

Press release

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Joint Forum release of *Risk Concentrations* paper

The Joint Forum released a paper today entitled *Cross-Sectoral Review of Group-Wide Identification and Management of Risk Concentrations*. The Risk Concentrations paper is being released in final form and has also been included in the Joint Forum submissions to the Financial Stability Forum to contribute to its work related to the market turmoil.

The Risk Concentrations paper builds upon prior work conducted by the Joint Forum on risk integration and aggregation. It assesses the progress made by financial conglomerates in identifying, measuring and managing risk concentrations on a firm-wide basis and across the major risks to which these firms are exposed. The paper also includes observations and lessons drawn from the market turmoil that began in mid-2007.

John C Dugan, the Chairman of the Joint Forum and Comptroller of the Currency in the United States, said today, "This paper highlights critical issues in firms' ability to identify risk concentrations and this relates to stress testing. Not only do firms need to factor liquidity risk into firm-wide, integrated stress tests but they also need to take into consideration second-order effects in the development of stress test scenarios. Looking forward, firms that employ such techniques in the identification of potential risk concentrations may find they are better prepared to deal with financial market disruptions such as those that have been experienced over the past year."

The paper is available on the websites of the Bank for International Settlements (<http://www.bis.org>), the International Organization of Securities Commissions (IOSCO) (<http://www.iosco.org>) and the International Association of Insurance Supervisors (IAIS) (<http://www.iaisweb.org>).

The Joint Forum was established in 1996 under the aegis of the Basel Committee on Banking Supervision, IOSCO, and the IAIS to deal with issues common to the



banking, securities and insurance sectors, including the supervision of financial conglomerates.