

## Information Sheet on the Supplementary Margin Bookings

Eurex Clearing may call Supplementary Margin in addition to the Standard Margin as calculated by the Margin Models PRISMA (for Derivatives) and RBM (for Cash Products). This is in line with *Part 1, chapter 3, 3.5 Supplementary Margin* of the Clearing Conditions.

Eurex Clearing Risk Management will contact the Clearing Member before Supplementary Margin is charged. Any change or release of Supplementary Margin will also be communicated beforehand, where the updates usually follow a weekly process. For the sake of transparency, the Supplementary Margin requirements are booked in dedicated Margin Classes as indicated below. Clearing Members can find the Supplementary Margin bookings e.g. in the CC750 Report, which shows Margin on Margin Class- / Liquidation Group Level.

Typical reasons for Supplementary Margin calls include:

- **Limit Breaches with respect to Additionally Monitored Risks**

Limit breaches from additionally monitored Risk Limits, like Credit-, Concentration and Wrong Way Risk Limits (Margin Classes *SUMCR*, *SUMCO* and *SUMWR* respectively), may be mitigated by Supplementary Margin. Open positions in Derivatives on 'Own Issues' need to be fully collateralized (Margin Class *SUPPL*). The difference to the Standard Margin is charged as Supplementary Margin. Limits are set by the additional risk monitoring framework and outlined in Eurex Clearing Circulars 121/13 and 131/13, as well as on the Eurex Clearing website:

<https://www.eurex.com/ec-en/services/risk-management/credit-concentration-wrong-way-risk>

- **Stress Test Results**

Exceptionally high Stress Losses, i.e. if a Clearing Member utilizes more than 45% of the Default Fund within one Stress Scenario, can be charged as Supplementary Margin. For information, please see:

<https://www.eurex.com/ec-en/services/risk-management/stress-testing/risk-mitigating-actions>

- **Portfolio Margining Effects** (Margin Class *SUMMV*)

PRISMA provides Margin efficiency based on Portfolio Diversification. However, there is a regulatory threshold as to what extent Margin can be reduced by Portfolio Margining (see EU Regulation No 153/2013 Article 27 (4)<sup>1</sup>). The threshold is set to 80%, which is why this requirement is also known as '80%-rule'. Breaches of the '80%-rule' may be mitigated by Supplementary Margin.

- **Sub-investment grade** (Margin Class *SUMME*)

For sub-investment grade rated Clearing Members Supplementary Margin may be charged ('Margin Class' *SUMME*). The margin (without Supplementary Margin) is multiplied by a margin multiplier, which is set dependently on the credit rating of the Clearing Member.

- **Own Used and Closely Linked Covered Bonds**

The Supplementary Margin for Own Used and Closely Linked Covered Bonds ('*SUMOR*' for Repo Collateral and '*SUMOM*' for Margin and Default Fund Collateral) is an additional charge imposed by Eurex Clearing on covered bonds that qualify for specific exemptions under number 3 initially announced in Eurex Clearing Circular 126/14 ("Clarification of the Own Issues and Close Links Rule for margin collateral and principal collateral"),

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<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:052:0041:0074:en:PDF>

enhanced with 032/22 and 053/25. These exemptions allow certain covered bonds to be excluded from the complete prohibition under the “Own Issue” and “Close Link” rule.

- **Margin concentration Add-on for OTC IRS Portfolios** (*Margin Class SUMMC*)

The Supplementary Margin for large OTC IRS portfolios ('SUMMC') is a size-dependent margin concentration add-on for OTC IRS Portfolios on account level which aims at increasing the available margin for large exposures in order to balance the margin requirement and default fund contribution requirement. The SUMMC requirement is booked in the dedicated margin class 'SUMMC' and reported in the CC750 Daily Margin Report. For further details on the methodology of calculating the margin concentration add-on for OTC IRS, please refer to Eurex Clearing Circular [083/25](#) (“Introduction of a Margin Concentration Add-on for OTC IRS Portfolios”).

Please do not hesitate to contact the Risk department in case you have questions.

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