

Enhancement to C7 Advanced Risk Protection functionality

Summary

As of **4 October 2022**, ECC will enhance the effectiveness of the Advanced Risk Protection (ARP) Level 3 Limit in C7.

Currently a breach of ARP Level 3 limit triggers a temporary member stop on all markets cleared by ECC. With the change described in this Clearing Circular, the impact is reduced to derivatives markets and the continuous spot market for emissions at EEX.

In addition, ECC announces the introduction of intraday report “CI101 Advanced Risk Protection – Intraday Limit Utilization Report” that allows clearing members and non-clearing members to monitor the utilization of ARP limits intraday.

The report will be introduced with Eurex Prisma Release 12.0 which is scheduled for **21 November 2022** to production.

These changes complement the announced enhancements in ECC Clearing Circular 29/2022.

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Enhancements to ARP mechanism for level 3 breach

ARP is a post-trade risk management tool in C7 to manage the risk exposure of several different combinations of risk measures. The available risk measures and action levels are described in the ECC Risk Management Manual available on the ECC website.

Current process

Breach of an ARP limit on level 3 sets the Non-Clearing Member to state “HALT” for all clearing activities. In addition, suspension requests will be sent to all exchanges on which the Non-Clearing Member is admitted as a Trading Participant. Suspension takes place immediately for markets trading on T7 system and within a given timeframe for other markets.

New process

Breach of an ARP limit on level 3 sets the Non-Clearing Member to state “HALT” only on derivative markets and EEX Emission Spot Secondary Market (Continuous Trading in trading system T7). The suspension is carried out technically right away on EEX markets operated in the trading system T7 and suspension requests will be sent to all other derivative markets on which the Non-Clearing Member is admitted as a Trading Participant. The suspension of the Non-Clearing Member is requested also for these derivative markets. Other spot markets where trading is not taking place on T7 trading system of EEX are not affected anymore by the ARP limit breach.

The Emergency Member Stop Button functionality in C7 remains unchanged. For further details please refer to the ECC Risk Management Manual available on the ECC website

The change will be effective as of 4 October 2022.

New Intraday ARP limit consumption report

As of **21 November 2022**, ECC introduces a new report in order to have transparency on the utilization of set ARP limits.

CI101 Advanced Risk Protection – Intraday Limit Utilization Report

The report will be made available every 10 minutes on every ECC business day on Common Report Engine. Clearing Members and Non-Clearing Members can subscribe to the report by sending a request via e-mail to clearing@ecc.de.

For testing purposes, the report will be made available in Simulation as of 10 October 2022.

A report description as well as technical schema files are available in the Member Section of Deutsche Börse AG at:

membersection.deutsche-boerse.com > Resources > Eurex Clearing > Documentation & Files > Eurex Clearing Prisma > Release Documents > Document & Circulars > Documents Release 12.0