EUREX

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 (***SUMCR, SUMCO* and *SUMWR)*

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** (*SUMA)*

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** (*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)[1]). 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 (Basic) Clearing Members** (*SUMME* and *SUMMC)*

For sub-investment grade rated (Basic) Clearing Members Supplementary Margin may be charged (´Margin Classes´ *SUMME* and *SUMMC* for EUR or CHF Clearing Currency, respectively) by applying a margin multiplier to the Total Margin Requirement amount.

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

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