

Summary of Treatment for Interest Rate Derivatives—Continued

Instrument	Specific risk charge	General market risk charge
Corporate debt security	Yes	Yes, as two positions.
Index on short-term interest rates	No	Yes, as two positions.
FRAs, Swaps	No	Yes, as two positions.
Forward foreign exchange	No	Yes, as one position in each currency.
Options:	.....	For each type of transaction, either:
Government security	No	(a) Carve out together with the associated hedging positions —simplified method —scenario analysis —internal models, or
Corporate debt security	Yes	(b) General market risk charge according to the Delta-plus method (gamma and vega receive separate capital charges)
Index on short-term interest rates	No	

Note: Specific risk charges relate to the issuer of the instrument. There remains a separate capital requirement for counterparty credit risk.

Summary of Treatment for Equity Derivatives

Instrument	Specific risk charge	General market risk charge
Exchange-Traded or OTC Future:		
Individual equity	Yes	Yes, as underlying.
Index	2.0%	Yes, as underlying.
Options:	.....	For each type of transactions either:
Individual equity	yes	(a) Carve out together with the associated hedging positions —simplified method —scenario approach —internal models, or
Index	2.0%	(b) General market risk requirement according to the Delta-plus method (gamma and vega receive separate capital charges).

Note: Specific risk charges relate to the issuer of the instrument. There remains a separate capital requirement for counterparty credit risk.

Attachment IV—Sample Calculation of Standardized Approach for Commodities Risk

Time-band	Position	Spread rate	Capital calculation	Capital charge
0 up to 1 month	None			
1 up to 3 months	None			
3 up to 6 months	Long 800	1.5%	800 long+800 short (matched)×1.5%=	24
	Short 1000 .....	.....	200 short carried forward to 1–2 yrs, capital charge: 200×2×0.6%=.	2.4
6 up to 12 months	None			
1 up to 2 yrs	Long 600 .....	.....	200 long+200 short (matched)×1.5%=	6
			400 long carried forward to over 3 yrs capital charge: 400×2×0.6%=.	4.8
2 up to 3 yrs	None			
Over 3 years	Short 600 .....	.....	400 long+400 short (matched)×1.5%=	12
			Net position: 200 capital charge: 200×15.0%=	30

NOTE: Assume all positions are in the same commodity and converted at current spot rates into U.S. dollars. The total capital requirement would be \$79.2.