



Financial Service Interest Group (FSIG) Lunch Seminar

Basel II: The Validation of Internal Ratings Based Systems



- Speaker** Dr. Michael Taylor ,
Head of Division B in the Banking Policy Department,
Hong Kong Monetary Authority
- Chairman** Mr. Mark Ho
Convenor, FSIG Executive Committee
- Date** 22 December 2005, Thursday
- Time** 1:00 p.m. - 2:00 p.m.
✍ Snacks and beverages will be served at 12:45 p.m.
- Venue** Hong Kong Institute of CPAs Meeting & Training Centre,
Room 1205, 12/F, Tower Two, Lippo Centre,
89 Queensway, Hong Kong.
- Admission Fee** HKD50 per person for HKICPA members
HKD80 per person for Non-members
- HKICPA CPD Credit Hour** 1 hour
- Application Deadline** 16 December 2005

To enrol please complete the enclosed enrolment form and return it with payment to the Institute.

Acceptance is on a first-come-first-served basis. Confirmation on enrolment will be sent out two days before the event.

Enquiries

May Hung

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Email: may@hkicpa.org.hk

**Register early
to secure your seat!**

FSIG Lunch Seminar –

Basel II: The Validation of Internal Ratings Based Systems

ABOUT THE SEMINAR

A major part of the HKMA's Internal Ratings Based (IRB) recognition process is the validation of banks' internal rating systems and their methodologies for calculating a borrower's probability of default ('PD') and, in the case of the Advanced IRB Approach, two other risk components, namely a facility's loss given default ('LGD') and exposure at default ('EAD').

In the context of rating systems, the term 'validation' encompasses a range of processes and activities that contribute to an assessment of whether ratings adequately differentiate risk, and whether estimates of the three risk components appropriately characterise the relevant aspects of risk. IRB validation is one of the most difficult concepts in Basel II, given its highly technical nature and the lack of clear industry standards and benchmarks.

The HKMA has recently published a consultation paper on its approach to the validation which provides the most detailed outline of the validation process so far issued by any regulatory agency. The presentation will describe the main features of that paper, and will discuss the HKMA's expectations regarding the validation to be performed by Authorised Institutions (AIs), as well as implications for the auditing and accounting profession.

ABOUT THE SPEAKER

Dr. Michael Taylor is currently Head of Division B in the Banking Policy Department of the HKMA. He previously worked on systemic banking and bank restructuring issues at the IMF. He has also worked on banking supervisory policy at the Bank of England, and has held a number of academic appointments at leading British universities.

Among his publications are "Twin Peaks': A regulatory structure for the new century" (1995), Blackstone's Guide to the Bank of England Act 1998 (1998) (with Michael Blair, Ross Cranston and Chris Ryan) and Building Strong Banks (with Charles Enoch and David Marston, 2002).



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FSIG Lunch Seminar – Basel II: The Validation of IRB Systems

Enrolment Form

22 December 2005

(Please reply on or before 16 December 2005)

FOR OFFICE USE

Seq. no.: _____

Handled by: _____

Please type or print: -

Name: (*Mr. / Mrs. / Ms.) _____ Institute Membership No.: _____

Company name: _____

Position held: _____

Telephone No.: _____ Fax No.: _____

E-mail: _____

Please ✓ as appropriate

Admission Fee: <input type="checkbox"/> HKD50 per person (Members of HKICPA) <input type="checkbox"/> HKD80 per person (Non-Members)																				
Payment by: <input type="checkbox"/> Cheque no.: _____ (Bank: _____) <input type="checkbox"/> Institute's VISA Gold Card <input type="checkbox"/> Institute's VISA Platinum Card																				
For payment by credit card, please fill in the following:	Card no.:																			
Cardholder's Name : (Please print)	Card Expiry Date (month/year) :																			
Date :	Cardholder's Signature :																			
<i>Cheque should be made payable to "Hong Kong Institute of Certified Public Accountants"</i> <i>Only Institute's Affinity Credit Card is accepted.</i>	FOR OFFICE USE																			
	Auth. code no.	Handled by						Date												

Note:

- Enrolments are accepted on a first-come-first-served basis. No telephone reservation will be accepted.
- The closing date for enrolment is **16 December 2005**.
- Confirmation will be sent by e-mail unless your application for registration is unsuccessful. If you do not receive it by 20 December 2005, please contact Ms. May Hung on 2287 7009.
- Unless the seminar is cancelled due to unforeseen circumstances, no refund will be given after your registration has been confirmed.