
WRITTEN NOTICE
NET FX DELTA PERMISSION

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

Reference Number: **MSIP: 00002121**
MSBIL: 00002122

Date: **4 December 2020**

DECISIONS

- (1) In accordance with the discretions afforded to the PRA by Article 352(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 foreign exchange and gold options in the overall net foreign exchange position on the terms and conditions set out in Annex 1 (the “Net FX Delta Permission”). This is based on a satisfactory attestation from the firm that the minimum standards are adhered to.
- (2) If the firm ceases to comply with the conditions for grant of this Net FX Delta Permission set out in Article 352(1) of the CRR, the terms and conditions of the Net FX Delta Permission set out in Annex 1 the PRA will re-consider the terms and conditions of the Net FX Delta Permission and the requirements relevant to it, including a revocation of the Net FX Delta Permission in whole or in part.
- (3) The Net FX Delta Permission takes effect on 4 December 2020.

Laura Winchester
Head of Division
Major Overseas Banks
Prudential Regulation Authority

PROCEDURAL MATTERS

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 The full text of this Written Notice will not be published.

ANNEX 1

THE NET FX DELTA PERMISSION

Definition

1. The Net FX 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 352(1) of the CRR.
2. In accordance with Article 352(1) of the CRR, the firm may use the Net FX Delta Permission to calculate the exposure value for those 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 Net X 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 Net FX Delta Permission has been granted.



ANNEX 3

VERSION CONTROL SCHEDULE

Version	Comment	Authorisation	Date
1	Net FX Delta Permission granted	Laura Winchester Head of Division Major Overseas Banks Prudential Regulation Authority	4 December 2020