



WRITTEN NOTICE
IMA PERMISSION

To: **J.P. Morgan Capital Holdings Limited (FRN: 217769)**
(the “company”)

Date: 16 November 2021

DECISIONS

1. In accordance with Chapter 5, Part 3, Title IV 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 as it forms part of retained EU law (the “CRR”), the PRA has decided to grant the company in relation to the exposures incurred by J.P. Morgan Securities plc (“the firm”) the permission to use the internal model approach in its calculation of own funds requirements for market risk, on the terms and conditions set out in Annex 1 (the “IMA Permission”).
2. If the company ceases to comply with the conditions in Chapter 5, Part 3, Title IV of the CRR, the requirements set out in Annex 1, the PRA will re-consider the terms and conditions of the IMA Permission and the requirements relevant to it, which may include a revocation of the IMA Permission in whole or in part.
3. The IMA Permission takes effect on 27 October 2021.
4. Details of the IMA Permission will be published. The full text of this Decision Notice will not be published.
5. Annex 3 summarises any permissions previously granted by the PRA under CRR in connection with the IMA Permission.

This decision was taken by SRPC



ANNEX 1

THE INTERNAL MODEL APPROACH PERMISSION

Legal Entities

1. The IMA Permission means that the company may use, for the legal entities listed in Table 1, on a consolidated basis, the internal model approach in its calculation of own funds requirements for market risk in relation to the risk categories and categories of position described in paragraphs 3 and 4 of this Annex, in accordance with Section 1-4, Chapter 5, Part 3, Title IV of the CRR.

Table 1

Legal entity	Consolidated
J.P. Morgan Capital Holdings Limited	Consolidated

Other Matters

2. For the purposes of Article 373 of the CRR, the company shall not include listed equity positions and derivative positions based on listed equities in the scope of its IRC model.

Changes and extensions

3. In accordance with Article 363(3) of the CRR and Commission Delegated Regulation (EU) 529/2014 as it forms part of retained EU law (the “Delegated Regulation”), the prior approval of the PRA is required for any material change to the models subject to the IMA Permission or any material extension of use of those models (in particular to new legal entities, trading locations, risk categories, and categories of position). All other changes to, or extensions of use of, the models must be notified to the PRA. As specified by the Delegated Regulation, in certain cases such notification must be made two weeks before the proposed date of implementation.
4. The PRA expects a company to discuss with the PRA in advance of implementation details of any significant planned changes or extensions which are relevant to the internal models covered by this permission and which do not necessarily require the prior approval of the PRA under Article 363(1) of the CRR. Such changes might include, for example:
 - 4.1. new models and systems;



- 4.2. changes to existing models and systems (including changes to or new feeder models/systems)
- 4.3. changes in data quality, introduction of alternative techniques to address these;
- 4.4. the inclusion of new types of positions;
- 4.5. the inclusion of new sets of positions, e.g. trading strategies, business units;
- 4.6. significant changes to existing types of position, e.g. currencies, geographies, sectors, maturities/tenors.

These details should include information about the nature of the change, including an estimate of the impact of the change on key risk measures (e.g. VaR) and on the company's own funds requirements for market risk. They should also include the impact on the own funds requirements for other risk types (such as CVA risk), where relevant.

For avoidance of doubt, this requirement to discuss such significant changes in advance is in addition to both:

- the requirement to apply for a separate permission for new legal entities, trading locations, risk categories, and categories of position (or changes to the specific inclusion or exclusion of certain types of positions or sets of positions within risk categories), as outlined under 11 above;
- the requirements of prior approval or notification.



ANNEX 2

EXPECTATIONS RELEVANT TO THE IMA PERMISSION

The company must comply with certain requirements relating to the use of its internal models under this IMA Permission. This includes the submission of certain information to the PRA, in respect of each quarter, about developments and changes with respect to the internal models, as well as the systems and controls relating to them.



ANNEX 3

VERSION CONTROL

Version	Comment	Authorisation	Date
1.0	IMA Credit Permission issued	Director, International Banks Division	01 Jan 2017
2.0	IMA Equity Permission issued	Alastair Hughes, Head of US Banks, International Banks Division	22 Jan 2018
3.0	IMA Credit Permission varied to remove PD cap and use IRB PD in IRC calculation	Alastair Hughes, Head of US Banks, International Banks Division	01 Oct 2018
4.0	IMA Equity Permission varied to include Quantos	Jonathan Rand, Head of US Banks, International Banks Division	21 June 2019
5.0	Update of JPMS Plc Incremental Risk Charge (IRC) model development and model documentation to be compliant with the SR 11-7 guidance on model risk, published by the Federal Reserve and the Office of the Comptroller of the Currency (OCC).	Jonathan Rand, Head of US Banks, International Banks Division	09 March 2021
6.0	EDR RNIV methodology change	Jonathan Rand, Head of US Banks, International Banks Division	20.April.2021
7.0	IMA Equity Permission extended	Jonathan Rand, Head of US Banks, International Banks Division	27.May2021
8.0	Permission granted to the Holding Company on a consolidated basis.	SRPC	16 November 2021

Note on disclosure The PRA has decided not to publish the full text and annexes of IMA 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 company 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 IMA permission has been granted.