
WRITTEN NOTICE

OPTION DELTA PERMISSION

To: Morgan Stanley International Limited (FRN 218356) (the 'company')

Of: 25 Cabot Square, London, E14 4QA

Date: 20/12/2021

DECISIONS

In accordance with the discretions afforded to the PRA by Article 329(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as it forms part of retained EU law, 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 20/12/2021.

PROCEDURAL MATTERS

- (3) The decision which gave rise to the obligation to give this Notice was made by Talib Idris, Head of Division – Major Overseas Banks.
- (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 The full text of this Written Notice will not be published.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 usually supervisory contact.

Talib Idris

Head of Division – Major Overseas Banks

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 its own funds requirements for market risk in relation to the exposures described in paragraph 2 of this Annex.
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 Annex 2, which are either (i) OTC options or (ii) products traded on an exchange for which no delta is available from the exchange concerned.
3. Note on disclosure: The PRA has decided not to publish the full text and annexes of the Option Delta Permission notices as it has been deemed inappropriate and unnecessary. In particular, to do so might prejudice, to an unreasonable degree, the commercial interests of the firms concerned. However, in the interests of transparency, the PRA's policy is to publish an abridged version of the permission notice, as a record that the Option Delta Permission has been granted.

ANNEX 2

VERSION CONTROL SCHEDULE

Version	Comment	Authorisation	Date
1	Option Delta Permission granted	Kirsty Dingwall Authorisations Central Supervisory Support Prudential Regulation Authority	23 October 2014
2	Amendment of scope	Laura Winchester Head of Division Major Overseas Banks Prudential Regulation Authority	4 December 2020
3	Granting permission to the Financial Holding Company	SRPC	20 December 2021