



NOTICE OF PERMISSION

Permission to use delta model for options

To: Citadel Securities (Europe) Limited (the “firm”)

Ref: 3803649

Of: Moor House
120 London Wall
London EC2Y 5ET

Date: 14 March 2017

Permission issued pursuant to Regulation (EU) No. 575/2013 on the prudential supervision for credit institutions and investment firms (EU CRR)

A. Power

1. This permission is given by the *FCA* under regulation 41 of the Capital Requirements Regulations 2013.

B. Duration

2. This permission takes effect on 14 March 2017.

C. Decision

3. In accordance with the discretion afforded to the *FCA* by article 329 of the *EU CRR*, the *FCA* has decided to grant the firm the permission to use a model in the calculation of delta on the terms and conditions set out in the Schedule to this permission.

D. Facts and matters relied on

4. The *FCA* has made this decision on the basis of the facts provided and statements made by the firm in the course of its application for this permission, including that the deltas used for calculating own funds requirements for American options are sourced from the front office trading systems at the end of the trading day and reflect the information available from the exchange at the end of the trading day. If any of those facts or statements were not true, or no longer reflect the state of affairs described, this could constitute sufficient grounds to revoke this permission.



5. The *FCA* will re-consider the terms and conditions of this permission and the requirements relevant to it, including a revocation of the permission in whole or in part, if the firm ceases or fails to comply with any one or more of the following:
 - (1) the conditions for grant of this permission as set out in the *EU CRR*; and
 - (2) any of the terms and conditions in the Schedule.

E. Procedural matters

6. Where the firm is aggrieved at the determination of the application for the grant of this permission, it may refer the matter to the Upper Tribunal (the “Tribunal”). The Tax and Chancery Chamber is the part of the Tribunal which, amongst other things, hears references arising from decisions of the *FCA*. Under paragraph 2(2) of Schedule 3 of the Tribunal Procedure (Upper Tribunal) Rules 2008, the firm has 28 days from the date on which this notice is given to the firm to refer the matter to the Tribunal.
7. A reference to the Tribunal can be made by way of a reference notice (Form FTC3) signed by the firm and filed with a copy of this notice. The Tribunal's contact details are: The Upper Tribunal, Tax and Chancery Chamber, 45 Bedford Square, London WC1B 3DN (telephone: 020 7612 9700; email: financeandtaxappeals@tribunals.gsi.gov.uk). Further details are contained in “Making a Reference to the UPPER TRIBUNAL (Tax and Chancery Chamber)” which is available from the Tribunal website: <http://www.tribunals.gov.uk/financeandtax/FormsGuidance.htm>.
8. The firm should note that a copy of the reference notice (Form FTC3) must be sent to the *FCA* at the same time that a reference is filed with the Tribunal. A copy of the reference notice should be sent to the signatory below at the *FCA*.

F. Guidance

9.
 - (1) No changes should be made to the model to which this permission applies.
 - (2) If the firm is considering making any changes to the model to which this permission applies or the Schedule (e.g. adding new products), they should apply for a new permission.
 - (3) No changes to the model should be given effect unless the *FCA* has granted its permission.

G. Interpretation

10. Any expression used in this notice which is used in the *EU CRR* shall have the meaning given, or used, in those regulations.
11. Unless otherwise provided, interpretative provisions (including definitions) of the *Handbook* (version as in force on the date of this notice) apply to this notice in the same way as they apply to the *Handbook*.



Richard Harrison
Waivers Team
Authorisations Division
Financial Conduct Authority



SCHEDULE

The delta permission for options

A. Application of permission

1. This 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 positions for the products in Table 1 in accordance with article 329 of the *EU CRR*.

Table 1

Products
European options on equity indices provided that bid/offer prices are available for both call and put options on at least five different strike prices with the same expiry. American options on equities and equity indices.

B. Scope of permission

2. The firm may calculate delta under this permission for the positions in the products in Table 1 which are:
 - (a) if traded on the exchange, delta is not available from the exchange concerned.