
WRITTEN NOTICE
OPTION DELTA PERMISSION

To: **Morgan Stanley & Co. International Plc (FRN: 165935)**
Morgan Stanley Bank Internal Ltd (FRN: 195430)
(together the “firm”)

Reference Number: **MSIP: 00002119**
MSBIL: 00002120

Date: **4 December 2020**

DECISIONS

- (1) In accordance with the discretions afforded to the PRA by Article 329(1) of Regulation 575/2013 of the European Parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms (the “CRR”), the PRA has decided to grant the firm the permission to use its own calculations of delta in its calculation of own funds requirements for market risk in respect of options and warrants on the terms and conditions set out in Annex 1 (the “Option Delta Permission”).
- (2) If the firm ceases to comply with the conditions for grant of this Option Delta Permission set out in Article 329(1) of the CRR, the terms and conditions of the Option Delta Permission set out in Annex 1 the PRA will re-consider the terms and conditions of the Option Delta Permission and the requirements relevant to it, including a revocation of the Option Delta Permission in whole or in part.
- (3) The Option Delta Permission, as amended and restated, takes effect on 4 December 2020. The written notice replaced all previous written notices of the Option Delta Permission.

Laura Winchester
Head of Division
Major Overseas Banks
Prudential Regulation Authority

PROCEDURAL MATTERS

- (4) If you wish to challenge the decisions taken by the PRA in relation to the Option Delta Permission, you may refer the matter to the Upper Tribunal.
- (5) Details of the Option Delta Permission will be published on the PRA Register. The full text of this Written Notice will not be published.

ANNEX 1

THE OPTION DELTA PERMISSION

Definition

1. The Option Delta Permission means that the firms may use their own calculation of delta to calculate, on a solo and/or consolidated basis, the own funds requirements for market risk in relation to the exposures described in paragraph 2 of this Annex in accordance with Article 329(1) of the CRR.
2. In accordance with Article 329(1) of the CRR, the firm may use the Option Delta Permission to calculate the exposure value for the products set out in Annex 2, which are either (i) OTC options or (ii) products traded on an exchange for which no delta is available from the exchange concerned.

Note on disclosure

The PRA has decided not to publish the full text and annexes of the Option Delta Permission notices as it has been deemed inappropriate and unnecessary. In particular, to do so might prejudice, to an unreasonable degree, the commercial interests of the firms concerned.

However, in the interests of transparency, the PRA's policy is to publish an abridged version of the permission notice, as a record that the Option Delta Permission has been granted.



ANNEX 3

VERSION CONTROL SCHEDULE

Version	Comment	Authorisation	Date
1	Option Delta Permission granted	Kirsty Dingwall Authorisations Central Supervisory Support Prudential Regulation Authority	23 October 2014
2	Amendment of scope	Laura Winchester Head of Division Major Overseas Banks Prudential Regulation Authority	4 December 2020