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| From:            | Secretary-General of the European Commission,<br>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<br>Union   |
| No. Cion doc.:   | C(2014) 1556 final - ANNEX 2  |
| Subject:         | ANNEX to the COMMISSION DELEGATED REGULATION<br>supplementing Regulation (EU) No 575/2013 of the European Parliament<br>and of the Council with regard to regulatory technical standards for non-<br>delta risk of options in the standardised market risk approach |

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Delegations will find attached document C(2014) 1556 final - ANNEX 2.

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Encl.: C(2014) 1556 final - ANNEX 2



EUROPEAN  
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Brussels, 12.3.2014  
C(2014) 1556 final

ANNEX 2

**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**

## 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

#### Annex II

#### Formula to be used for the purposes of Article 9(d)

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$$\text{Own funds requirement} = -\min(0, \text{PC} - \text{DE})$$

where

- (a) PC ('Price Change') is the sum of price changes of the options with the same distinct underlying type understood in the manner described in Article 5(3) (negative sign for losses and positive sign for gains) and corresponding to the relevant scenario determined in step (c) of Article 8.2;
- (b) DE is the 'delta effect' calculated as follows:

$$\text{DE} = \text{ADEV} \times \text{PPCU}$$

where

- (i) ADEV ('aggregated delta equivalent value') is the sum of negative or positive deltas, multiplied by the market value of the underlying of the contract, of options that have the same distinct underlying type understood in the manner described in Article 5(3);
- (ii) PPCU ('percentage price change of the underlying') is the percentage price change of the underlying understood in the manner described in Article 5(3), corresponding to the relevant scenario determined in step (c) of Article 8.2.