



24 May 2022
Eurex Clearing

Prisma: Annual update of the parameters of the Stress Period VaR margin component for all ETD and OTC derivatives effective 20 June 2022

Eurex Clearing Circular 038/22 Prisma: Annual update of the parameters of the Stress Period VaR margin component for all ETD and OTC derivatives effective 20 June 2022

1. Introduction

The stress period value-at-risk (VaR) is an integral part of the market-risk initial-margin of Eurex Clearing's Prisma methodology. To mitigate potential pro-cyclical behavior of initial margins, the stress period VaR serves as a prudent margin floor primarily relevant during low volatility market regimes. Model parameters comprise the selection of historical stress period dates for the risk scenarios and the quantile level on which the margin floor is evaluated and which is calibrated to match a long-term target VaR.

(OTC).

Effective **20 June 2022** and for all liquidation groups, the recalibration will affect:

- ◆ Stress period dates
- ◆ Stress period confidence level

The recalibrated parameters are attached to this circular and will be incorporated in the transparency enabler files on the effective date.

Production start: 20 June 2022

2. Required action

There are no required actions for participants. The stress period VaR parameter revision will be automatically reflected in the required initial margin amounts at the start of business on the production start date. All model parameters are distributed in the usual manner as part of current Member reporting.

3. Details

Please refer to the tables in the Attachment which summarize the relevant Stress Period VaR parameters for all the liquidation groups.

Unless the context requires otherwise, terms used and not otherwise defined in this circular shall have the meaning ascribed to them in the Clearing Conditions or FCM Clearing Conditions of Eurex Clearing AG, as applicable.

Attachment:

- ◆ Relevant Stress Period VaR parameters for all liquidation groups

Recipients: All Clearing Members, FCM Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG, vendors and other affected counterparties

Target groups: Front Office/Trading, Middle + Backoffice, IT/System Administration

Contact: Your Clearing Key Account Manager or client.services@eurex.com

Web: www.eurex.com/ec-en/

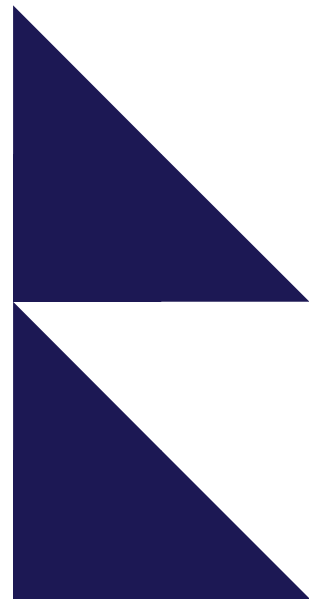
Authorized by: Dmitrij Senko

Further information

 [Attachment to Eurex Clearing circular 038/22](#)

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Details of the recalibration

The tables below summarize the relevant Stress Period VaR parameters for all the liquidation groups.

Liquidation Group	Risk horizon	Simulation type	Number of scenarios	Stress Period VaR confidence level	Long-term VaR target level
PEQ01	3 days	Stress (floor)	252	91.84%	99.0%
PFI01	2 days	Stress (floor)	250	95.08%	99.0%
PFI01	5 days	Stress (floor)	250	IRS: 95.9% XM: 96.8% ¹	99.5%
PNF01	5 days	Stress (floor)	250	95.5%	99.5%
PCM01	3 days	Stress (floor)	252	90.95%	99.0%
PPM01	3 days	Stress (floor)	252	93.25%	99.0%
PFX01	2 days	Stress (floor)	250	93.05%	99.0%
PCB01	2 days	Stress (floor)	250	94.93%	99.0%
PEF01	2 days	Stress (floor)	250	88.97%	99.0%
PCY01	3 days	Stress (floor)	252	94.68%	99.0%
PAC01	2 days	Stress (floor)	250	91.69%	99.0%
PEQCO	3 days	Stress (floor)	252	92.46%	99.0%
PRS01	3 days	Stress (floor)	252	93.36%	99.0%
PAF01	2 days	Stress (floor)	250	89.27%	99.0%

Liquidation Group	Historical stress period dates
PEQ01	03/10/2008-21/04/2009, 22/06/2016-12/07/2016, 06/02/2018-19/03/2018, 28/02/2020-08/06/2020
PFI01	03/10/2008-24/10/2008, 09/12/2008-02/01/2009, 16/03/2009-16/04/2009, 10/08/2011-05/01/2012, 21/02/2012-13/03/2012, 18/08/2014-08/10/2014, 13/04/2017-05/05/2017, 20/03/2020-02/04/2020, 12/04/2022-29/04/2022
PFI01 (OTC IRS)	10/06/2008 – 23/06/2008, 17/10/2008 – 17/02/2009, 17/03/2009 – 06/04/2009, 01/06/2009 – 03/07/2009, 15/08/2011 – 07/10/2011, 02/11/2011 – 15/11/2011, 03/01/2013 – 23/01/2013, 17/06/2016 – 14/07/2016, 10/03/2020 – 30/03/2020, 09/03/2022 – 29/03/2022
PNF01 (OTC NDFs)	29/09/2008 – 29/06/2009, 29/08/2013 – 09/10/2013, 21/11/2019 – 11/12/2019, 11/06/2020 – 01/07/2020
PCM01	02/10/2008-28/05/2009, 09/03/2020-08/06/2020, 08/03/2022-08/04/2022
PPM01	12/09/2008-18/05/2009, 31/08/2011-20/09/2011, 26/09/2011-14/10/2011, 12/12/2011-10/01/2012, 16/03/2020-28/04/2020
PFX01	26/09/2008-30/06/2009, 11/06/2010-16/06/2010, 31/08/2011-03/10/2011, 07/01/2015-17/02/2015

¹ The Stress Period confidence level parameters differ between OTC IRS only accounts and XM (cross margining) activated accounts purely for technical reasons. The resulting margin floor values embedded in Prisma Initial Margin model are equivalent.

Liquidation Group	Historical stress period dates
PCB01	29/09/2008-03/06/2009,01/07/2011-22/07/2011,09/09/2011-05/12/2011
PEF01	17/09/2008-23/04/2009,25/06/2013-08/07/2013,10/03/2020-14/07/2020
PCY01	03/04/2013-07/08/2013,19/11/2013-08/05/2014,08/01/2015-28/01/2015,08/01/2018-16/02/2018
PAC01	10/10/2008-11/05/2009,19/09/2011-03/11/2011,19/03/2020-29/06/2020
PEQCO	29/09/2008-28/04/2009,19/09/2011-07/10/2011,24/10/2011-11/11/2011,10/03/2020-25/06/2020
PRS01	08/10/2008-24/03/2009,11/05/2009-11/06/2009,16/07/2009-31/07/2009,04/12/2015-24/12/2015,17/03/2020-11/06/2020,05/11/2020-08/12/2020
PAF01	10/09/2008-26/06/2009,18/05/2010-22/07/2010