
WRITTEN NOTICE

NET FX DELTA PERMISSION

To: Morgan Stanley International Limited (FRN 218356) (the 'company')

Of: 25 Cabot Square, London, E14 4QA

Date: 20/12/2021

DECISIONS

- (1) In accordance with the discretions afforded to the PRA by Article 352(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as it forms part of retained EU law, the PRA has decided to grant the company 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 company that the minimum standards are adhered to.
- (2) If the company 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 20/12/2021.
- (4) The decision which gave rise to the obligation to give this Notice was made by Talib Idris, Head of Division – Major Overseas Banks.
- (5) Details of the Option Delta Permission will be published. The full text of this Written Notice will not be published.



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ANNEX 1

THE NET FX DELTA PERMISSION

Definition

1. The Net FX Delta Permission means that the company may use its own calculation of delta to calculate, on a 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 company may use the Net FX Delta Permission to calculate the exposure value for certain products, which are either (i) OTC options or (ii) products traded on an exchange for which no delta is available from the exchange concerned.
3. Note on disclosure: The PRA has decided not to publish the full text and annexes of the Net FX 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 2

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 |
| 2 | Granting permission to the Financial Holding Company | SRPC | 20 December 2021 |