

# Chapter 1

## Commission Delegated Regulation (EU) No 528/2014



## Article 7 Conditions of application of the scenario approach

Institutions may use the scenario approach where they fulfil all of the following requirements:

- (a) they have established a risk control unit that monitors the risk of the options portfolio of the institutions and reports the results to the management;
- (b) they have notified competent authorities of a predefined scope of exposures to be covered by this approach consistently over time;
- (c) they integrate the results of the scenario approach in the internal reporting to the management of the institution.

For the purposes of point (b), institutions shall define the precise positions that are subject to the scenario approach, including the type of product or identified desk and portfolio, the distinctive risk management approach that applies to such positions, the dedicated IT application that applies to such positions, and a justification for the allocation of those positions to the scenario approach, with regard to those positions allocated to other approaches.