



WRITTEN NOTICE OPTION DELTA PERMISSION¹

To: **J.P. Morgan Securities plc (FRN: 155240)**
(the “firm”)

Reference Number: 00001982

Date: 24 November 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,
 - 1.1 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” – as per Written Notice 4920799); and
 - 1.2 has decided to grant a further permission extending the use of the “Options Delta Permission” by the firm. This Written Notice replaces 4920799.”
- (2) If the firm ceases to comply with the conditions for granting of this Option Delta Permission set out in Article 329(1) of the CRR and 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 takes effect on 24 November 2020.

Jonathan Rand
Head of Division, US Banks
Prudential Regulation Authority

¹ DO NOT INCLUDE COMMODITY OPTIONS –REQUIRE SEPARATE PERMISSION UNDER ART 358

PROCEDURAL MATTERS

- (4) 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.
- (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 The full text of this Written Notice will not be published.

PRA CONTACTS

- (6) For more information concerning this matter generally, the firm should contact their usually supervisory contact.

ANNEX 1

THE OPTION DELTA PERMISSION

Definition

1. The Option Delta Permission means that the firm may use its own calculation of delta to calculate its own funds requirements for market risk in relation to the exposures described in paragraph 2 of this annex.
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 the Table below, 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 2 VERSION CONTROL SCHEDULE

Version	Comment	Authorisation	Date
1.0	Option Delta permission granted	Andy Murfin, Head of Department, US Investment Banks	14 May 2014
1.1	Option Delta permission varied to include additional option types (ACTS 23321)	Alastair Hughes Head of Division US Banks	9 March 2017
1.2	Option Delta permission varied to include additional option types (ACTS 30458)	Alastair Hughes Head of Division US Banks	29 June 2018
1.3	Option Delta permission varied to include additional option types (ACTS 39243)	Jonathan Rand Head of Division US Banks	24 November 2020