


Chapter 1

Commission Delegated Regulation (EU) No 528/2014



Article 6 Determination of the Own funds requirements for vega risk according to the Delta-plus approach

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

- (a) for each individual option the value of vega shall be determined;
- (b) for each individual option an assumed plus/minus 25 % shift in the implied volatility shall be calculated, where implied volatility shall be understood in the manner described in Article 4(2);
- (c) for each individual option the vega value resulting from the step in point (a) shall be multiplied by the assumed shift in implied volatility resulting from the step in point (b);
- (d) for each distinct underlying type, understood in the manner described in Article 5(3), the values resulting from the step in point (c) shall be summed up;
- (e) the sum of absolute values resulting from the step in point (d) shall provide the total own funds requirement for vega risk.