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eurex clearing *circular 090/11*

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Recipients: All Clearing Members of Eurex Clearing AG and Vendors
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Eurex Clearing Prisma: Revised Default Management Process

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

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Content may be most important for:	**Attachment:**
➲ Front Office/Trading ➲ Middle + Backoffice ➲ Auditing/Security Coordination	(only on the Eurex Clearing website) Revised Default Management Process (High-level process description)

Summary:

As announced with Eurex Clearing circular 060/11, Eurex Clearing introduces its new Portfolio Based Risk Management framework "Eurex Clearing Prisma", which includes a new margin calculation method as well as a consistent and more transparent default management process. Documents including the methodology description and a sample calculation guideline have been published in the Member Section on the Eurex website in connection with Eurex Clearing circular 074/11.

Eurex Clearing has published today a high-level description of the revised default management process in the Member Section on the Eurex Clearing website under the following path:

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

The revised default management process requires changes and adaptations to the Clearing Conditions for Eurex Clearing AG and supplementary legal documentation. These changes are planned to be published in March 2012.

Eurex Clearing Prisma: Revised Default Management Process

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The margin calculation method has been adapted to the default management process to ensure that the margins charged are sufficient to cover the associated default management process and its time horizon.

The default management framework promotes best practices and has been developed through thorough consultation with the market. The basic concept includes hedging of the defaulted portfolio of the Clearing Member in parallel with consultation of Eurex Clearing's Default Management Committee (DMC) and finally auctioning the defaulted portfolio off to the Members.

The default management framework has been aligned with the Eurex Clearing Risk Committee. Eurex Clearing is currently in the process of agreeing the detailed functional and legal specifications with market participants.

The general guiding principles of the liquidation default management target model from a clearing house's perspective are:

- Minimize any losses to the clearing house's "Lines of Defense"
- Protect and transfer segregated client positions and assets
- Minimize any effect and disruption to the member community and the wider market

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

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

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