Chapter 1

Commission Delegated Regulation (EU) 2016/2251

Article 15 Confidence interval and MPOR

(1) The assumed variations in the value of the non-centrally cleared OTC derivative contracts within the netting set for the calculation of initial margins using an initial margin model shall be based on a one-tailed 99 percent confidence interval over a MPOR of at least 10 days.

(2) The MPOR for the calculation of initial margins using an initial margin model referred to in paragraph 1 shall include:

(a) the period that may elapse from the last margin exchange of variation margin to the default of the counterparty;

(b) the estimated period needed to replace each of the non-centrally cleared OTC derivative contracts within the netting set or hedge the risks arising from them, taking into account the level of liquidity of the market where those types of contracts are traded, the total volume of the non-centrally cleared OTC derivative contracts in that market and the number of participants in that market.