

## ► Regulation

### List of Model Risk Guidance Proposed by Regulators:

- Fed SR 11-7 Guidance on Model Risk Management
- OCC Sound Practices for Model Risk Management
- Independent CCAR Model Validation
- Dodd Frank Act Stress Testing (DFAST)

## ► Standardization

### The Road to Standardization – Model Risk Best Practices to Consider:

- Risk Factor Taxonomy: Creating and publishing a common Risk Factor Taxonomy that the institution can standardize and can report risks associated with each risk factor
- Model ‘Cheat Sheet’: Ask yourself: “*What is the model about, and what is it trying to cover?*” Outline the model overview, assumptions/limitations, usage and diagnostics
- Presenting Results: Presenting results in ranges (rather than a single number) to create a healthy skepticism and promote questioning in the user’s mind
- Model/Analytic Server: Defragmented, Service Oriented Architecture – Having a centralized architecture enables greater transparency and effectiveness when it comes to managing risk

## ► Technology Innovation

New Mathematical Approaches to Model Testing  
could Help Automate the Model Validation Process by Enabling:

- Faster Time-to-Market
- More consistent and thorough validation
- Model accuracy and performance