

Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast) (repealed)

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Subject matter and scope

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ANNEX I

CALCULATING CAPITAL REQUIREMENTS FOR POSITION RISK

GENERAL PROVISIONS

Netting

1.
2.
3.

Particular instruments

4. Interest-rate futures, forward-rate agreements (FRAs) and forward commitments to...

4. Interest-rate futures, forward-rate agreements (FRAs) and forward commitments to buy...
5. Options on interest rates, debt instruments, equities, equity indices, financial...
6.
7.

A. TREATMENT OF THE PROTECTION SELLER

8. When calculating the capital requirement for market risk of the...

B. TREATMENT OF THE PROTECTION BUYER

First-to-default credit derivatives

Nth-to-default credit derivatives

9.
10.
11.
- Specific and general risks
12.

TRADED DEBT INSTRUMENTS

13.
- Specific risk
14. The institution shall assign its net positions in the trading...

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- 14a. By way of derogation from point 14, an institution may...
 - 14b. The correlation trading portfolio shall consist of securitisation positions and...
 - 14c. Positions which reference either of the following shall not be...
 - 15. For the purposes of point 14 qualifying items shall include:
 - 16.
 - 16a. For instruments in the trading book that are securitisation positions,...
- General risk
- (a) Maturity-based
 - 17.
 - 18.
 - 19.
 - 20.
 - 21.
 - 22.
 - 23.
 - 24.
 - 25.
 - (b) Duration-based
 - 26.
 - 27.
 - 28. The institution shall then calculate the modified duration of each...
 - 29.
 - 30.
 - 31. The institution shall calculate its duration-weighted long and its duration-weighted...
 - 32.

EQUITIES

- 33.
- Specific risk
- 34.
- 35. By derogation from point 34, the competent authorities may allow the...
- General risk
- 36.
- Stock-index futures
- 37.
- 38.
- 39.
- 40.

UNDERWRITING

- 41.

SPECIFIC RISK CAPITAL CHARGES FOR TRADING BOOK POSITIONS HEDGED BY...

- 42.
 - 43. Full allowance shall be given when the value of two...
 - 44.
 - 45. Partial allowance shall be given when the value of two...
 - 46.
- Capital charges for CIUs in the trading book

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- 47.
- 48.
- 49.
- 50.

GENERAL CRITERIA

- 51.
- 52.

SPECIFIC METHODS

- 53.
- 54.
- 55.
- 56.

ANNEX II

CALCULATING CAPITAL REQUIREMENTS FOR SETTLEMENT AND COUNTERPARTY CREDIT RISK

SETTLEMENT/DELIVERY RISK

- 1.

FREE DELIVERIES

- 2.
- 3. In applying a risk weight to free delivery exposures treated...
- 4.

COUNTERPARTY CREDIT RISK (CCR)

- 5.
- 6.
- 7. For the purposes of point 6:
- 8.
- 9. For the purposes of point 6 , in the case...
- 10.
- 11.
- 12.

ANNEX III

CALCULATING CAPITAL REQUIREMENTS FOR FOREIGN-EXCHANGE RISK

- 1.
- 2.
- 2.1. Firstly, the institution's net open position in each currency (including...
- 2.2.
- 3.

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- 3.1.
- 3.2. The competent authorities may allow institutions to remove positions in...
- 4.

ANNEX IV

CALCULATING CAPITAL REQUIREMENTS FOR COMMODITIES RISK

- 1.
- 2.
- 3.
- 4.
- 5.
- 6. For the purpose of point 19, the excess of an institution's...
- 7. The competent authorities may regard the following positions as positions...
 - Particular instruments
- 8. Commodity futures and forward commitments to buy or sell individual...
- 9. Commodity swaps where one side of the transaction is a...
- 10. Options on commodities or on commodity derivatives shall be treated...
- 11.
- 12.
- (a) Maturity ladder approach
 - 13. The institution shall use a separate maturity ladder in line...
 - 14. Competent authorities may allow positions which are, or are regarded...
 - 15.
 - 16.
 - 17. The institution's capital requirement for each commodity shall be calculated...
 - 18.
- (b) Simplified approach
 - 19. The institution's capital requirement for each commodity shall be calculated...
 - 20.
- (c) Extended Maturity ladder approach
 - 21. Competent authorities may authorise institutions to use the minimum spread,...

ANNEX V

USE OF INTERNAL MODELS TO CALCULATE CAPITAL REQUIREMENTS

1.
2. Recognition shall only be given if the competent authority is...
3. Institutions shall have processes in place to ensure that their...
4. The institution shall monitor the accuracy and performance of its...
5. For the purpose of calculating capital requirements for specific risk...
- 5a.
- Scope
- 5b.
- Parameters
- 5c. The approach to capture the incremental risks shall measure losses...
- 5d. The liquidity horizons shall be set according to the time...
- 5e. Hedges may be incorporated into an institution's approach to capture...
- 5f.
- 5g.
- Validation
- 5h. As part of the independent review of their risk measurement...
- Documentation
- 5i.
- Internal approaches based on different parameters
- 5j.
- Frequency of calculation
- 5k.
- 5l. The competent authorities shall recognise the use of an internal...
6.
7.
8. For the purposes of points 10b(a) and (b), the multiplication...
9. Each institution must meet a capital requirement expressed as the...
10. The calculation of the value-at-risk measure shall be subject to...
- 10a.
- 10b. Each institution shall meet, on a daily basis, a capital...

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10c.

11.

12.

Interest rate risk

Foreign-exchange risk

Equity risk

Commodity risk

13.

ANNEX VI

CALCULATING CAPITAL REQUIREMENTS FOR LARGE EXPOSURES

1.

2.

3. As from 10 days after the excess has occurred, the...

ANNEX VII

TRADING

PART A

Trading Intent

1. Positions/portfolios held with trading intent shall comply with the following...

PART B

Systems and Controls

1.

2. Systems and controls shall include at least the following elements:...

Prudent Valuation Methods

3.

4.

5.

6. The following requirements must be complied with when marking to...

7.

Valuation adjustments

8.

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General standards

9.

Standards for less liquid positions

10.

11.

12.

13.

PART C

Internal Hedges

1. An internal hedge is a position that materially or completely...

2.

3.

PART D

Inclusion In The Trading Book

1.

2. Institutions shall have clearly defined policies and procedures for overall...

3.

4.

ANNEX VIII

REPEALED DIRECTIVES

PART A

Repealed directives together with their successive amendments

PART B

Deadlines for transposition (Article 52)

ANNEX IX

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