clear to trade

eurex clearing *circular 013/12*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Peter Reitz

Eurex Clearing Prisma: Revised Timeline and additional Documentation

Related Eurex Clearing Circulars: 060/11, 074/11, 090/11

Contact: Stefan Krause, Vendor Relations & Markets Readiness, tel. +49-69-211-1 96 10
Alexander Rose, Clearing Business Relations, tel. +44 207-862-72 46

Content may be most important for:

- Ü Middle + Backoffice
- Ü IT/System Administration
- Ü Auditing/Security Coordination

Attachments:

(only on the Eurex Clearing website)

1. Eurex Clearing Prisma – User Guide Methodology Description (programming version)
2. Eurex Clearing Prisma – User Guide Sample Calculation (programming version)
3. Eurex Clearing Prisma – Report Reference Manual

Summary:

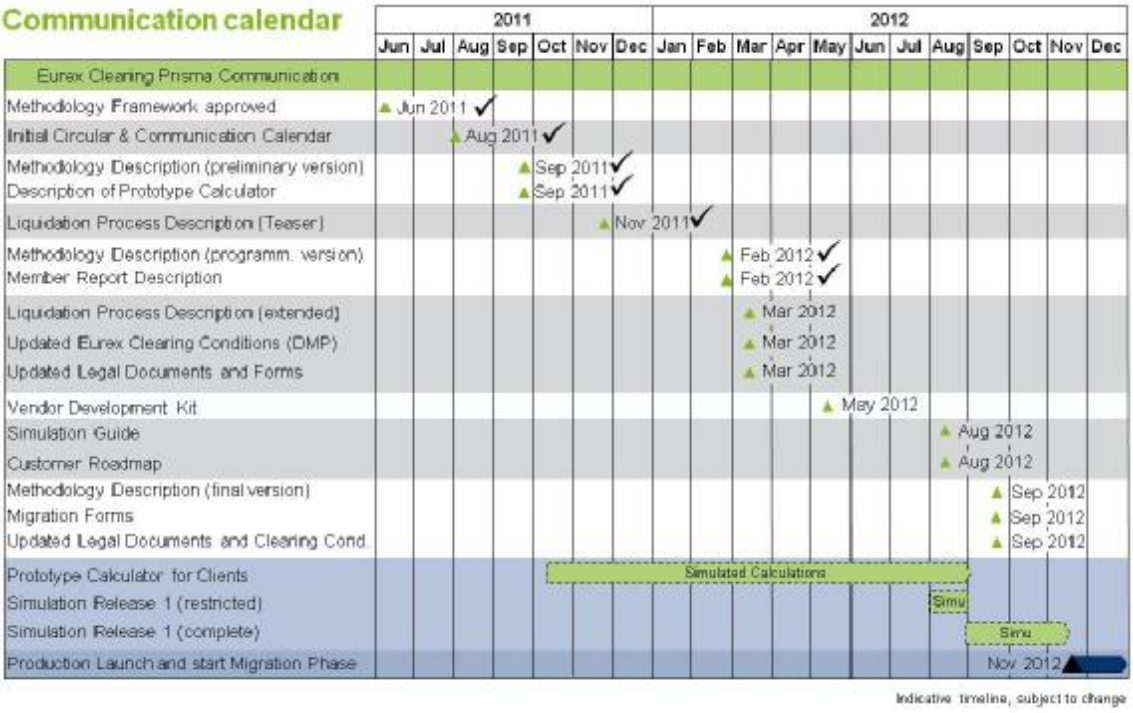
With Eurex Clearing circular 060/11, Eurex Clearing announced the introduction of a new portfolio-based risk management method, Eurex Clearing Prisma, which is aimed at setting a new benchmark in margin calculation and risk management functionalities. Especially the new margin calculation method and the revised and consistent default management process are core components of Eurex Clearing's sophisticated risk management services. Since Eurex Clearing is committed to ensuring safety and integrity of the markets and members it clears at all times and acknowledges the complexity of introducing the Eurex Clearing Prisma components all at once, Eurex Clearing decided to introduce the first release of the Eurex Clearing Prisma methodology in November 2012. The revised default management process will be introduced together with the EurexOTC Clear service for Interest Rate Swaps (IRS). An updated communication calendar reflecting these changes is included in this circular.

Together with this circular, Eurex Clearing provides an updated version of its "Eurex Clearing Prisma – User Guide" document to help members and software vendors replicate the Prisma method and a description of all relevant Prisma reports.

Eurex Clearing Prisma: Revised Timeline and additional Documentation

With Eurex Clearing circular 060/11, Eurex Clearing announced the introduction of a new portfolio-based risk management method, Eurex Clearing Prisma, which is aimed at setting a new benchmark in margin calculation and risk management functionalities. Especially the new margin calculation method and the revised and consistent default management process are core components of Eurex Clearing's sophisticated risk management services. Since Eurex Clearing is committed to ensuring safety and integrity of the markets and members it clears at all times and acknowledges the complexity of introducing the Eurex Clearing Prisma components all at once, Eurex Clearing decided to introduce the first release of the Eurex Clearing Prisma methodology in November 2012. The revised default management process will be introduced together with the EurexOTC Clear service for Interest Rate Swaps IRS).

Thereby, Eurex Clearing allows members and software vendors more time to adjust their internal systems and processes and offers extended testing capacities to ensure a smooth and quality-assured introduction of the major software components for the Eurex Clearing Prisma margin calculation. Therefore, Eurex Clearing will offer a "restricted" simulation phase, which is intended for software vendors and in-house developer to test their software developments. Directly after the restricted simulation period, the official simulation will start providing the full scope of Eurex Clearing Prisma to all members for testing. Below figure shows the revised time schedule:



Together with this circular, Eurex Clearing provides an updated version of the "Eurex Clearing Prisma – User Guide Methodology Description" and a description of all relevant Prisma reports to help members and software vendors replicate the Prisma method.

To support members in their decision-making process and to analyse the impact of the new margin methodology on their individual portfolios, Eurex Clearing already today offers simulation of margin requirements of individual portfolios, provided by members, under the new Eurex Clearing Prisma methodology.

The margin simulation focuses on equity products (futures and options) and interest rate portfolios consisting of Fixed Income Futures, Options and Interest Rate Swaps (IRS) cleared with the EurexOTC Clear service. Offsets between these products will be taken into account and granted under the new methodology.

The detailed product scope and data to be provided can be found in the “Calculation of Testportfolios” section on the Eurex Clearing website.

Eurex Clearing presents all information and documents about Eurex Clearing Prisma in the Member Section of the Eurex Clearing website under the path:

www.eurexclearing.com > Member Section > Clearing Services > Eurex Clearing Prisma

For direct access click on the following link:
https://www.eurexchange.com/members/clearing_services/clearing_prisma/documents_en.html

Eurex Clearing Prisma – User Guide Methodology Description

Purpose of this document is to provide clearing members and vendors with sufficient information to enable them to recalculate the initial margin requirements according to the Eurex Clearing Prisma margin methodology. The document contains a description of the different margin components, a description of the files provided by Eurex Clearing and sample calculations of individual margin components. It also provides a step-by-step description of the complete sample calculation from the Excel file “Eurex Clearing Prisma – User Guide Sample Calculation” which has been published in the Member Section together with this circular.

The version of the document provided with this circular is the so-called programming version, which means that the methods and parameters described are stable and represent the current state of specifications. However, during the implementation of the Eurex Clearing Prisma software, minor changes can still be applied and will be reflected in the final version of the document, which is planned to be published in September 2012.

Eurex Clearing Prisma – User Guide Sample Calculation

The “Eurex Clearing Prisma **–** User Guide Sample Calculation” contains a complete calculation of the initial margin and its individual components for a small portfolio according to the Eurex Clearing Prisma methodology. The file should be used to follow and understand the calculation of the individual margin components and their subsequent aggregation. It cannot be used to estimate the margin requirements of individual portfolios, as the prices and parameters used to calculate the example are illustrative only.

Eurex Clearing Prisma – Report Reference Manual

The “Eurex Clearing Prisma – Report Reference Manual” describes the content structure and layout of the reports provided with the introduction of Eurex Clearing Prisma. The reports show the calculations of the individual margin components and can be used to drill down the details of the margin components. The documents show the XML schemes and examples and layouts of the text reports.

Should you have any questions, please contact Stefan Krause, Vendor Relations & Markets Readiness, e-mail: stefan.krause@eurexchange.com, tel. +49-69-211-1 96 10, or Alexander Rose, Clearing Business Relations, e-mail: alexander.rose@eurexclearing.com, tel. +44-207-862-72 46.

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