

- Risk Management Department.
- Compliance and Regulatory Affairs.
- Internal Audit and Control.
- Treasury and Asset Liability Management (ALM).
- Finance and Accounting.
- Capital Management and Planning.
- Legal and Corporate Governance.
- Credit and Lending Divisions.
- Trading and Markets.
- Strategic Planning and Corporate Development.

Course Offerings:

By the end of this course, the participants will have able to:

- Analyze the evolution and objectives of the Basel Accords from I to IV.
- Interpret the detailed components of the three-pillar structure of Basel III.
- Calculate and manage capital adequacy ratios under the revised standardized and internal ratings-based approaches.
- Implement the frameworks for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).
- Assess the impact of the leverage ratio on bank balance sheets and business strategy.
- Deconstruct the new requirements under the Fundamental Review of the Trading Book (FRTB).
- Evaluate the revised frameworks for operational risk and Credit Valuation Adjustment (CVA) risk.
- Develop strategies for effective implementation and compliance with Basel IV requirements.
- Understand the principles of Interest Rate Risk in the Banking Book (IRRBB).
- Conduct comprehensive stress testing in line with regulatory expectations.

Course Methodology:

The training methodology at BIG BEN Training Center is designed to foster a dynamic and immersive learning environment that bridges regulatory theory with practical application. This course moves beyond traditional lectures to engage participants through a blend of interactive techniques. Central to our approach are real-world case studies that dissect how leading financial institutions have navigated the complexities of Basel III and IV implementation, highlighting both successes and pitfalls. Participants will actively engage in group discussions and workshops, debating the strategic implications of capital and liquidity requirements on different banking models. Practical exercises, including the calculation of key risk metrics and capital ratios, will solidify understanding and build hands-on skills. The sessions are facilitated by an experienced instructor who encourages active participation, ensuring that complex concepts are made accessible. Continuous feedback and Q&A sessions are integrated throughout the course, allowing participants to address specific challenges and tailor the learning to their professional context, ensuring they leave with actionable insights and a deep, practical mastery of the subject matter.

Course Agenda (Course Units):

Unit One: Foundations of Global Banking Regulation

- The History and Evolution of the Basel Accords.
- Key Failures Identified During the 2008 Financial Crisis.
- Objectives and Core Principles of the Basel III Framework.
- Transitioning from Basel II to Basel III.
- Overview of the Three-Pillar Structure (Pillar 1, 2, and 3).
- Introduction to the Concept of "Basel IV" or the Basel III Endgame.
- The Role of the Basel Committee on Banking Supervision (BCBS).

Unit Two: Pillar 1 - Minimum Capital Requirements

- Deep Dive into Credit Risk Measurement Approaches.
- The Standardised Approach (SA) for Credit Risk.
- The Internal Ratings-Based (IRB) Approaches (Foundation and Advanced).
- Revisions to Market Risk - The Fundamental Review of the Trading Book (FRTB).
- The New Standardised Approach for Operational Risk (SA-OR).
- Understanding Risk-Weighted Assets (RWA) Calculation.
- Capital Requirements for Credit Valuation Adjustment (CVA) Risk.

Unit Three: Capital Buffers, Liquidity, and Leverage Ratios

- The Capital Conservation Buffer and Countercyclical Capital Buffer.
- Requirements for Global Systemically Important Banks (G-SIBs).
- The Liquidity Coverage Ratio (LCR) Framework and Calculation.
- The Net Stable Funding Ratio (NSFR) for Long-Term Resilience.
- Understanding the Non-Risk-Based Leverage Ratio.
- Interaction Between Capital, Liquidity, and Leverage Requirements.
- Managing the Balance Sheet Under New Constraints.

Unit Four: Pillar 2 and Pillar 3 - Supervisory Review and Market Discipline

- The Supervisory Review and Evaluation Process (SREP).
- Internal Capital Adequacy Assessment Process (ICAAP).
- Interest Rate Risk in the Banking Book (IRRBB) Management.
- Principles of Effective Risk Data Aggregation and Reporting (BCBS 239).
- Pillar 3 Disclosure Requirements for Enhanced Transparency.
- The Role of Stress Testing in the Supervisory Framework.
- Communicating Risk and Capital Information to the Market.

Unit Five: Implementation, Strategy, and the Future of Regulation

- Strategic Implications of Basel IV for Business Models and Profitability.
- Developing a Roadmap for Basel IV Implementation.
- Challenges in Data Management, Systems, and Reporting.
- The Impact of the Output Floor on Internal Models.
- Regulatory Reporting and Compliance Management.
- The Future of Global Financial Regulation Beyond Basel IV.
- Final Project - Case Study on Strategic Response to Basel IV.

FAQ:

Qualifications required for registering to this course?

There are no requirements.

How long is each daily session, and what is the total number of training hours for the course?

This training course spans five days, with daily sessions ranging between 4 to 5 hours, including breaks and interactive activities, bringing the total duration to 20 - 25 training hours.

Something to think about:

Given the introduction of the output floor in Basel IV, which limits the capital benefits of internal models, what is the future strategic value for banks to continue investing in and maintaining these complex and costly models?

What unique qualities does this course offer compared to other courses?

This course distinguishes itself by moving beyond a purely theoretical recitation of the Basel III and IV rules. Its core strength lies in its profound emphasis on the strategic and operational implications of these regulations. While other programs may focus on the "what," we concentrate on the "so what" and "how to." Participants will not just learn the formulas for LCR or RWA; they will engage in critical analysis of how these metrics impact business decisions, product pricing, and long-term institutional strategy. The curriculum is built around a series of carefully selected case studies that reflect the real-world challenges faced by banks, from data aggregation for FRTB to calibrating ICAAP under the new SREP guidelines. Our approach, facilitated by industry experts, fosters a deep, practical understanding of the interconnectedness between capital, liquidity, and profitability. The program is uniquely forward-looking, dedicating significant time to the "Basel IV" endgame and preparing professionals not just for current compliance but for the future trajectory of global financial supervision. This strategic, implementation-focused perspective ensures participants return to their organizations ready to add immediate and lasting value.