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e u r e x c l e a r i n g *circular 054/13*

Date: 8 May 2013
Recipients: All Clearing Members of Eurex Clearing AG and Vendors
Authorized by: Thomas Laux

High priority

Eurex Clearing Prisma Release 1: Information on the production start, amendment of the Clearing Conditions

Related Eurex Clearing circulars: 060/11, 074/11, 090/11, 013/12, 068/12, 092/12, 002/13, 024/13

Contact: Member Services & Admission, T +49-69-211-1 17 00, memberservices@eurexclearing.com

Content may be most important for:	**Attachment:**
Ü All departments	Updated sections of the Clearing Conditions for Eurex Clearing AG, effective 27 May 2013

Summary:

Starting **27 May 2013**, Eurex Clearing will offer its new Portfolio Based Risk Management method Eurex Clearing Prisma. From this day onwards, Clearing Members will be entitled to choose Eurex Clearing Prisma as their applicable margin methodology and able to migrate their portfolios on a Liquidation Group and position account basis to the new method to benefit from the efficiencies achieved through Eurex Clearing Prisma.

In order to facilitate the individual migration process to Eurex Clearing Prisma, Eurex Clearing will provide Members with a Migration Tool, which assists in selecting each respective Liquidation Group and account.

Attached to this circular you will find the amended sections of the Clearing Conditions for Eurex Clearing AG as approved by the Executive Board of Eurex Clearing AG on 8 May 2013, which will come into effect on 27 May 2013.

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Aktiengesellschaft mit Sitz in Frankfurt/Main
HRB Nr. 44828
Amtsgericht Frankfurt/Main

Eurex Clearing Prisma Release 1: Information on the production start, amendment of the Clearing Conditions

Starting 27 May 2013, Eurex Clearing will offer its new Portfolio Based Risk Management method Eurex Clearing Prisma. From this day onwards, Clearing Members will be entitled to choose Eurex Clearing Prisma as their applicable margin methodology and able to migrate their portfolios on a Liquidation Group basis and position account basis to the new method to benefit from the efficiencies achieved through Eurex Clearing Prisma.

Related to this introduction, amendments to the Clearing Conditions for Eurex Clearing AG (Clearing Conditions), all effective 27 May 2013, have been made to the following chapters: Chapter I, Part 1, Number 3; Chapter II, Part 1, Number 1.2; Chapter II, Part 2, Number 2.1.3 and Chapter II, Part 3, Number 3.4.4 and Number 3.6.4.

Attached to this circular please find the amended sections of the Clearing Conditions, as approved by the Executive Board of Eurex Clearing AG on 8 May 2013.

As of 27 May 2013, the complete Clearing Conditions with the amendments described in this circular will be available for download on the Eurex Clearing website www.eurexclearing.com under the following link:

Resources > Rules and Regulations > Clearing Conditions

Pursuant to Chapter I, Part 1, Number 17.2.2 of the Clearing Conditions, each Clearing Member or Non-Clearing Member or Registered Customer accepts each amendment and addition to the Clearing Conditions, unless it objects by written notice to Eurex Clearing AG before the end of the Business Day prior to the actual effective date of such amendment or addition to the Clearing Conditions. The right to terminate the Clearing Agreement and the Clearing License according to Chapter I, Part 1, Number 2.1.4 Paragraph 1 of the Clearing Conditions shall remain unaffected.

Migration to Eurex Clearing Prisma

Eurex Clearing implements Eurex Clearing Prisma in a stepwise approach. In a first step, the products “Listed Equity and Listed Equity Index Derivatives” will be migrated to Eurex Clearing Prisma. During the migration period, the existing margin methodology Risk Based Margining (RBM) will run in parallel and all margins for the respective products can be either calculated according to Eurex Clearing Prisma or according to RBM.

A parallel report service (Hypothetical Margin Reports) will be provided to all Members who have not yet migrated to Eurex Clearing Prisma. These reports are produced under the assumption that a Clearing Member migrates all positions of all Liquidation Groups which are already available under the new margin methodology to Eurex Clearing Prisma. Detailed information regarding the Hypothetical Margin Reports can be found in Eurex Clearing circular 024/13 and in the Eurex Clearing Prisma Customer Roadmap.

To assist and facilitate the individual migration process to Eurex Clearing Prisma, Eurex Clearing will provide Members with a Migration Tool with the start of the Member on-boarding phase. The Migration Tool will be accessible via the Member Section on the Eurex Clearing website following the link:

https://member.eurexclearing.com/irj/portal > Clearing Resources > Documentation > Eurex Clearing Prisma > Migration Tool

Please note that only the Central Coordinator has access to the Migration Tool. The “Eurex Clearing Prisma Migration Form”, which was used for the migration to the Eurex Clearing Prisma simulation, will be decommissioned with the start of the member on-boarding phase.

After the migration to Eurex Clearing Prisma, the regular Eurex Clearing Prisma reports will become available on the Common Report Engine (CRE).

Members are invited to analyse the impact of Eurex Clearing Prisma and get in contact with their clients to inform them about potential changes resulting from the new margin methodology. For this purpose the Eurex Clearing Prisma brochure, which will also be available in German in the course of June, ideally serves as an underlying information source on Eurex Clearing Prisma. The Eurex Clearing Prisma brochure in English is already available for download on the Eurex Clearing website following the link:

Risk management > Eurex Clearing Prisma > Further Information

Furthermore, Eurex Clearing makes available all information and documents about Eurex Clearing Prisma in the Member Section of the Eurex Clearing website following the path:

https://member.eurexclearing.com/irj/portal > Clearing Resources > Documentation > Eurex Clearing Prisma

If you have any questions, please contact the Member Services & Admission team: tel. +49-69-211-1 17 00 or e-mail: memberservices@eurexclearing.com.

File service agreement for the Eurex Clearing Prisma Transparency Enabler files (TE files)

All interested parties, who do not have access to the Common Report Engine (CRE) can subscribe to the File service agreement and retrieve the Eurex Clearing Prisma TE files from the Eurex Clearing website www.eurexclearing.com following the path:

Risk management > Risk parameters > File services

If you have any questions related to the File service agreement please get in contact with the Deutsche Börse AG, Market Data & Analytics Customer Service: T+49-69-211-1 18 00 or customer.service@deutsche-boerse.com.

8 May 2013

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AMENDMENTS ARE MARKED AS FOLLOWS

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

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Chapter I
General Provisions

Part 1
General Clearing Provisions

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3 General Provisions regarding Margin

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3.1 Margin Requirement and Types of Margin

3.1.1 The applicable Margin Requirement, which shall be determined by Eurex Clearing AG, shall consist of the sum of all relevant margin requirements separately calculated by Eurex Clearing AG in accordance with the relevant applicable Margin Methodology (as defined in Number 3.1.2) subject to and in accordance with the Elementary Clearing Model Provisions, the Individual Clearing Model Provisions or the Net Omnibus Clearing Model Provisions, as applicable.

3.1.2 In the member section on the website of Eurex Clearing AG (www.eurexclearing.com), each Clearing Member may opt for any one Liquidation Group (as defined in Number 7.5.1) with respect to any particular Transaction Account whether it wants Eurex Clearing AG to calculate its respective margin requirement in accordance with the Risk Based Margining methodology or in accordance with the Eurex Clearing Prisma methodology (the "**Margin Methodologies**" and each a "**Margin Methodology**"). If no choice is made in the member section by the Clearing Member for any Liquidation Group with respect to any particular Transaction Account, Eurex Clearing AG shall apply the Risk Based Margining methodology for such Liquidation Group with respect to the respective Transaction Account of such Clearing Member.

3.1.3 With regards to the Margin Methodologies, Eurex Clearing AG will publish the relevant applicable calculation method for all relevant types of margin on its homepage www.eurexclearing.com; each published Margin Methodology shall form part of these Clearing Conditions.

3.1.2~~3~~4 Each ~~such~~ margin requirement calculated by Eurex Clearing AG shall equal, in respect of a Transaction or a group of Transactions, after a netting thereof, if applicable, the sum of the Current Liquidating Margin requirement and the Premium Margin requirement and the Spread Margin requirement and the Additional Margin requirement and the Initial Margin

requirement and any other margin type requirement, as specified in the Special Clearing Provisions, (the "**Margin Type**"). The Current Liquidating Margin requirement and the Additional Margin requirement apply to all securities transactions (*Wertpapiergeschäfte*) pursuant to Chapters II through VI.

3.1.~~3~~5 The "**Current Liquidating Margin**" requirement equals the value of loss Eurex Clearing AG would suffer as of the time of the determination of the margin requirement from a closing of a Transaction by entering into an inverse transaction (*Glattstellung*) being subject to such margin requirement taking into account cash and securities positions under those Transactions separately. Each cash position shall be determined by discounting it with the current market interest rate (calculation of cash value on the valuation date). Each securities position shall be valued after the end of trading of the respective Market on basis of the Daily Settlement Price (as defined in Chapter II-VI) taking into account any accrued interest, if applicable.

3.1.~~4~~6 The "**Premium Margin**" requirement equals the aggregate value of the potential loss Eurex Clearing AG would suffer as of the time of the determination of the margin requirement from a closing of an option by entering into an inverse transaction (*Glattstellung*) with immediate premium payment obligations where Eurex Clearing AG is the buyer of the option.

3.1.~~5~~7 The "**Spread Margin**" requirement equals the aggregate value of the potential loss Eurex Clearing AG would suffer as of the time of the determination of the margin requirement from a closing of a futures contract be entering into an inverse transaction (*Glattstellung*). When determining the Spread Margin, Eurex Clearing AG will net long and short positions with regard to identical expiration dates and, to the extent possible, net long positions and net short positions in contracts with different expiration dates.

3.1.~~6~~8 The "**Additional Margin**" requirement equals the amount of any potential losses from a closing of the Transaction(s) by entering into (an) inverse transaction(s) (*Glattstellung*) taking into account assumed price changes due to extreme price movements in the market (worst case scenario) and shall be in addition to the amount ~~covered~~ calculated by the Current Liquidating Margin, the Premium Margin, the Spread Margin or any other ~~margin~~ Margin ~~type~~ Type~~specified in the Special Clearing Provisions~~.

3.1.~~7~~9 The "**Initial Margin**" requirement equals the amount of any potential losses Eurex Clearing AG would suffer as of the time of the determination of the margin requirement from a closing of the Transaction(s) in a particular Liquidation Group by entering into (an) inverse transaction(s) (*Glattstellung*) within the respectively applicable holding period for the respective Liquidation Group, as published by Eurex Clearing AG on its website (www.eurexclearing.com), taking into account assumed price changes due to extreme price movements in the market, and shall be in addition to the amount calculated by the Premium Margin or any other Margin Type.~~Eurex Clearing AG will publish the relevant applicable calculation method for the relevant type of margin in accordance with Number 16.1; such published valuation method shall form part of these Clearing Conditions.~~

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Chapter II
Clearing of OTC Derivative Transactions

Part 1
General Provisions

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1.2 Margin Requirement

(1) With regard to the obligation to provide Margin, Chapter I Part 1 Number 3 together with Part 2 Number 6, Part 3 Number 5 or Part 4 Number 6, respectively, applies in addition to the following provisions.

(2) The basis for the determination of the margin requirements are the net positions per account in all option- and futures contracts. The net position in each option and in each futures contract shall be determined by setting off a long position (including Transactions not yet fully performed) against a short position (including Transactions not yet fully performed, but excluding Transactions with matching cover). In deviation to Sentence 1, a net position shall be determined for the Own Account and the Market Maker Accounts (as defined in Number 1.3.4 below) pursuant to Sentence 2. Sentence 3 applies to NCM-Related Transactions and RC-Related Transactions accordingly.

In accordance with the Risk Based Margining methodology, ~~Option~~ option and futures contracts may be combined into a single margin class, including, for example, when the underlying security or other value is the same. Eurex Clearing AG may form margin groups out of several margin classes, including classes with differing underlyings, if their respective prices develop favourably in the same direction. If Eurex Clearing AG forms margin classes or margin groups, the following rules shall apply *mutatis mutandis*, in that the relevant margin requirement shall be determined for the margin class or margin group, including by netting.

In accordance with the Eurex Clearing Prisma methodology, option and futures contracts may be grouped into one or more Liquidation Group(s), as defined in Chapter I Part 1 Number 7.5.1 (1). If Eurex Clearing AG forms Liquidation Groups, the following rules shall apply mutatis mutandis, in that the relevant margin requirement shall be determined for the Liquidation Group with respect to the applicable Transaction Account, including by netting.

(3) With respect to options transactions with immediate premium payment obligations, the applicable Margin Type shall be the Premium Margin.

(4) With respect to options transactions without immediate premium payment obligations, Variation Margin in respect of the daily profits and losses as further set out in this Chapter II shall be provided by either party to the options transaction.

(5) In accordance with the Risk Based Margining methodology, ~~With~~ with respect to futures contracts, the applicable Margin Type shall be Spread Margin.

(6) In addition, under the Risk Based Margining methodology the Additional Margin shall apply and under the Eurex Clearing Prisma methodology the Initial Margin shall apply to all Transactions concluded under this Chapter II.

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Part 2
Clearing of Futures Contracts

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2.1.3 Margin Requirements

(1) The basic provisions for the margin requirements are set forth in Chapter I Part 1 Number 3 together with Part 2 Number 6, Part 3 Number 5 or Part 4 Number 6 In addition thereto, the following provisions shall apply:

(2) In accordance with the Risk Based Margining methodology, ~~With~~ with respect to futures contracts, the applicable Margin Type shall be the Spread Margin.

(3) In accordance with the Eurex Clearing Prisma methodology, with respect to futures contracts, the applicable Margin Type shall be the Initial Margin.~~In addition to the Spread Margin or Current Liquidating Margin, the Additional Margin shall apply.~~

(4) In addition, in the case of a Physical Delivery, the Current Liquidating Margin shall be an applicable Margin Type in accordance with the Risk Based Margining methodology and in accordance with the Eurex Clearing Prisma methodology.

Part 3
Clearing of Options Contracts

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3.4.4 Margin Requirements

(1) The basic provisions for margin requirements are set forth in Chapter I Part 1 Number 3 together with Part 2 Number 6, Part 3 Number 5 or Part 4 Number 6. In addition thereto, the following conditions apply:

(2) The applicable Margin Type shall be the Premium Margin.

(3) For purposes of calculating the margin requirements for all option series, the net-long positions shall be treated as credit balances.

(4) In addition to the Premium Margin, under the Risk Based Margining methodology the Additional Margin shall apply and under the Eurex Clearing Prisma methodology the Initial Margin shall apply.

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3.6.4 Margin Requirements

(1) The basic provisions for margin requirements are set forth in Chapter I Part 1 Number 3 together with Part 2 Number 6, Part 3 Number 5 or Part 4 Number 6. In addition thereto, the following conditions shall apply:

(2) The applicable Margin Type shall be the Premium Margin, provided that in the case of a Physical Delivery, the Current Liquidating Margin shall be the applicable Margin Type.

(3) The difference between the price of the respective underlying security and the exercise price shall be used for exercised and assigned positions in stock options or LEPOs.

(4) If the price so determined does not reflect the risk assessment of Eurex Clearing AG, Eurex Clearing may deviate from the reference price determined pursuant to Number 3.6.3.

(5) For purposes of calculating the margin requirements for all option series, net-long positions shall be treated as credit balances.

(6) In addition to the Premium Margin or Current Liquidating Margin, under the Risk Based Margining methodology the Additional Margin shall apply and under the Eurex Clearing Prisma methodology the Initial Margin shall apply.