

clear to trade



## eurex clearing circular 124/16

**Date:** 14 October 2016  
**Recipients:** All Clearing Members, Non-Clearing Member and Registered Customers of Eurex Clearing AG and Vendors  
**Authorized by:** Thomas Laux

### **Eurex Clearing Prisma Release 5.0** **Important information for the product migration on 21 November 2016**

**Related Eurex-Clearing Circulars:** 020/16, 063/16

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**Content may be most important for:**

- Front Office/Trading
- Middle + Back Office
- Auditing/Security Coordination

**Attachments:**

1. Member Readiness Statement

**Related Documents:**

Only available in the Member Section on the Eurex Clearing website:

1. Eurex Clearing Prisma – User Guide Methodology Description – Release 5.0 (Programming Version)- Update
2. Eurex Clearing Prisma\_Report Reference Manual\_Release 5.0 (programming version)
3. Eurex Clearing Prisma – Release Notes Release 5.0
4. Eurex Clearing Prisma – Release 5.0 Member Simulation Guide

**Summary:**

Eurex Clearing Prisma, the portfolio-based risk management method, offers an innovative way to maintain reliable margin levels, while in parallel provides considerable capital efficiencies to the Members. With Eurex Clearing Prisma Release 5.0, the product groups of volatility derivatives (VSTOXX Futures, Options and Variance Futures) as well as dividend derivatives will become Prisma eligible.

With this circular, Eurex Clearing announces the production launch of Eurex Clearing Prisma Release 5.0 for November 2016 as follows:

Technical launch: **21 November 2016**

Migration of the dividend and volatility derivatives: **28 November 2016**

All modifications to the Prisma architecture (files and reports) will be introduced in production with the technical launch on **21 November 2016**. The Prisma margin methodology will however apply to the dividend and volatility derivatives as of **28 November 2016** only. From this date onwards, the Prisma margin methodology will be used exclusively for all Eurex exchange traded derivatives. The former Risk Based Margining (RBM) method will no longer be used to calculate margins for any Eurex exchange traded derivatives.



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**Eurex Clearing Prisma Release 5.0**  
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**1. Products introduced in Eurex Clearing Prisma with Release 5.0**

In addition to the products introduced in the previous releases, the following products are introduced in the scope of Eurex Clearing Prisma with Release 5.0:

- VSTOXX<sup>®</sup> Derivatives
- EURO STOXX 50<sup>®</sup> Variance Futures
- Dividend Derivatives

All Eurex exchange traded derivatives will, from 28 November 2016 on, use Prisma Margin methodology only. The full list of the Prisma eligible products can be found on the Eurex Clearing website [www.eurexclearing.com](http://www.eurexclearing.com) under the following path:

**Risk management > Risk parameters**

**2. Changes in the Eurex Clearing Prisma methodology**

Eurex Clearing Prisma Release 5.0 will include important enhancements, such as:

- Introduction of Event Risk as a third risk component (in addition to Filtered Historical Simulation VaR and Stress Period VaR) for calculating Market Risk Initial Margin in Prisma, in particular, for products whose underlying risk factors can experience jumps or shocks, e.g. Single Stock Dividend Futures
- Support for dividend derivative products, assigned to the Equity Liquidation Group PEQ01
- Support for volatility derivative products including futures and options on VSTOXX<sup>®</sup> and Variance Futures, assigned to the Equity Liquidation Group PEQ01

All changes to the methodology are reflected in the latest versions of the "Eurex Clearing Prisma – User Guide Methodology Description – Release 5.0 (Programming Version)- Update" and "Eurex Clearing Prisma\_Report Reference Manual\_Release 5.0 (programming version)". These documents are available on the Eurex Clearing website [www.eurexclearing.com](http://www.eurexclearing.com) for download under the following link:

**Member Section > Risk & Collateral Management > Documents & Circulars > Documents Release 5.0**

### **3. Changes in the Eurex Clearing Prisma Transparency Enabler (TE) files and Member reports**

The current TE files and Member reports will be extended in order to contain the new data related to the new products and the Event Risk. The new structure and layout of the files and reports is described in the latest versions of the “Eurex Clearing Prisma – User Guide Methodology Description – Release 5.0 (Programming Version)- Update” and “Eurex Clearing Prisma\_Report Reference Manual\_Release 5.0 (programming version)”.

### **4. Eurex Clearing Prisma readiness**

With the technical launch of Eurex Clearing Prisma Release 5.0 planned for 21 November 2016, we kindly request all Clearing Members, Non-Clearing Members and/or Registered Customers of Eurex Clearing to complete and return the Readiness Statement attached to this circular.

Prior to the first use of the updated service of Eurex Clearing Prisma, Clearing Members must provide to Eurex Clearing a written statement confirming to Eurex Clearing that (a) the updated service of Eurex Clearing Prisma successfully passed internal test procedures, and that (b) the participant system and the participant software interact with the updated service of Eurex Clearing Prisma without any errors or interruptions in accordance with §10 (3)(ii) of the Eurex Clearing Connection Agreement. The Readiness Statement is attached to this circular.

Please note that the Readiness Statement has to be signed by the Clearing Member itself, regardless of whether there is any outsourcing agreement in place or not.

Please return the Readiness Statement by 11 November 2016.

The Readiness Statement is also available for download on the Eurex Clearing website [www.eurexclearing.com](http://www.eurexclearing.com) under the link specified under no. 6.

### **5. Decommissioning of Risk-based Margining (RBM)**

As a consequence of all Eurex Clearing November 2016 Releases, the intraday RBM theoretical price files for flexible products will no longer be delivered as of 21 November 2016. The EOD version of these files as well as all remaining RBM files will keep being available until further notice. Clearing Members and ISVs will be informed in advance of any further step in the RBM decommissioning.

### **6. Documentation**

All Eurex Clearing Prisma-related documents are available for download in the Member Section on the Eurex Clearing website under the following link:

**[Member Section > Risk & Collateral Management > Documents & Circulars > Documents Release 5.0](#)**

If you have any questions, please contact Stefan Krause, Market Readiness & Projects at tel. +49-69-211-1 96 10 or per e-mail: [stefan.krause@eurexclearing.com](mailto:stefan.krause@eurexclearing.com) or Maxime Labare at tel +49-69-211-1 64 32 or per e-mail: [maxime.labare@eurexclearing.com](mailto:maxime.labare@eurexclearing.com).

14 October 2016