

## **SREP – Process and Risk Management. Investment Market Case.**

**April 14-16, 2010, Warsaw**

Pillar 2 is one of the three supervisory pillars set out in the Basel II Accord. It requires financial institutions to assess the amount of internal capital they consider adequate to cover all the risks to which they are (or are likely to be) exposed. It is the role of the regulator to review those assessments and give individual guidance on the regulatory capital it considers appropriate for firms to hold. Collectively Pillar 1, 2 and 3 form a framework for prudential supervision of banks, credit institutions and investment firms. Pillar 1 revises existing minimum regulatory capital standards for three major components of risk faced by firms: credit, market and operational risk. Pillar 3 requires firms to publish key information concerning their underlying risks, models, controls and capital.

The Pillar 2 review or SREP (Supervisory Review and Evaluation Process) has been developed to help supervisors review and evaluate each firm's Internal Capital Adequacy Assessment Process (ICAAP). Supervisors use SREP to review and evaluate an institution's exposure to risk, the adequacy and reliability of the institution's ICAAP<sup>1</sup>, and the adequacy of the institution's own funds and internal capital in relation to its overall risk profile.

The key questions to be answered by every investment firm are as follows: Are risk and capital management sufficiently integrated with strategic planning and business operations? How well is capital management linked to the firm's risk profile? Are management board members and senior managers aware of their specific responsibilities regarding ICAAP? Does the firm have sufficient documentation and evidence? Through the SREP it is possible to identify weaknesses and inadequacies requiring a regulatory response.

The aim of the seminar "SREP – Process and Risk Management. Investment Market Case." is to present the methodology adopted by the Polish Financial Supervision Authority (PFSA) with respect to SREP applied to investment firms, and to create a discussion forum offering the possibility for supervisors from European countries to share experience and develop the supervisory framework.

The issues planned to be brought up at the seminar are based on PFSA's practical experience in implementing supervisory standards in the Polish capital market, i.e. assessing the risk profile of supervised entities (including desk-based analysis and on-site visits), assessing the risk of groups of companies, as well as developing further supervisory action plans (including effective resources allocation and implementation of prudential measures). The seminar will also focus on problems faced by home and host supervisors in connection with the SREP requirements as well as the possibilities of and threats to financial market and systemic stability.

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<sup>1</sup> ICAAP is the firm's own assessment of the internal capital it needs to hold against its risks.

**SREP - process and risk management. Investment market case**

**April 14 - 16, 2010, Warsaw**

Venue: Sheraton Warsaw Hotel, 2 B. Prusa Street, Warsaw, Poland

**Agenda of the Seminar**

**Day One**

**Wednesday, April 14, 2010**

*Moderator: Mr. Piotr Staszekiewicz, PhD, Head of Financial Supervision Unit, Financial Services, Licensing and Functional Supervision Department, Capital Market Supervision Department, KNF-Polish Financial Supervision Authority, Poland*

**9:00 – 9:30**

**Registration**

**9.30 – 10.00**

**Official opening of the seminar by Mr. Marek Szuszkiewicz, Managing Director of the Capital Market Supervision Department, KNF – Polish Financial Supervision Authority, Poland**

**10:00 – 11: 00**

**The UK approach to SREP within risk-based supervision**

Lecturer: Mr. Joe Traynor, Manager of Risk Management Division, Financial Services Authority, United Kingdom

**11:00 – 11:20**

Coffee break

**11:20 – 13:00**

**SREP overview – Austrian approach**

Lecturer: Ms. Birgit Steiger, Head of Unit, On-Site Banking Inspections Division, Austrian National Bank, Austria

**13:00 – 14:00**

Lunch

**14:00 – 15:30**

**SREP - overview of management process**

Lecturer: Mr. Piotr Staszkiwicz, PhD, Head of Financial Supervision Unit,  
Financial Services, Licensing and Functional Supervision Department,  
Capital Market Supervision Department, KNF, Poland

**15:30 – 15:45**

**Panel discussion and closing remarks**

**16:00 – 19:30**

**Social Program**

**Day two**

**Thursday, April 15, 2010**

*Moderator: Mr. Piotr Staszkiwicz, PhD, Head of Financial Supervision Unit,  
Financial Services, Licensing and Functional Supervision Department,  
Capital Market Supervision Department, KNF, Poland*

**9:00 – 9:15**

**Opening of day two of the seminar**

**9:15 – 10:20**

**Case study 1 – Ranking**

Lecturer: Ms. Katarzyna Dąbrowska, Financial Supervision Unit,  
Financial Services, Licensing and Functional Supervision Department,  
Capital Market Supervision Department, KNF, Poland

**10:20 – 10:40**

**Coffee break**

**10.40 – 11.50**

**Case study 2 - Materiality**

Lecturer: Mr. Dawid Jaworski, Financial Supervision Unit,  
Financial Services, Licensing and Functional Supervision Department,  
Capital Market Supervision Department, KNF, Poland

**11.50 – 13.00**

**Case study 3 - Group risk**

Lecturer: Mr. Piotr Staszkiwicz, PhD, Ms. Joanna Zaleska, Mr. Michał Karwasiński, Financial Supervision Unit, Financial Services, Licensing and Functional Supervision Department, Capital Market Supervision Department, KNF, Poland

**13:00 – 14:00**

**Lunch**

**14:00 – 15:30**

**Case study 4 - Action plan**

Lecturer: Ms. Katarzyna Dąbrowska, Mr. Dawid Jaworski, Financial Supervision Unit, Financial Services, Licensing and Functional Supervision Department, Capital Market Supervision Department, KNF, Poland

**15:30 – 15:45**

**Coffee break**

**15:45 – 16:45**

**Case study 5 - Home/Host**

Lecturer: Ms. Paulina Przewoska, Mr. Michał Karwasiński, Financial Supervision Unit, Financial Services, Licensing and Functional Supervision Department, Capital Market Supervision Department, KNF, Poland

**16:45 – 17:00**

**Panel discussion and closing remarks**

**Day Three**

**Friday, April 16, 2010**

*Moderator: Mr. Piotr Staszkiwicz, PhD, Head of Financial Supervision Unit, Financial Services, Licensing and Functional Supervision Department, Capital Market Supervision Department, KNF, Poland*

**9:00 – 9:15**

**Opening of day three of the seminar**

**9:15 – 10:20**

**Conclusions of the SREP management process**

Lecturer: Mr. Piotr Staszkiwicz, PhD, Head of Financial Supervision Unit,  
Financial Services, Licensing and Functional Supervision Department,  
Capital Market Supervision Department, KNF, Poland

**10:20 – 10:45**

**Coffee break**

**11:00 – 12:30**

**Panel discussion: Implementation of Supervisory Review Process: entity, supervisor and international organization context. Opportunities and threats to market and systemic stability**

Speakers: Mr. Jacek Fotek, President of the Management Board, BondSpot S.A., Poland  
Mr. Marek Słomski, President of the Management Board, ING Securities S.A., Poland

**12:30 – 13:00**

**Closing of the seminar by Mr. Bogusław Budziński, Vice Chairman of the Training Initiative for Financial Supervision, Director of International Cooperation Department, KNF, Poland**

**13:00 – 14:00**

**Lunch**