INTEREST RATE RISK ON DERIVATIVE INSTRUMENT: CRR ARTICLE 331

Guidance on completion of template:

The template must be completed, together with the CRR permission application form, by a firm applying for Article 331 permission. Separate templates must be completed for each entity or each set of instruments for which a net sensitivity position, weighted by maturity, is computed.

Application Details	
	Signature
Attestation by a Significant Influence Function (SIF) of compliance with the relevant CRR requirements.	
Item	**Summary Information**
Brief description of the current methodology used for interest rate risk on derivate instruments covered in Articles 328 to 330.	
Capital impact of changing the calculation methodology from existing approach (i.e. applying Article 331) and total capital and market risk capital held at the same date.	
Product Scope of the requested permission – please indicate the instruments for which net sensitivity positions are used and the currencies in which those positions are denominated. In addition, for the product scope requested: • Confirm that the interest rate risk is managed on a discounted-cash-flow basis. • Briefly indicate any growth plans for the exposures.	

CRR Standards		
CRR Standard	**Meets Standard? (yes/no)**	**Firm Analysis** *Please demonstrate using examples where appropriate how the minimum standards are met*
All models generate positions which have the same sensitivity to interest rate changes as the underlying cash flows.		
The sensitivities are assessed with reference to independent movement in sample rates across the yield curve, with at least one sensitivity point in each of the maturity banks set out in Table 2 in Article 339.		
Factors demonstrating CRR Standard is met		
CRR Standard	**Meets Standard? (yes/no)**	**Evidence**
The sensitivities are appropriate to produce accurate valuation changes based on the assumed interest rate changes set out in Table		

2 of Article 339.		
The sophistication of all pricing models used is proportionate to the complexity and risk of the instruments and the nature of the business.		
All pricing models used are based on appropriate assumptions that have been assessed and challenged by suitably qualified parties independent of the development process.		
All pricing models used have been independently tested, including validation of the mathematics, assumptions, and software implementation.		
All pricing models used have been developed or approved independently of the trading desk.		
The frequency of independent testing of the accuracy of the pricing model is documented.		
Guidelines for the use of unobservable inputs, where relevant, are documented.		
Risk management functions are aware of weaknesses in the model used to calculate sensitivities to interest rate changes, and where weaknesses are identified a prudent amount of capital is held against the relevant exposures.		
Sensitivities to interest rate changes can be recalculated promptly following significant movements in inputs used to calculate sensitivities.		
IT systems used to calculate sensitivities to interest rate changes are sufficient to ensure sensitivity positions can be calculated accurately and reliably.		
The responsibilities of the various areas involved in the calculation are clearly defined and documented.		