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COVER NOTE

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 12 March 2014

To: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European
Union

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Subject: ANNEX to the COMMISSION DELEGATED REGULATION
supplementing Regulation (EU) No 575/2013 of the European Parliament
and of the Council with regard to regulatory technical standards for non-
delta risk of options in the standardised market risk approach

Delegations will find attached document C(2014) 1556 final Annex 1.

Encl.: C(2014) 1556 final Annex 1



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Annex I

Formula to be used for the purposes of Article 5(2)

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$$\text{Gamma impact} = \Delta \times \text{Gamma} \times \text{VU}^2$$

where VU:

- (a) for options or warrants on interest rates or bonds is equal to the assumed change in yield indicated in column 5 of Table 2 of Article 339 of Regulation (EU) No 575/2013;
- (b) for equity options or warrants and equity indices the market value of the underlying multiplied by the weighting indicated in Article 343 of Regulation (EU) No 575/2013;
- (c) for foreign exchange and gold options or warrants is equal to the market value of the underlying, calculated in the reporting currency and multiplied by the weighting indicated in Article 351 of Regulation (EU) No 575/2013 or - if appropriate - the weighting indicated in Article 354 of Regulation (EU) No 575/2013;
- (d) for commodity options or warrants is equal to the market value of the underlying, multiplied by the weighting indicated in point (a) of Article 360.1 of Regulation (EU) No 575/2013.