

## Eurex Clearing Circular 056/18

# Introduction of Eurex Clearing Prisma Release 8.0

### Summary

With this circular, Eurex Clearing provides information on the introduction of the mandatory Eurex Clearing Prisma Release 8.0, which focuses on the new Time To Expiry Adjustment (TEA) and Transparency Enabler (TE Files).

TEA improves the handling of market risks with regard to positions close to expiry. The margin effect of the expired positions will increase incrementally prior to expiry, based on the risk horizon of the liquidation group.

TEA causes changes in reports and TE files and will be reflected in the User Guide Methodology Description.

The introduction milestones for the release 8.0 are as follows:

Simulation: **8 October 2018**  
Production: **3 December 2018**

### Attachments:

Only available on the Eurex Clearing website:

- Release Notes
- User Guide Methodology Description
- Report Reference Manual

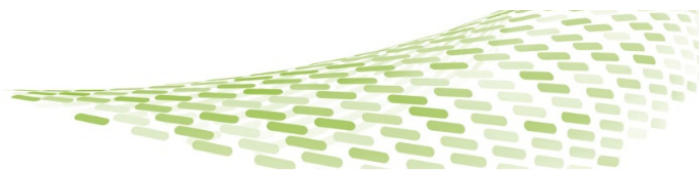
**Date:** 5 June 2018

**Recipients:** All Clearing Members, Non-Clearing Members and Registered Customers of Eurex Clearing AG and Vendors

**Authorized by:**  
Thomas Laux

**Target group:**  
• All departments

**Contact:**  
Stefan Krause,  
Group Client Services Clearing,  
Tel. +49-69-211-1 96 10,  
[prisma.readiness@eurexclearing.com](mailto:prisma.readiness@eurexclearing.com)



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The introduction milestones for the release 8.0 are as follows:

Simulation:	8 October 2018
Production:	3 December 2018

The simulation period is scheduled from 8 October 2018 to 30 November 2018 and will allow Clearing Members and Independent Software Vendors to test mandatory TEA-related changes.

For the introduction of Release 8.0, mandatory changes need to be implemented to the functionality, the Transparency Enabler (TE) files and the reports.

In order to give Clearing Members and Independent Software Vendors sufficient time to implement the mandatory changes and to test it, the simulation period is scheduled to run from 8 October 2018 to 30 November 2018. In order to prepare for the introduction of Release 8.0, the following documents are available for download:

- Eurex Clearing Prisma – Release Notes
- Eurex Clearing Prisma – User Guide Methodology Description
- Eurex Clearing Prisma – Report Reference Manual

They are available in the Member Section of the Eurex Clearing website [www.eurexclearing.com](http://www.eurexclearing.com) under the following path:

**Member Section > Risk & Collateral Management > Eurex Clearing Prisma > Documents & Circulars > Documents Release 8.0**

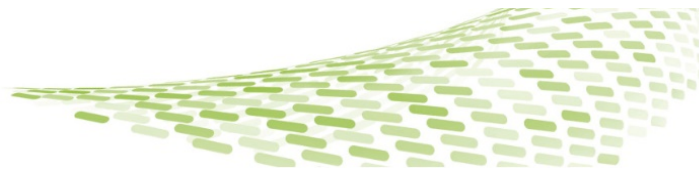
### 1. Time to Expiry Adjustment (TEA)

Currently, the portfolio of a Clearing Member is split into predefined Liquidation Groups (LG), containing products that can be liquidated together. LGs are split into Liquidation Group Splits (LGS) for the cross-margining functionality. For the calculation of the Initial Margin, correlation and netting effects are fully considered for all positions in one LGS, without separating non-expiring positions and positions that are about to expire. To account for the existing expiration risk, but still grant netting effects between expiring and non-expiring positions, the additional Initial Margin component “Time to Expiry Adjustment” (TEA) will be introduced with Release 8.0.

### 2. Changes in Transparency Enabler (TE) Files

- Theoretical\_Prices\_and\_Instrument\_Configuration

An additional attribute will be introduced in the Expiration Section for the number of business days to expiration for each series.



### **3. New TE File: Settlement Prices for Cashflow**

A new TE File will be provided containing cash flow related price information, which is not used in the margin calculation and is currently not included in the existing Prisma TE files. Since this information is currently included in the existing RBM Files, it will be added to the Prisma reporting to allow decommissioning of the RBM files as later step.

### **4. Modified timeline for generation of End-of-Day TE Files**

With Prisma Release 8.0, public EOD TE Files will be created at an earlier point in time than usual. Basis will be the final settlement prices, which are determined at 20:30 CET; the availability of the files on the Common Report Engine will be at approximately 23:00 CET. Private cross-margining files will be available according to the current timeline.

In order to improve our processes and generate TE files for listed derivative products as early as possible, Member-specific open interest will be decommissioned. Only two public files will be generated: one for instruments with open interest and another one for instruments without Open interest.

For Prisma Release 8.0, INTR TE files will still be available, but are planned to be decommissioned at a later point in time, if the early distribution of the EOD TE Files has been successfully completed.

### **5. Publication of TE Files on the website**

With Prisma Release 8.0, TE Files will only be available via the Common Report Engine. Publication on the Eurex Clearing website will no longer be supported.

Please check the Eurex Clearing Prisma Member Section for short-term updates on the simulation as well as recently published documents. Please make sure that you have registered and/or updated your project/release contacts in the Eurex Clearing Member Section.

If you have any questions, please contact Stefan Krause, Group Client Services Clearing at tel. +49-69-211-1 96 10 or send an e-mail to [prisma.readiness@eurexclearing.com](mailto:prisma.readiness@eurexclearing.com).

5 June 2018