

Chapter 1

Commission Delegated Regulation (EU) No 528/2014

Article 5 Determination of the Own funds requirements for gamma risk according to the Delta-plus approach

(1) For the purposes of Article 4(1)(a), the own funds requirements for gamma risk shall be calculated by a process consisting of the following sequence of steps:

- (a) for each individual option or warrant a gamma impact shall be calculated;
- (b) the gamma impacts of individual options or warrants which refer to the same distinct underlying type shall be summed up;
- (c) the absolute value of the sum of all of the negative values resulting from step (b) shall provide the own funds requirements for gamma risk. Positive values resulting from step (b) shall be disregarded.

(2) For the purpose of the step in point (a) of paragraph 1, gamma impacts shall be calculated in accordance with the formula described in Annex I.

(3) For the purposes of the step in point (b) of paragraph 1, a distinct underlying type shall be:

- (a) for interest rates in the same currency: each maturity time band as set out in Table 2 of Article 339 of Regulation (EU) No 575/2013;
- (b) for equities and stock indices: each market as defined in the rules to be developed pursuant to Article 341 (3) of Regulation (EU) No 575/2013;
- (c) for foreign currencies and gold: each currency pair and gold;
- (d) for commodities: commodities considered identical as defined in Article 357(4) of Regulation (EU) No 575/2013.