In 2024, risk overlay expectations were largely met, with several key initiatives successfully implemented to ensure data accuracy, compliance, and operational resilience. The focus was on maintaining robust data quality controls, ensuring that end-of-day market data and risk factor calculations were accurate and aligned with regulatory requirements.

**Meeting Risk Overlay Expectations:**

* **Successful Implementation of Data Quality Checks:** The introduction of automated data quality frameworks in RFDM enabled thorough validation of internally generated curves across CIB Markets. Weekly reports provided to each desk ensured that discrepancies were identified and corrected promptly, helping maintain high standards in data quality.
* **Audit and COSO Testing:** The measures put in place for data oversight helped pass the annual COSO testing without major findings, demonstrating that the controls around risk data management were effective and aligned with audit requirements. This underscored our commitment to maintaining strong data governance and minimizing operational risks.

**Issues Encountered and Remediation Steps:**

* **Data Inconsistencies in MDSOR Integration:** During the integration of MDSOR into RFDM, discrepancies were identified between MDSOR’s historical time series and the existing data in RFDM. This posed a risk to data integrity, particularly for calculations involving GVAR and SVAR.
  + **Remediation:** To address this, I implemented a reconciliation tool that allowed for real-time comparison of data sets between MDSOR and RFDM. This tool enabled the identification and resolution of outliers, gaps, and other inconsistencies, significantly improving data accuracy before go-live. Additionally, I delegated ongoing oversight to the Middle Office and Risk Analytics teams to ensure continuous monitoring.
* **Errors in End-of-Day MTM Valuations:** In mid-year, an audit highlighted insufficient controls in place for monitoring end-of-day MTM valuations. The issue was linked to delays in data validation processes, which could potentially lead to inaccuracies in curve calculations and risk assessments.
  + **Remediation:** As part of the corrective actions, I developed a framework to automate these validations, leveraging RFDM’s capabilities to generate daily and weekly validation reports. This improvement ensured faster identification of valuation discrepancies and established a clear process for desks to review and sign off on their data, restoring compliance and reducing the risk of future audit findings.

These efforts not only ensured that we met our risk overlay expectations but also allowed us to strengthen the underlying data governance processes. The proactive steps taken to address identified issues and the emphasis on continuous improvement will help sustain a high level of data quality and risk management into the coming year.