EXAMPLE: MATURITY LADDER APPROACH FOR COMMODITIES RISK

Assume all positions are in the same commodity and converted at current spot rates into the € as the reporting currency.

Time band	Position	Spread rate	Capital calculation	
0 ≤ 1 month		1.5%		
>1 ≤ 3 months		1.5%		
>3 ≤ 6 months	Long € 800 Short € 1000	1.5%	800 long + 800 short (matched) x 1.5% = 200 short c.f. to 1- 2 years : capital charge 200 x 2 x 0.6% =	24 2.4
> 6 ≤ 12 months		1.5%		
> 1 ≤ 2 years	Long € 600 (b.f. short € 200)	1.5%	200 long + 200 short (matched) x 1.5% = 400 long c.f. to over 3 years : capital charge 400 x 2 x 0.6% =	6 4.8
> 2 ≤ 3 years		1.5%		
Over 3 years	Short € 600 (b.f. long € 400)	1.5%	400 long + 400 short (matched) x 1.5% = 200 short net position : capital charge 200 x 15% =	12 30