
WRITTEN NOTICE

OPTION DELTA PERMISSION

To: Investec plc (FRN 214665) ("the company")

Of: 30 Gresham Street, London EC2V 7QP

Date: 19/11/2021

DECISIONS

In accordance with the discretions afforded to the PRA by Article 329(1) of Regulation 575/2013 of the European Parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms (the "CRR"), 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 options and warrants on the terms and conditions set out in Annex 1 (the "Option Delta Permission").

- (1) If the company ceases to comply with the conditions for granting of this Option Delta Permission set out in Article 329(1) of the CRR and the terms and conditions of the Option Delta Permission set out in Annex 1 the PRA will re-consider the terms and conditions of the Option Delta Permission and the requirements relevant to it, including a revocation of the Option Delta Permission in whole or in part.
- (2) The Option Delta Permission takes effect on 14/10/2021.

PROCEDURAL MATTERS

- (3) The decision which gave rise to the obligation to give this Notice was made by Kinga Huzarski, Senior Manager.
- (4) Details of the Option Delta Permission will be published. The full text of this Written Notice will not be published.

PRA CONTACTS

(5) For more information concerning this matter generally, the company should contact their usual supervisory contact.

Kinga Huzarski
Senior Manager
For and on behalf of The Prudential Regulation Authority

ANNEX 1

THE OPTION DELTA PERMISSION

Definition

1. The Option Delta Permission means that the company may use its own calculation of delta to calculate, for the legal entities listed in Table 1, 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 329(1) of the CRR.

Table 1

Investec plc (FRN 214665)	Consolidated basis
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2. In accordance with Article 329(1) of the CRR, the company may use the Option Delta Permission to calculate the exposure value for the products set out in Table 2, which are either (i) OTC options or (ii) products traded on an exchange for which no delta is available from the exchange concerned.

Table 2

Products	Description
EQAsianBarrier	OTC contracts with a Vanilla (Call or Put) payoff, calculated using the average price of the underlying over a set of dates (the averaging dates) and paid conditionally to the Barrier being hit (or not being hit) at given dates through the life of the contract.
EQAsianDigiStrip	OTC contracts that contain a series (strip) of EQAsianDigital options with different Expiries. The template is equivalent to the superposition of multiple EQAsianDigital options

EQAsianDigital	OTC contracts with a binary Payoff (0 or 1) written on the average of the underlying over a set of dates (the asianing dates).
EQAsianGapOption	OTC contracts where the payoff is the sum of an EQAsianDigital and an EQAsianOption with the same Expiry and same Strike.
EQAsianOption	OTC contracts with a simple payoff (Call, Put, Straddle) written on the average of the underlying over a set of dates (the asianing dates).
EQAsianOptStrip	OTC contracts that contain a series (strip) of EQAsianOptions with different Expiries. The template is equivalent to the superposition of multiple EQAsianOptions
EQAutocallable	Values an Autocallable Equity contract
EQBarrierOption	OTC contracts with a European Vanilla payoff (see EQOption) paid conditionally to the Barrier being hit (or not being hit) at given dates throughout the life of the contract.
EQBasketAsianOption	OTC contracts with a simple payoff (Call, Put, Straddle) written on the average return of the underlying basket over a set of dates (the asianing dates).
EQDigitalOption	OTC contracts where the buyer receives 1 if at maturity the underlying is above (Call) or below (Put) the Strike price.
EQIncomeRoll	Values an IncomeRoll Equity contract
EQlistedOption	Values an exchange traded option contract
EQNoTouch	OTC contracts that pay a fixed Coupon at Expiry if the Barrier has not been hit by then.
EQNoTouchStrip	OTC contracts that contain a series (strip) of NoTouch options with different Expiries. Each individual NoTouch option pays a Coupon on its ExpiryDate if the Barrier has not been hit by then.
EQOption	OTC contracts with a simple vanilla payoff (Call, Put, Straddle) that can be exercised in an American or European manner.
EQRollOver	Values an RollOver Equity contract
Eqstrategy	OTC contracts that describe an Equity Option Strategy. A Strategy consists of a combination of simultaneous buying and/or selling a set of Options that differ in Expiry and/or Strike
EQAutocallablePhoenix	This is an extension of the existing EQAutocallable contract where the coupon payment is contingent on a barrier (phoenix level) being hit and may be subject to a memory feature.
EQAutocallable	This payoff redeems in the event the underlying finishes above a specified autocall level, on any of a specified set of autocall dates. Additionally, the payoff can include a down & in barrier put option. The finite difference model will be used only for payoffs involving a single underlying.

EQAsianBarrier	OTC contract with an Asian put/call payoff conditional on a barrier being hit. These can involve up & down knock-in/knock-out barriers.
EQBarrierOption	OTC contract with a vanilla put/call payoff conditional on a barrier being hit. These can involve up & down knock-in/knock-out barriers.

Table 3

Products	Description
FX Barrier DKI	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on either the Lower or Upper Barrier being hit (Knocked In) monitored over the period between the inception date and the expiry date based on the barrier observation frequency.
FXBarrierDKIStrip	OTC contracts that contain a series (strip) of FXBarrierDKI options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierDKI options.
FXBarrierDKO	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Lower or Upper Barrier not being hit (Knocked Out) monitored over the period between the inception date and the expiry date based on the barrier observation frequency.
FXBarrierDKOStrip	OTC contracts that contain a series (strip) of FXBarrierDKO options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierDKO options.
FXBarrierKI	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Barrier being hit (Knocked In) monitored over the period between the inception date and the expiry date based on the barrier observation frequency.
FXBarrierKIStrip	OTC contracts that contain a series (strip) of FXBarrierKI options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierKI options.
FXBarrierKO	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Barrier not being hit (Knocked Out) monitored over the period between the inception date and the expiry date based on the barrier observation frequency.
FXBarrierKOStrip	OTC contracts that contain a series (strip) of FXBarrierKO options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierKO options.
FXBarrierWinDKI(Mid)	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on either the Lower or Upper Barrier being hit (Knocked In)

	monitored over the period between the barrier start date and the barrier end date based on the barrier observation frequency. This is where neither the barrier start or end date aligns with the inception date/expiry date.
FXBarrierWinDKI	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on either the Lower or Upper Barrier being hit (Knocked In) monitored over the period between the barrier start date and the barrier end date based on the barrier observation frequency. This is where either the barrier start or end date doesn't align with the inception date/expiry date.
FXBarrierWinDKIStrip(Mid)	OTC contracts that contain a series (strip) of FXBarrierWinDKI(Mid)options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierWinDKI(Mid) options.
FXBarrierWinDKIStrip	OTC contracts that contain a series (strip) of FXBarrierWinDKI options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierWinDKI options.
FXBarrierWinDKO(Mid)	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Lower or Upper Barrier not being hit (Knocked Out) monitored over the period between the barrier start date and the barrier end date based on the barrier observation frequency. This is where neither the barrier start or end date aligns with the inception date/expiry date.
FXBarrierWinDKO	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Lower or Upper Barrier not being hit (Knocked Out) monitored over the period between the barrier start date and the barrier end date based on the barrier observation frequency. This is where either the barrier start or end date doesn't align with the inception date/expiry date.
FXBarrierWinDKOSTrip(Mid)	OTC contracts that contain a series (strip) of FXBarrierWinDKO(Mid)options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierWinDKO(Mid) options.
FXBarrierWinDKOSTrip	OTC contracts that contain a series (strip) of FXBarrierWinDKO options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierWinDKO options.
FXBarrierWinKI(Mid)	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Barrier being hit (Knocked In) monitored over the period between the barrier start date and the barrier

	end date based on the barrier observation frequency. This is where neither the barrier start or end date aligns with the inception date/expiry date.
FXBarrierWinKI	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Barrier being hit (Knocked In) monitored over the period between the barrier start date and the barrier end date based on the barrier observation frequency. This is where either the barrier start or end date doesn't align with the inception date/expiry date.
FXBarrierWinKIStrip(Mid)	OTC contracts that contain a series (strip) of FXBarrierWinKI(Mid)options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierWinKI(Mid) options.
FXBarrierWinKIStrip	OTC contracts that contain a series (strip) of FXBarrierWinKI options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierWinKI options.
FXBarrierWinKO(Mid)	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Barrier not being hit (Knocked Out) monitored over the period between the barrier start date and the barrier end date based on the barrier observation frequency. This is where neither the barrier start or end date aligns with the inception date/expiry date.
FXBarrierWinKO	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Barrier not being hit (Knocked Out) monitored over the period between the barrier start date and the barrier end date based on the barrier observation frequency. This is where either the barrier start or end date doesn't align with the inception date/expiry date.
FXBarrierWinKOStrip(Mid)	OTC contracts that contain a series (strip) of FXBarrierWinKO(Mid)options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierWinKO(Mid) options.
FXBarrierWinKOStrip	OTC contracts that contain a series (strip) of FXBarrierWinKO options with different Expiries. The template is equivalent to the superposition of multiple FXBarrierWinKO options.
FXDigiDNT	OTC contracts where the Notional is paid at expiry if the Lower and Upper Barrier isn't hit monitored over the period between the inception date and the expiry date based on the barrier observation frequency.

FXDigiINT	OTC contracts where the Notional is paid at expiry if the barrier isn't hit monitored over the period between the inception date and the expiry date based on the barrier observation frequency.
FXDigiOT	OTC contracts where the Notional is paid at expiry if the Barrier is hit monitored over the period between the inception date and the expiry date based on the barrier observation frequency.
FXEuropeanKI	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Barrier being hit (Knocked In) at expiry.
FXEuropeanKIStrip	OTC contracts that contain a series (strip) of FXEuropeanKI options with different Expiries. The template is equivalent to the superposition of multiple FXEuropeanKI options.
FXEuropeanKO	OTC contracts with a European Vanilla payoff (see FXOption) paid conditionally on the Barrier not being hit (Knocked Out) at expiry.
FXEuropeanKOStrip	OTC contracts that contain a series (strip) of FXEuropeanKO options with different Expiries. The template is equivalent to the superposition of multiple FXEuropeanKO options.
FXOption	OTC European Vanilla Call or Put options.
FXOptionStrip	OTC contracts that contain a series (strip) of FXOptions with different Expiries. The template is equivalent to the superposition of multiple FXOptions.
FX Asian Option	OTC contract with a simple payoff (Call, Put, Straddle) written on the average value of the FX underlying over a set of dates (the asianing dates).
FX Target Redemption Forward (TARF)	OTC contract involving a strip of FX forwards, each at a fixed strike. If the total payout on the contract exceeds a specified target amount the contract terminates.
FX Target Redemption Forward (TARF) Extra	OTC contract involving a strip of FX forwards, each at a fixed strike. If the total payout on the contract exceeds a specified target amount the contract terminates. The TARF Extra has an additional feature, where if the underlying FX rate breaches a fixed barrier, the future unsettled FX forwards are cancelled and the contract terminates.