

Capital requirements for default fund exposures to BME CLEARING
CEM methodology

31 October 2021

Key Summary Statistics	Financial Derivatives	Power	Repo	IRS	Equities
Unit	Eur 1000	Eur 1000	Eur 1000	Eur 1000	Eur 1000
N, Number of clearing members	32	6	24	8	21
DF _{CCP} , CCP's prefunded own resources (before using default fund from surviving clearing members)	2,000	500	1,000	500	1,500
DF _{CM} , Prefunded default fund from all clearing members	168,900	112,450	60,400	5,450	291,000
DF' _{CM} , Prefunded default fund from surviving clearing members	158,344	74,967	55,367	4,088	263,286
DF* = DF _{CCP} + DF' _{CM}	160,344	75,467	56,367	4,588	264,786
Σ(EBRMI-IMI-DFi), CCP total exposure	0	0	0	19,457	0
K _{CCP} , CCP hypothetical capital requirement	0	0	0	311	0
Formula Selected in K* _{CM} Calculation	3	3	3	3	3
c ₁ , Decreasing capital factor applied to excess prefunded DF	0.16%	0.16%	0.16%	0.71%	0.16%
K* _{CM} = c ₁ * DF' _{CM} , Aggregate capital requirement before adjustment	253	120	89	29	421
Beta (concentration factor) in allocation formula	0.2221	0.6256	0.3797	0.5360	0.5250
Allocation method for C-factor	DFi/DFCM	DFi/DFCM	DFi/DFCM	DFi/DFCM	DFi/DFCM
(1+Beta*N/(N-2)), Adjustment Factor for granularity and concentration	1.2369	1.9384	1.4142	1.7147	1.5803
C-factor = (1+Beta*N/(N-2)) * K* _{CM} / DF _{CM} , Risk weight used to calculate each clearing member capital requirement	0.186%	0.207%	0.207%	0.918%	0.229%
K _{CM} if DFi = 1.000	1.86	2.07	2.07	9.18	2.29

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DF _{CM} , Prefunded default fund from all clearing members	168,900	112,450	60,400	5,450	291,000
K _{CCP} , CCP hypothetical capital requirement	3,731	1,025	0	33	0
C-factor = max(K _{CCP} * (DF _i / (DF _{CCP} + DF _{CM})); 8% * 2% * DF _i)	2.183%	0.907%	0.160%	0.563%	0.160%
K _{CM} if DFi = 1.000	21.83	9.07	1.60	5.63	1.60