

8 September 2025

To ESMA CCP Supervisory Committee  
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**Subject: FIA Response to ESMA Consultation on EMIR 3 draft RTS on Margin Transparency requirements**

## Executive Summary

FIA appreciates the opportunity to comment on ESMA's draft regulatory technical standards (RTS) under Article 38 of EMIR, covering transparency requirements for CCPs and clearing service providers (CSPs) in relation to margin models and simulations. We strongly support the overarching policy objectives to enhance transparency and enable clearing members, clients, and end-users to be better prepared for margin calls and associated liquidity needs.

At the same time, we urge ESMA to ensure that these RTS remain firmly aligned with the Level 1 mandate, both in scope and proportionality. As set out in Article 38(7) and (8) of EMIR, the primary obligation for margin transparency lies with CCPs, with CSP obligations focused on facilitating the onward transmission of relevant CCP information, where applicable, and providing clients with basic disclosures and simulations. The Level 1 text does not mandate overly prescriptive or duplicative requirements for CSPs, particularly those that do not apply their own margin models but simply pass through CCP margin requirements.

We are also mindful of the stated policy objective namely to improve liquidity preparedness among clearing participants. However, we believe it is appropriate to question whether the more prescriptive and granular obligations proposed for CSPs under this RTS would materially contribute to that objective, especially in the absence of strong supporting evidence.

Indeed, we note that FIA members have not received any indication from clients, including non-bank financial institutions (NBFIs), that current CSP disclosures or simulations are lacking. Rather, the need for improved CCP transparency has consistently emerged as a priority. This is strongly supported by the European Commission's recent *Targeted Consultation on the Adequacy of Macroprudential Policies for Non-Bank Financial Intermediation*<sup>1</sup>, in which market participants, particularly NBFIs, overwhelmingly cited CCP margin requirements as a key concern and made no reference to CSP transparency gaps.

Our recent FIA survey of clearing members<sup>2</sup> confirms this conclusion: approximately 86.5% of clients are charged CCP margin only, 10.5% are charged CCP margin with CSP add-ons (most often simple multipliers), and only 3% are subject to CSP proprietary margin models. This means that in practice the vast majority of client exposures are driven by CCP margin, with CSP

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<sup>1</sup> [https://finance.ec.europa.eu/document/download/db0e482b-12b8-43d5-ad8d-b54e6af4b315\\_en?filename=2024-non-bank-financial-intermediation-summary-of-responses\\_en.pdf](https://finance.ec.europa.eu/document/download/db0e482b-12b8-43d5-ad8d-b54e6af4b315_en?filename=2024-non-bank-financial-intermediation-summary-of-responses_en.pdf)

<sup>2</sup> FIA survey details are available in the last section of this document titled "FIA Survey results".

transparency needs limited to onward disclosure and proportionate add-on information. By contrast, only a very small minority of clients are in scope for proprietary CSP models.

In light of this, we welcome the focus in ESMA's draft RTS on strengthening CCP disclosures. However, given the clear market evidence that CCP margin is the primary driver of client exposures, we believe CCP disclosures and simulations should be prioritised. Furthermore, ESMA should more carefully consider whether the proposed requirements on CSPs are proportionate, risk-based, and supported by a clear rationale. This includes gathering more information on the actual needs and expectations of clients before introducing detailed and prescriptive measures.

Finally, the competitiveness of the EU clearing ecosystem must not be overlooked. Overly burdensome or non-risk-aligned requirements on EU-based CSPs, particularly where similar expectations are not imposed globally or not in line with international standards<sup>3</sup>, may inadvertently weaken the relative attractiveness and scalability of clearing services in Europe. As the European Union seeks to strengthen its post-trade infrastructure, including efforts to expand central clearing and client clearing participation, regulatory frameworks should continue to support innovation, resilience, and efficiency without undermining global competitiveness.

In this spirit, FIA's detailed response provides recommendations to:

- Reinforce the transparency requirements for CCPs in line with EMIR Article 38(7),
- Ensure that CSP disclosures are proportionate, risk-based, and do not go beyond the clear limits of Level 1, and
- Clarify and streamline simulation expectations in ways that add value for clients while remaining operationally feasible for CSPs.

Separately, while Article 10 of the draft RTS is not subject to consultation, FIA urges ESMA and the European Commission to ensure that the final RTS includes a proportionate and realistic compliance timeline that reflects the operational, legal, and technological complexity of the proposed requirements, especially for CSPs.

Many CSP disclosure and simulation obligations under the draft RTS are dependent on CCPs first implementing their own transparency frameworks. Therefore, we recommend a staggered implementation approach, where CCPs are subject to an earlier compliance deadline, and CSPs' obligation should follow only after CCP outputs are available and accessible. Without such staging, CSPs would be unable to comply in practice, leading to unintended regulatory breaches and operational risk.

In addition, we propose separating CSPs into two categories in terms of margin structures, which we believe will deliver more efficient and realistic implementation timelines compared to ESMA's current draft:

1. CCP Initial Margin Only with CSP add-ons (including cases where the CSP add-on is zero)
2. CSP Proprietary Initial Margin Models

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<sup>3</sup> BCBS-CPMI-IOSCO [Transparency and responsiveness of initial margin in centrally cleared markets – review and policy proposals](#) (Final proposal January 2025)

This grouping reflects the survey results referenced above showing that 97% of clients fall into the first category and allowing ESMA to focus its requirements where they are most impactful.

We further recommend that ESMA:

- Consider a minimum implementation period of 18 months for CSPs following the publication of the RTS in the Official Journal as the general baseline.
- Provide clarity on sequencing and prioritisation of requirements (documentation vs. simulations).
- Include flexibility for phased or risk-based application of the requirements (based on whether CSPs apply their own margin model or simply pass through CCP margin). In particular, for CSPs that rely primarily on CCPs disclosures and CCP simulation tools, the implementation period should begin only once the CCP has complied with its own RTS obligations, with at least 12 months provided thereafter for CSP compliance, and with an implementation deadline of no less than 18 months total from RTS publication.

We believe that such a phased and proportionate approach is essential to successful and consistent implementation across the industry, while supporting the overarching policy goals of transparency, liquidity preparedness, and resilience in central clearing.

We thank ESMA for its work on these important standards and remain available to engage further with policymakers and regulators to support a well-calibrated and competitive European clearing landscape.

Respectfully submitted,



Jackie Mesa

FIA Chief Operating Officer and Senior Vice President of Global Policy

# Questions and Answers

## CCP Disclosure requirements

### Question 1

**Do you agree with the proposed information to be provided by the CCP on its margin model design and operations? Do you have other proposals as to which information could be provided under point (a) of Article 38(7) of EMIR?**

FIA strongly supports the objective of enhancing transparency of CCP margin model design and functioning. FIA's recent industry survey shows that 86.5% of client accounts are on CCP margin only, 10.5% are on CCP margin with CSP add-ons (such as multipliers), and just 3% are subject to CSP proprietary models. This underlines that CCP transparency is the single most important driver of client preparedness, making timely CCP disclosures the primary driver of efficient compliance. CSPs passing through CCP margins with CSP add-ons, such as via a multiplier or fixed amount, should use the same CCP disclosure to comply with their own disclosure requirements. Therefore, we believe the following clarifications and additions are necessary to ensure meaningful and consistent disclosures. Below, we recommend reinforcing the draft RTS with explicit language on margin add-ons, trigger thresholds, uncovered risks, and expected granularity of disclosure to support a consistent and useful implementation across CCPs and to effectively ensure comparability of information.

#### Explicit Inclusion of CCP additional margin

While Recital 2 rightly clarifies that the term "initial margin model" includes both the core margin and add-ons (or additional margin), this should be explicitly stated in the RTS text to ensure legal certainty. This approach allows CSPs using CCP margin only (with optional add-ons) to implement disclosures efficiently, without duplicating CCP reporting or creating unnecessary operational delays and inconsistent interpretations.

Article 1 should therefore be clear that the disclosures should include the risk(s) each add-on is intended to cover, the methodology for calibration, any thresholds or triggers that lead to their application and examples of application where feasible.

More importantly, CCPs should explicitly disclose both portfolio-level add-ons (e.g., concentration, liquidity, or wrong-way risk charges) and any aggregated add-ons applied at the clearing member level (such as stressed and Default Fund margin add-ons). Clearing member aggregated add-ons can have a significant impact on overall margin requirements and transparency is essential to ensure clearing members can adequately understand, explain, and manage their exposures and corresponding liquidity needs, while passing on CCP margin and any relevant CCP add-ons.

Therefore we propose Article 1 to be amended to reflect Recital 2 covering '*the risk of the individual portfolios, such as liquidity, concentration and wrong-way risk add-ons; margin add-ons which cover the risk of the aggregate impact of all the portfolios of the clearing member, such as stressed, default fund or concentration margin add-ons; margin add-ons related to the individual risk of the clearing member, such as credit risk add-on; and other margin add-ons, such as margin requirements related to model risk or resulting from margin overrides*'.

The second sentence of Article 1 would then read as follows: *‘This information shall cover all the elements of the initial margin model, **being the core margin and all margin add-ons that apply at individual portfolio and at clearing member aggregated level**, including the following:’*

#### Clarification of “In-Depth Understanding”

The term “in-depth” in the first sentence of Article 1 should be defined to ensure common interpretation across CCPs. CSPs should be able to understand CCP models sufficiently to comply with disclosure requirements without requiring excessive interpretation. We therefore recommend including examples of the expected level of detail and propose the first sentence of Article 1 to be amended as follows: *‘(...) in a way that enables the clearing members to obtain an in-depth understanding of how the margin model works, **which at a minimum, shall be sufficient to allow a clearing member to understand the key risk drivers and sensitivities.**’*

#### Transparency on Update Frequency

Disclosures should also include how frequently model parameters are recalibrated, especially during stress conditions, and whether this differs from business-as-usual. We therefore recommend Article 1(d) to be amended as follows: *‘(d) the model parameters, such as the confidence interval, the lookback periods, and the time horizon for the lookback period, with a description of their respective functions **as well as the frequency of model parameters recalibration in normal and stress market conditions;**’*

#### Inclusion of Risks not covered by the CCP initial margin model

CCPs should disclose which risks their initial margin models do not cover, to provide a balanced understanding of model coverage and limitations. Therefore, we propose amending Article 1 as follows: *‘(a) the risk that each initial margin model element covers **and the risks that are specifically not covered by the initial margin model;**’*

#### Consistency of CCP Disclosures

For CSPs who primarily apply CCP margin with optional add-ons (such as multipliers), these standardized CCP disclosures would facilitate a more proportionate compliance with the RTS requirements, reduce operational burden and interpretation risk, and improve efficiency while safeguarding regulatory objectives.

The consistency of disclosures varies widely across CCPs, even among those CCPs belonging to the same group. This lack of uniformity increases the operational and interpretative burden for clearing service providers, who must reconcile differences in terminology, model structure, documentation style, and disclosure depth when assessing the models of multiple CCPs.

From a CSP’s perspective, greater consistency would allow them to better understand the information provided by CCPs, for example, by minimising the need to independently interpret each CCP’s model documentation in detail and streamline internal risk and compliance processes. More standardised disclosures would also reduce the risk of miscommunication or inadvertent misinterpretation when CSPs pass on information to clients, enhancing the reliability and comparability of the information received across the clearing chain.

We recommend that ESMA consider introducing a principle or minimum standards promoting consistency and harmonisation in CCP disclosures, particularly in how key margin model elements are described and documented. This would have clear benefits across the clearing

ecosystem, including CSPs and end clients, by reducing duplicative analysis, improving clarity, and ensure a comparable level of transparency across all EU CCPs.

However, we would caution against extending a similar consistency requirement to CSP margin disclosures, as CSP margin add-ons are often idiosyncratic and tailored to individual clients' circumstances, reflecting factors such as leverage, portfolio composition, trading strategy, and credit quality. Applying a uniform standard in this context would risk oversimplifying bespoke risk management practices and potentially undermining their effectiveness.

#### Clarifying the scope of “in-depth understanding” in Recital 2

We recommend that Recital 2 explicitly clarify the minimum set of technical elements expected in CCP disclosures to ensure a consistent and harmonised interpretation of “in-depth understanding” across all EU CCPs. While Article 1(c) of the draft RTS already requires CCPs to provide “the methodology for the calculation of the margins, such as the logical steps, and the mathematical and statistical specifications,” we believe Recital 2 should explicitly list the key methodological items that fall within this requirement, namely:

- the anti-procyclicality measures applied, including which EMIR option (a, b, or c) is used;
- for option (a), the criteria and process for consuming and replenishing the 25 % buffer;
- for option (b), the criteria for selecting stress periods;
- for option (c), compensating measures where the most recent 10 years lack significant distress periods; and
- margin offsetting rules, including product bucket definitions, whether netting is allowed across buckets, correlation thresholds for offsets, prioritisation of margin benefits (e.g., by tenor or liquidity), and whether offsets are only allowed for opposing positions.

Incorporating these elements into Recital 2 would:

- provide all clearing members with comparable transparency on essential aspects of margin methodology;
- reduce interpretative uncertainty that could otherwise lead to inconsistent or incomplete disclosures across CCPs, even within the same group; and
- ensure that the RTS achieves its intended outcome without constraining CCPs' flexibility in the presentation or granularity of disclosures.

Recital 2 of the draft RTS would therefore read as follows:

*‘(2) In order for clearing members to gain an in-depth understanding of how the CCP’s initial margin model works, the CCP should disclose, in a clear and accessible manner, the key methodological elements underpinning the model. This should include, at a minimum, the logical steps, and the mathematical and statistical specifications used to calculate margins **as well as the anti-procyclicality measures applied, including which EMIR option (a, b, or c) is used, the criteria and process for consuming and replenishing the 25% buffer, the criteria for selecting stress periods, any compensating measures applied where the most recent 10 years lack significant stress periods, margin offsetting rules, including product bucket definitions, whether netting is allowed across buckets, correlation thresholds for offsets, prioritisation of margin benefits (e.g., by tenor or liquidity), and whether offsets are allowed only for opposing positions. Setting out these minimum elements in this Regulation will help promote consistency and comparability of disclosures across all EU CCPs.***’

This ensures that CSPs relying predominantly on CCP outputs can meet their obligations proportionately using CCP disclosures, while CSPs with proprietary margin models maintain flexibility to disclose tailored methodologies.

## Question 2

**Do you agree with the proposed information to be provided by the CCP on the margin model assumptions and limitations? Do you have other proposals as to which information could be provided under point (b) of Article 38(7) of EMIR?**

FIA strongly supports the inclusion of additional transparency around model assumptions, limitations, and performance. Article 2 of the draft RTS is a positive step toward improved CCP transparency, however, we recommend below further details to ensure that CSPs can fully assess both core and add-on margin model components, their limitations, and the drivers of margin volatility under stress. We believe also that the amendments of the draft Recital 2, proposed in Question 1 above, will bring more clarity in relation to Question 2.

### Explicit Inclusion of Margin Add-Ons

As with Article 1 of the draft RTS (see answer to question 1 above), we strongly recommend that Article 2 explicitly covers margin add-ons, in line with Recital 2 and Article 38(7) of EMIR to ensure that CCPs disclose the assumptions and limitations of their add-on methodologies, events that could trigger overrides or recalibration of these add-ons and the quantitative impact of these add-ons during stressed conditions.

We believe that including the proposed change to reflect Recital 2 definition of ‘*initial margin model*’ addressed in question 1 will clarify this point.

### Product-Level and Static Portfolio Backtesting

We strongly believe that backtesting results provided under Article 49(5) of the Commission Delegated Regulation 153/2013 are not sufficient, as they often lack granularity, being mainly actual portfolio backtest. CCPs should be required to disclose product-level backtest results, as recommended under policy proposal 5 of the [BCBS-CPMI-IOSCO Initial Margin Transparency and responsiveness final policy proposals](#)<sup>4</sup>, and use static portfolios to remove the impact of client position changes over time. Static portfolios backtesting would ensure that the risk is covered by design and not by active risk reduction, when market participants wind down positions to reduce their exposures. This would support more meaningful validation and risk assessment by CSPs, especially clearing members.

Therefore, we propose modifying the Article 2(2)(a) of the draft RTS as follows: ‘(a) the backtesting results, as provided in accordance with Article 49(5) of the Commission Delegated Regulation 153/2013, **including relevant products and static portfolios backtesting;** and’

### Clarification of the term “Override”

We recommend clarification on whether “override of the model” includes discretionary margin calls or adjustments to parameters or input made by the risk committee or senior management. Such actions can materially impact margin requirements and should be disclosed.

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<sup>4</sup> [Transparency and responsiveness of initial margin in centrally cleared markets – review and policy proposals](#), Policy proposal 5.b: ‘CCPs should include (...) Results of backtesting of initial margin for the most relevant contracts per clearing service’



Therefore, we propose modifying Article 2(3)(b) of the draft RTS as follows: *‘(b) the conditions under which the assumptions of the model may no longer apply, and which would result in an override of the initial margin model **or would result in the application of a discretionary margin call**, including during a market stress event; and’.*

#### Backtesting of Add-Ons

The RTS should explicitly require backtesting and sensitivity testing for material add-ons, especially concentration, liquidity, and wrong-way risk components. This is particularly important given the calibration issues highlighted in past ESMA CCP stress test reports<sup>5</sup>. Therefore, backtesting and sensitivity testing should be required for materially significant add-ons, ensuring proportionality in line with EMIR Level 1.

We believe that including the proposed change to reflect the definition of *‘initial margin model’* in Recital 2 and addressed in question 1 will clarify this point.

#### Parameter Updates Under Normal and Stressed Conditions

CCPs should also disclose how parameter adjustments and model performance for CCP core margin and CCP margin add-ons differ between normal and stressed conditions, especially where assumptions no longer hold, and override mechanisms are triggered.

Therefore, we propose modifying Article 2(2)(b) of the draft RTS as follows: *‘(b) relevant sensitivity testing results, allowing the clearing members to understand how the initial margin model reacts to the evolution of parameters or assumptions **during normal and stressed market conditions**.’*

#### Question 3

**Do you agree with the proposal with regard to the model documentation? Do you have other proposals as to which documents could be provided under point (c) of Article 38(7) of EMIR?**

FIA strongly supports the objective of ensuring that clearing members receive sufficiently detailed and clear initial margin model documentation. To ensure clearing members have a complete and practical view of CCP margin models and how they can evolve, we recommend below expanding the scope of documentation to cover margin add-ons and model governance, clarifying documentation redistribution rights, and defining what constitutes an ‘in-depth understanding.’ Explicit Inclusion of Add-Ons

As explained above in the context of Articles 1 and 2 of the draft RTS, the information provided by CCPs to its clearing members should explicitly include the methodologies and governance related to margin add-ons, not only with respect to core initial margin. This is consistent with the scope of EMIR Article 38(7) and Recital 2 of the draft RTS.

We believe that including the proposed change to the definition of *‘initial margin model’* to reflect Recital 2 as addressed above in question 1 as well as changing *‘margin model’* to *‘initial margin model’* in Article 3 will provide clarity where this term is consistently used throughout the RTS. Therefore, we propose Article 3 of the draft RTS to be amended as follows: *‘in a way that enables the clearing member to obtain an in-depth understanding of how the **initial** margin model works.’*

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<sup>5</sup> [ESMA91-1505572268-3627\\_5th\\_ESMA\\_CCP\\_Stress\\_Test\\_Report.pdf](#)



### Clarify the Meaning of “In-Depth Understanding”

Similarly to Article 1 of the draft RTS, the term “in-depth understanding” should be clarified. We suggest defining it as the level of information necessary for a clearing member to understand model drivers, sensitivity to market changes, and governance controls, but not necessarily full internal replicability. Therefore, we recommend the second sentence of Article 3 of the draft RTS to be modified as follows: *‘in a way that enables the clearing member to obtain an in-depth understanding of how the **initial** margin model **works allowing them, at a minimum, to understand the key risk drivers and sensitivities.**’*

### Redistribution to Clients and CSPs

The RTS should clarify that clearing members are allowed to share the model documentation provided to them with clients or other CSPs, in line with draft Article 7 which requires such onward communication and Recital 4 which states *‘Clearing services providers should also provide these documents to their clients’*. Without this clarity, confidentiality concerns may hinder transparency at the client level. This redistribution should enable risk assessment by clients without compromising proprietary CCP model details.

We propose Article 3 to therefore be amended to include at the end the following sentence: ***‘Clearing members and clearing services providers shall be allowed to redistribute these documents to their clients.’***

### Distinguish Between Model and Discretionary Changes

With the proposed amendments above under Article 2(3)(b), we expect the documentation to differentiate between model-driven changes (e.g. parameter shifts due to regular recalibration) and discretionary or manual overrides (e.g. stress-related adjustments or management interventions). Both types of change are important to CSPs and clients in understanding potential margin dynamics.

### Governance in Scope

With the proposed amendments to Article 1(d) of the draft RTS and the governance procedures specified in Article 1(g), we expect the initial margin model documentation to cover model governance, including approval and review processes, frequency of model review or recalibration, thresholds for triggering revalidation and procedures for discretionary margin adjustments or overrides. This would enhance predictability for CSPs and align with best practices in CCP transparency.

## CCP Simulation Tool

### Question 4

**Do you agree with the proposed requirements and the type of output for the simulation tool to be provided by CCPs? Are there any other requirements for the CCP margin simulation tool which should be taken into account, such as legal mechanisms to ensure confidentiality?**

We strongly support the concept of a CCP simulation tool but recommend that ESMA strengthen and clarify the requirements around scenario construction, data disclosures and access rights to ensure these tools are both effective and aligned with clearing participants’ practical needs, including clients.

Our survey results show that 86.5% of clients are on CCP margin only, and a further 10.5% are on CCP margin with CSP add-ons such as multipliers. This means CSPs depend primarily on CCP simulations. Therefore, ESMA should ensure CCP simulation tools are the priority, with CSP obligations focused on proportionate onward use.

Specifically, we recommend clarifying that:

- CCPs must provide the necessary tools for clients to simulate margin under both baseline and add-on methodologies.
- CSPs that use CCP margin only (with or without multipliers) should not be required to duplicate simulations. Their role should be limited to applying any CSP add-ons in a transparent and proportionate way, while clients continue to access CCP simulations directly.
- Only CSPs with proprietary models should be required to build and disclose independent simulations in a transparent and proportionate way.

#### Article 4 – Clarifications of the Simulation Tool Outputs

We strongly support the proposed requirements of the CCP output simulation and would recommend several clarifications to enhance their interpretability and practical application.

First, as currently drafted, Article 4(1) refers to *‘portfolios where the new transactions will be margined.’* This language could be interpreted to suggest that simulation outputs should only apply to portfolios composed exclusively of new transactions. Such an interpretation would limit the usefulness of the tool, especially for listed futures and options, where the relevance of simulating portfolios with only new positions is operationally rare and of limited value.

In practice, the most meaningful simulations assess how new transactions impact existing portfolios, or explore hypothetical portfolio changes. Therefore, we recommend clarifying that simulation outputs should be available for both existing and hypothetical portfolios, not only those composed of new transactions.

In addition, and consistent with Recital 5 and the broader objectives of the draft RTS, the simulation output should continue to differentiate clearly between core margin and margin add-ons. This should include any clearing member-level aggregated add-ons, such as those related to default fund contributions or liquidity add-ons, to the extent feasible. These components are essential to give clearing members a complete understanding of how margin requirements may evolve with changes in their cleared positions.

To reflect the above, we propose the following amendments to Article 4 (1):

*‘The output of the simulation tool provided by a CCP to its clearing members shall be composed of the core margin and each of the margin add-ons that are related to **the-existing or hypothetical** portfolios **where-the-new-transactions-will-be-margined**. It shall distinguish between the amounts for the core margin and for each of the add-ons, **including clearing member aggregated level add-ons** to the extent possible, and clearly list the type of risks covered by each amount.’*

This way, this structure would clarify that:

- paragraph 1 applies generally to any type of portfolios and;

- paragraph 2 applies specifically to the incremental impact of new transactions within those portfolios.

These changes would help ensure the simulation tool is both practical and meaningful, avoiding overly narrow use-cases and supporting clearing members and clients' ability to anticipate margin requirements under realistic portfolio scenarios.

#### Article 5 – Scenarios Representativeness and description

We strongly support the CCP simulation tool to include meaningful scenarios relevant to Clearing Members and the portfolios they clear. We fully agree with paragraph 1(a) to have simulation output based on current market conditions which is the basic simulation output expected.

However, we believe that paragraph 1(b) would benefit from further careful considerations. While we fully understand and agree with ESMA that the CCP simulation tool output should include hypothetical and historical scenarios, limiting the number of static scenarios available for simulation might:

- not be relevant for Clearing Members' portfolios,
- not address and reflect evolving risks and
- be of even lesser relevance for CSPs and end-users down the clearing chain.

In our view, this would not achieve the stated objective which is to provide all clearing firms and end users with scenarios of margin simulation output to support liquidity preparedness. For instance, if the CCP defined scenarios are not relevant to or do not stress a specific client portfolio, the output will be similar to the margin expected under current market conditions. The client could assume that its margin requirement would be less sensitive to stress conditions and in turn not prepare appropriately for potential future liquidity needs.

While we appreciate the technological and practical challenges for CCPs to include a large number of scenarios in their margin simulation tool, there is a need to strike the right balance between the representativeness of scenarios and the number of scenarios to be included. Therefore, we recommend that CCPs should focus on implementing targeted and simple hypothetical scenarios on the most relevant asset classes, introducing scenarios with increased volatility under an up and down price regime as well as simple decorrelation scenarios.

This way, we believe all hypothetical scenarios will be relevant for most, if not all, portfolios. In addition, the hypothetical scenario, being simple in nature, would only require a minimal set of information to be disclosed to CSPs and clients to enable them to understand the context of the output and be better prepared for potential liquidity needs. For instance, for each asset class, the CCP should provide, at a minimum, the volatility level, the price change levels and any relevant decorrelation measures, potentially by breaking down the information by sub asset class group. We would also like to note that such description would be necessary for historical scenarios as well.

Having such hypothetical scenarios would effectively complement the set of historical scenarios. However, we would like to emphasize that the selection of the scenarios should remain relevant for most, possibly all, clearing members portfolios which might not necessarily be scenarios driving the size of the default fund, and not the scenarios which might be of most interest to the CCP.

We also note that the ability for clearing members and clients to use a ‘what-if’ functionality, uploading their own portfolios and defining custom scenarios, would further enhance the usefulness of the CCP simulation tool and complement the standard hypothetical and historical scenarios provided.

We would therefore propose the following amendments for subparagraph 1(b) and add a subparagraph 1(c):

‘(b) ~~two~~ hypothetical **scenarios covering relevant asset classes cleared by the CCP, incorporating both upward and downward price movements and potential decorrelation effects** and;

**(c)** three historical market stress scenarios identified by the CCP, using the framework set out in Chapter VII of the Commission Delegated Regulation 153/2013.

The scenarios referred to in point (b) **and (c)** of the first subparagraph shall meet the requirements set out in the Annex.’

#### Article 5 – Consideration of Common Historical Scenarios Across CCPs

In addition to our recommendation for emphasis on scenario representativeness as set out above, we believe ESMA should consider whether CCPs could implement a common set of historical market stress scenarios, particularly those aligned with well-known, systemic market events. This would significantly enhance comparability and transparency across CCPs and help downstream entities, such as CSPs and clients, better understand the implications of stress events on margin requirements.

While we fully recognise that CCPs clear different asset classes and employ different margin models, the adoption of a baseline set of common historical shocks (e.g. COVID-19 market volatility, the 2008 financial crisis, the 2011 sovereign debt crisis) would provide a useful reference point for clearing members and clients who operate across multiple CCPs. Without such a common benchmark, margin simulation results may remain siloed, inconsistent, and difficult to interpret at the group or portfolio level, especially where clients are trying to assess their consolidated liquidity needs across several clearing arrangements.

Moreover, this measure would not only enhance consistency, but also support ESMA’s goal of strengthening liquidity preparedness, particularly for NBFIs and other end-users with diverse clearing exposures.

To ensure the feasibility and proportionality of this proposal, we suggest the common historical scenarios to be:

- Limited in number and representative of key systemic stress periods;
- Aligned, where relevant, with the stress-testing framework under EMIR (e.g. Delegated Regulation 153/2013);
- Designed in coordination with CCPs and clearing participants to ensure usability and risk relevance across asset classes.

We believe that such a proposal could sit alongside the CCP-specific historical and hypothetical scenarios already envisaged under our recommended Article 5 and would serve as a valuable enhancement to the current RTS.

We therefore recommend that ESMA consider including in the final RTS a requirement or strong encouragement for CCPs to implement a small set of common historical stress scenarios to promote comparability and support liquidity preparedness across the clearing ecosystem.

#### Article 6 – Access and Confidentiality

We strongly support the objective of making CCP simulation tools accessible to all relevant market participants, including clearing members and clients down the clearing chain. In this regard, we believe a consistent and transparent access framework is critical to ensure that all stakeholders are adequately informed and equipped for effective liquidity risk management.

Our strong preference is that CCPs make the simulation tool outputs publicly available, or at least allow access without restrictions dependent of clearing member facilitation. Public access would significantly enhance transparency, comparability, and operational efficiency, particularly for clients that maintain relationships with multiple CSPs or CCPs and potential clients. We note that Eurex already provides public access to a margin estimator that enables a user to upload their portfolio<sup>6</sup>.

Alternatively, if public access is not feasible, our second-best preference is for secured, direct portal access, whereby CCPs grant clients the ability to access simulation outputs without being dependent on their clearing member's facilitation or approval. This would help mitigate issues of information asymmetry, access delays, and inconsistent implementation across CCPs.

We urge ESMA to promote a consistent minimum access standard across CCPs by stating this in the RTS text or Recitals that this should preferably be public access, or alternatively secured access provided directly by the CCP to clients. This consistency is important not only to meet the policy objective of liquidity preparedness but also to ensure a level playing field across EU CCPs.

Therefore, we propose Recital 7 of the draft RTS to be amended as follows:

*‘(7) In order for clearing service providers to be able to provide accurate margin simulations to their clients, a CCP should provide access to its margin simulation tool not only to its clearing members but also to its clients providing clearing services, subject to appropriate confidentiality requirements. **Access should be provided under a consistent minimum standard across CCPs, which, where feasible, should be public access, or alternatively secure access directly from the CCP, to ensure both effective liquidity preparedness and a level playing field across the Union.***’

## CSP Disclosure Requirements

### Question 5

**Do you agree with the proposed information to be shared by CSPs on their margin models? Should any other element be taken into account?**

Throughout the RTS, we encourage ESMA to apply the principle of proportionality, particularly in cases where CSPs do not develop or apply independent margin methodologies but instead pass through CCP margin models. This is also supported by our industry survey that shows that

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<sup>6</sup> <https://cpme.eurex.com/>

86.5% of clients are subject to CCP margin only, with a further 10.5% subject to CCP margin with CSP add-ons such as multipliers.

ESMA should also be mindful of the risk of duplication that could arise from overlapping or redundant disclosure requirements for CSPs. Imposing duplicative obligations would not only create unnecessary administrative burdens, but also run counter to the EU's current regulatory simplification agenda. Ensuring coherence with broader streamlining efforts will help maintain consistency and avoid undermining the objective of regulatory efficiency.

We believe ESMA's interpretation in paragraphs 4 and 30 of the consultation paper merits further scrutiny. In paragraph 4, ESMA indicates that the new requirements introduced under EMIR 3.0 for CSPs are "broadly similar" to those applicable to CCPs. In paragraph 30, it goes further to suggest that disclosures from CSPs to clients should be "comparable" to those provided by CCPs to clearing members.

This interpretation, however, is not aligned with the Level 1 legal framework. EMIR Article 38(7) requires CCPs to publish extensive information, whereas Article 38(8) establishes a narrower obligation for CSPs. EMIR is intentionally structured to reflect the distinct roles and responsibilities of CCPs and CSPs considering CCPs have a narrower set of participants, which tend to be more homogenous (i.e. clearing members). This contrasts with CSPs, which have a far more diverse business model, with CSPs often having memberships at multiple CCPs and with a varied, heterogeneous client base. Treating these obligations as if they are "broadly similar" and expecting comparable disclosures risks imposing undue duplication and operational complexity that is not envisaged under Level 1.

We therefore call on ESMA to ensure that the RTS preserves the clear separation between CCP and CSP disclosure requirements as set out in the Level 1 text.

That being said, we agree that clients should be provided with clear information on how margins are calculated and passed through. However, we believe several aspects of the draft RTS would benefit from clarification to ensure the requirements are practical, proportionate, and consistent with the Level 1 mandate under Article 38(8) of EMIR.

Specifically, we propose refinements to Articles 7 and 8 of the draft RTS to ensure legal certainty around redistribution of CCP documentation, alignment between obligations placed on CSPs and their actual margin methodologies, exclusions for immaterial and operational margin deviations, and appropriate confidentiality safeguards around internal models and proprietary information.

#### Article 7 – Equal access across CSPs and end users

We support ESMA's Policy Option 1 (referenced in the cost-benefit analysis), which would require CCPs to make the relevant margin documentation publicly available, or at least available to all clearing members, CSPs and clients in the clearing chain. Public disclosure by CCPs would bring several important benefits.

It would improve consistency as clients with multiple CSPs would receive a single source of information and increase efficiency as direct disclosure by the CCP reduces operational complexity for intermediaries and eliminates potential delays or errors in redistribution. Most importantly, it would reduce legal risk, as CSPs simply passing through publicly available documentation, have less liability risk related to misinterpretation or inappropriate



redistribution of CCP-provided content, especially if such documentation is subject to certain confidentiality agreements.

However, if CCP documentation is not made public, and instead is made available only under confidentiality agreements or through restricted portals, then several practical challenges may arise. For instance, some CCPs use permission-based access models where clearing members must approve access for downstream clients. Depending on the CCP portal arrangements, this may delay or inhibit indirect client access to critical information. Most importantly, if CCPs do not explicitly allow onward distribution of their documents to clients, CSPs may face legal risk when passing them on.

To mitigate these issues, we recommend that ESMA clarify the following in the final RTS or in a supporting recital that CCPs should be required to make Article 3 documentation available in a form that can be redistributed by CSPs to clients in the clearing chain, either by making it public or by explicitly authorising redistribution. With this in mind, we propose amending Article 7 as follows:

***‘Notwithstanding confidentiality or other contractual arrangements between the CCP and its clearing members, clearing members providing clearing services and clients providing clearing services (‘clearing service providers’) shall **be allowed to** make available to their clients the information and documentation referred to in Article 3 of this Regulation.’***

#### Article 8(1) – Scope clarifications

We agree that CSPs should inform their clients whether and how CCP margin requirements are passed through. Considering Article 38(8) of EMIR focuses on risk-based transparency, namely, the provision of simulations and disclosures that help clients understand the margin implications of their cleared positions, we believe that Article 8(1) could benefit from additional clarifications. Indeed, as currently drafted, Article 8(1) requires CSPs to explain any deviation in initial margin amounts between what the CCP calls and what is passed through to clients, regardless of materiality, cause, or frequency.

We recommend specifying that only deviations that are systematic and material are in scope. For instance, operational or incidental differences in the amount of initial margin should not be in scope.

In addition, many CSPs already provide margin information during the onboarding process, typically within legal agreements or client disclosures. We recommend that the obligation applies at initial onboarding, with updates only in case of methodology changes or material deviations.

Therefore, we propose Article 8(1) to be amended as follows: *‘A clearing service provider shall inform its clients on how the initial margins called by the CCP are passed through to its clients. Where the amount of initial margins required by the clearing service provider from its client deviates **materially and systematically** from the amount required by the CCP, the clearing service provider shall provide information with regard to the rationale for, and magnitude of, those deviations to the clients subject to such deviations.’*

We recommend that the principle of proportionality be explicitly acknowledged, particularly where CSPs are not applying their own margin models, to ensure that disclosure obligations are aligned with actual risk practices and avoid unnecessary operational burden.

## Article 8(2) – Alignment with EMIR Level 1

Similarly to Article 8(1) above, we agree that CSPs should be transparent to their clients and share information on their specific additional margin. However, we do have concerns that the Article 8(2) goes beyond Level 1 text specifically with point (a), (b) and (d).

Under Article 8(2)(b), the term “Key Indicators” is currently vague and providing CSPs clients with ‘*performance of additional margin requirements during normal and stressed market conditions*’ goes far beyond the Level 1 text. For instance, clearing members and clearing participants broadly have a stake in ensuring robust CCP initial margin model performance under normal and stressed conditions. Clearing members have default fund contributions and are exposed to other mutualised loss allocation tools if the CCP is in distress. CSPs’ clients do not have such mutualised loss exposures against their CSPs. The need for CSP model performance disclosure should therefore be deemed not relevant in the context of CSPs disclosure requirements.

In addition, under Article 8(2)(d), CSPs may be unable to disclose the details of internal credit models, risk policies and methodology procedures due to confidentiality, regulatory or supervisory restrictions, and competitive concerns. Requiring CSPs to provide ‘procedures’ also goes beyond Level 1 text. The RTS should explicitly allow CSPs to provide disclosures at a general framework level, without revealing proprietary methodologies and omit client-specific or credit-sensitive information, provided that the rationale and general process for add-ons are still clear and reviewable by clients. Also, some of these models might not be quantitative in nature and more qualitative, therefore Article 8(2)(a) should be clarified to take this into consideration by adding ‘*where applicable*’ when providing the calculation details.

Therefore, we propose Article 8(2) to be amended as follows: ‘*Where a clearing service provider uses the margin model of the CCP, and requires additional margins to the margins required by the CCP, the clearing service provider shall provide its clients with information on:*

*(a) the risk that each type of additional margin covers, and how it is calculated **where applicable**;*

***~~(b) the key indicators on the performance of additional margin requirements during normal and stressed market conditions;~~***

***~~(b e)~~** the operational arrangements for the collection of the additional margin requirements, including the deadlines for meeting margin calls, collateral posting cut-off times, collateral collection schedule, thresholds which might trigger margin calls where applicable, limits to which the client may submit transactions for clearing, and for the restitution of excess collateral; and*

***~~(c d)~~** the **procedures to** review **the methodology and the calculation framework** of the additional margin required by the clearing service provider, and the applicable notice period.’*

## Article 8(3) – Alignment with Level 1

While we strongly support greater transparency by CSPs to their clients, we are concerned that the provisions under Article 8(3)(d) go beyond the mandate of EMIR Level 1. The requirement for CSP’s to disclose their ‘*pricing and market data sources*’ is particularly problematic as this information is often proprietary or sourced via third-party vendors under restricting licensing

arrangements. Such disclosure may be commercially sensitive and its value to end-clients is unclear. We therefore recommend that point (d) be deleted in its entirety.

In addition, similar to Article 8(2)(d), CSPs may be unable to disclose the details of internal credit models, risk policies and methodology procedures due to confidentiality, regulatory or supervisory restrictions, and competitive concerns. Unlike CCP margin, which is centrally determined and their systemic risk manager role supports broader disclosure to promote liquidity preparedness and market stability, CSP proprietary margin models are typically tailored to individual clients and incorporate sensitive commercial information.

There is also significant diversity across CSPs in terms of business models and margining practices with some clients subject only to CCP margin, others subject to CSP add-ons calculated using the CCP model, and others to CSPs' internal models incorporating netting across cleared and uncleared exposures across CCPs. These considerations mean that a one-size-fits-all disclosure framework may not be appropriate, and flexibility should be allowed for CSPs to tailor disclosures to their specific margin framework. The RTS should explicitly recognise this distinction and allow CSPs flexibility to provide relevant transparency without disclosing proprietary information. Importantly, clients subject to CSP proprietary margin models receive relevant information regarding how their margin is calculated through their business arrangements with the CSP, ensuring they are informed for liquidity and risk management purposes.

We are particularly concerned that mandatory simulation tools for CSP proprietary models could enable sophisticated clients to replicate or reverse-engineer CSP methodologies. Such tools risk eroding CSPs' competitive differentiation, undermining intellectual property built over decades, and potentially facilitating new entrants using copied models. These strategic risks are not addressed in the consultation and must be weighed carefully against the limited systemic benefits of such disclosures.

Therefore, we propose the following amendments to Article 8(3):

*'Where a clearing service provider uses a different margin model than the one used by the CCP, the clearing service provider shall provide its clients with information on the key elements of the design and limitations of its initial margin model, **in a manner proportionate to the nature and structure of its margining practices and without requiring the disclosure of commercially sensitive or proprietary information**, including the following:*

*(a) the risk that each initial (...);*

***(d) the pricing and market data sources used and the frequency of the updates;***

***(d-e)** the operational arrangements for the collection of the margins (...); and*

*(f) the **procedures to** review **the methodology and the calculation framework** of the additional margin required by the clearing service provider, and the applicable notice period.'*

To provide clarity, the table below summarises our recommendations for how CSP disclosure requirements should be calibrated across different margining scenarios. These recommendations are grounded in our overarching position that CCPs should make their margin methodologies and simulation tools publicly available, ensuring consistency, reducing duplication, and mitigating legal and operational risks for CSPs. CSP obligations should

therefore be proportionate and limited to passing through CCP information or providing high-level illustrative disclosures only where proprietary methodologies are used.

Margin Scenario	FIA Recommendations
CSP applies CCP margin only	Clients should have direct access to CCP margin documentation and simulation tools. CSP obligations should not extend beyond referencing CCP disclosures.
CSP applies CCP margin with add-ons (multipliers or fixed amounts)	CSPs should reference CCP documentation and clarify the nature of the adjustment. No new scenarios should be required for CSP add-ons such as multipliers.
CSP applies proprietary margin model	CSPs should give proportionate transparency through illustrative, non-binding scenarios and general explanations, without disclosing proprietary or commercially sensitive details.
CSP offers portfolio margining	CCP margin model should remain the baseline. CSP disclosures should explain the portfolio margining approach in general terms, without requiring additional CCP-like scenario sets.
Where a CSP calls higher margin amount	CSPs should explain the rationale (e.g., multiplier or fixed add-on), with disclosures proportionate to materiality. There should be no obligation to develop separate simulation frameworks.

## CSP Margin Simulations

### Question 6

**Do you agree with the proposals on the margin simulations to be provided by CSPs? Should there be any additional requirements?**

We fully support the objective of ensuring that end clients receive adequate transparency to assess and prepare for their potential liquidity needs, particularly under stressed market conditions. However, we have significant concerns about the proposed requirements under Article 9 of the draft RTS, specifically with paragraph 1(b), the granularity of the margin simulation output as well as the lack of flexibility in the accuracy of the output. Generally, we also believe that ESMA is going beyond the mandate of the EMIR Level 1 text here as well as the final policy proposals set out in the 2025 BCBS- CPMI-IOSCO on Transparency and responsiveness of initial margin in centrally cleared markets.

To prevent misinterpretation of the requirements under Article 38(8) of EMIR 3.0, it is important to draw a clear distinction, both conceptually and in practice, between a "simulation" and a "simulation tool." The latter, as set out for CCPs under Article 38(6) of EMIR 3.0, refers to an interactive tool designed for client use that enables real-time or near real-time scenario testing, user inputs, and dynamic recalculations.

In contrast, a "simulation" in the context of CSP obligations should be interpreted as a non-interactive disclosure. This could take the form of an indicative output derived from representative portfolios, high-level insights into the parameters used in the CSP's internal add-on or multiplier calculations as well as descriptive what-if statement such as if market declines by X%, a margin multiplier of Y may be imposed. This would also supplement the information

that the client will receive from the CSP under Article 38(8)(b) of EMIR in relation to the situations and conditions that might trigger margin calls.

Maintaining this distinction is critical. We therefore propose that CSPs should be permitted to meet their obligations by referring clients to publicly available CCP disclosures, such as methodology documents or simulation tool access, while supplementing this with a proportionate explanation of the CSP's own margin inputs (e.g., thresholds, percentages, or conditional adjustments). This approach upholds the transparency goals of EMIR 3.0 without creating an unintended obligation for CSPs to develop or maintain bespoke client tools, something that clearly falls outside the intended scope of Article 38(8) of EMIR 3.0.

Building on our recommendations under Question 5 above regarding disclosure obligations, the table below summarises how simulation requirements should be applied in a proportionate manner under Article 9.

Margin Scenario	FIA Recommended Approach
CSP applies CCP margin only	CSPs should meet obligations by referencing CCP margin simulation tools and documentation, where available. No additional CSP scenarios should be required.
CSP applies CCP margin with add-ons (multipliers or fixed amounts)	CSPs should disclose the rationale and size of the add-on. No obligation to produce new scenario sets, as CCP tools already provide the base simulations.
CSP applies proprietary margin model	CSPs should provide proportionate, illustrative non-binding scenarios (e.g. "if X happens, margin could increase by Y"). These should remain high-level and avoid disclosure of proprietary or sensitive methodologies.
CSP offers portfolio margining	CCP margin should remain the baseline reference. CSPs should explain in general terms how offsets or cross-product treatments are applied, but should not be required to replicate CCP-style scenario sets.

In each of these cases, the information provided would be supplemented by Article 38(8)(b) disclosures by CSPs. Taken together, this will mean that clients will not only receive information on the factors that could affect their margin levels under Article 38(8)(b), but also better understand the practical ways in which their margin requirements may change in the future (Article 38(b)(d)). We believe this will better address the needs of clients, whilst being more proportionate.

#### Article 9(1) – Scenarios compliance clarification and non-binding results

We have significant concerns with the proposed CSP requirement to implement '*three market stress scenarios and two scenarios related to the individual risk of the client*'. We believe that the proposal goes far beyond the Level 1 mandate and would require potentially a significant production of client specific scenarios for CSPs with a multitude of clients with diverse risk profiles resulting in scenarios to be very likely inconsistent with CCP scenarios and clients receiving several sets of results that are neither comparable nor useful, undermining the

objective of transparency. We believe a more proportionate approach, aligned with the EMIR Level 1 mandate, is warranted to avoid overly prescriptive requirements that will be costly to implement and do not necessarily meet the objective of providing the transparency to clients to better prepare for liquidity needs.

Moreover, the requirement to produce an arbitrary set of scenarios could itself be misleading, as it may give the impression that those are the only relevant margin outcomes when, in reality, many other risk factors and combinations may also materially affect margin. This could result in clients misjudging their liquidity needs, either underestimating required margins if they rely too heavily on the prescribed scenarios, or overestimating and setting aside excess liquidity due to confusion created by overlapping stress and client-specific scenarios. This would achieve the exact opposite of EMIR's stated objective of promoting transparency and predictability in margin outcomes. In particular, the two specific client risk scenarios are more onerous than what is contemplated for CCP simulation. As we suggest above under question 4, if the CCP allows CSPs and clients to input their own scenarios or provides a set of hypothetical scenarios applicable across various asset classes, it removes the need for CSPs to provide additional scenarios for individual clients.

In addition, we believe that the article should clearly state that for CSPs using only the CCP margin, this requirement should be met using the CCP margin simulation tool. Indeed, where the CSP uses the CCP margin model as the basis for the margin amounts called for cleared products from its clients without its own margin add-ons, we do not see the value in providing clients with an additional 5 scenarios over and above those provided by the CCP. Art 38(d) of EMIR3.0 requires clearing members to provide a simulation of the margin requirements to which clients might be subject under different scenarios. There is no requirement in Art 38(d) for these scenarios to be either in addition to the scenarios provided by the CCP nor different to these scenarios. Where the CCP model is used as the basis of the margin collected by the CSPs, these proposed additional simulations add no practical value, while incurring a substantial and disproportionate cost.

It should also be noted that where a CSP offers portfolio margining across a combination of (sometimes offsetting) cleared and non-cleared products, it is possible such a model could result in a net margin calculation across the combined portfolio that is lower than the CCP margin calculation. However, in such circumstances, it is possible that the CSP calls the CCP margin amount regardless of their own internal cross product portfolio margin amount. In this case, the CSP should be considered to use the CCP margin model as the basis for its calculation for the products in scope of EMIR 3.0.

And where a CSP calls an amount higher than the CCP margin calculation, if this amount is a simple multiplier of the total CCP amount, or a fixed amount on top of the total CCP amount, then the CSP should be considered to use the CCP margin model as the basis for its calculation. The addition of a simple multiplier, or fixed amount, should not result in a requirement for an entire new set of scenarios. In such circumstances, the information provided under Article 8 in relation to additional CSPs margin requirements should suffice to explain the additional amounts.

Finally, we also expect results of CSP margin simulation information to be non-binding, as is the case for CCP margin simulation tool output. Importantly, the simulations should not constraint CSPs' ability to impose margin during a stress event.



We further caution that direct comparison between CCP and CSP margin requirements can be misleading. In many cases, clients are margined within omnibus accounts where exposures can be offset across products, venues, or CCPs. While CCP and third-party tools may offer approximate client-level breakdowns, these are not always reliable and could create confusion if compared directly to CSP margin requirements. The RTS should therefore avoid prescriptive comparability requirements and instead emphasise proportionate disclosure tailored to each CSP's clearing model.

Therefore, with this context, we propose Article 9(1) of the draft RTS to be amended as follows:

***'Where a clearing service provider uses CCP margin calculations as the basis for the margins collected from its clients, including where the clearing service provider adjusts the CCP margin calculation by a multiplier, or a fixed amount, the clearing service provider shall, to the extent the CCP provides such functionality, facilitate access to the CCP's margin simulation tool, whether through direct access or a secured portal. Where client is not able to access the CCP margin simulation tool directly or via a secured portal, CSPs may alternatively provide to clients relevant information to access the CCP simulations.'***

***Otherwise, where a clearing service provider does not base clients' margins in accordance with the above paragraph, such a clearing service provider shall provide its clients with margin simulations for at least each of the following scenarios:***

*(a) the current market conditions based on the inputs used by the initial margin model for the most recent initial margin call; and*

*(b) at least three market stress scenarios and two scenarios related to the individual risk of the client covering the most common scenarios in which additional margin may be imposed by the CSP.*

***The results of the CSP margin simulations shall be illustrative and non-binding in nature. They shall not constitute a commitment by the clearing service provider to maintain or apply the simulated margin level.'***

We also suggest that Recital 9 of the draft RTS be amended at the end to include the following:

***'To ensure consistent and efficient client access to margin simulation outputs, ESMA acknowledges that CCPs should make their simulation tools available either directly to clients or through secure and validated access mechanisms (e.g., portals or CSP-facilitated access). In such cases, the role of the clearing service provider should be limited to facilitating or guiding client access, without bearing responsibility for the CCP simulation outputs.'***

#### Article 9(3) – Clarifications of the output

We believe Article 9(3) would benefit from further clarifications in relation to the output. Indeed, some CSPs might require additional margin on top of the CCP margin that reflects the overall portfolios' exposures across multiple venues and CCPs. In such case, providing a granular breakdown of margin amounts 'for each CCP' might not be operationally feasible. We therefore recommend that the term 'for each CCP' be removed to allow greater flexibility for these CSPs whose additional margining processes do not align neatly with CCP-by-CCP allocations. We believe the proposed amendments below better reflect the mandate under EMIR Level 1 in a more flexible and proportionate approach in line with CSPs' risk management practices.

Furthermore, we recognise the importance of transparency regarding credit risk-based additional margin. However, we caution against requiring CSPs to disclose such information uniformly to all clients, regardless of whether a specific risk has been identified (as mentioned in paragraph 44 of ESMA's consultation paper). Requiring such broad disclosure may not only create unnecessary administrative burdens but also lead to confusion for clients for whom no credit risk exists. Instead, we recommend a proportionate, risk-based approach to disclosure that ensures clients receive information that is meaningful and relevant, without requiring CSPs to disclose sensitive details or simulate idiosyncratic risk-based add-ons across their entire client base.

Indeed, a plurality of client-specific factors, including leverage, credit quality, portfolio composition, trading strategy, and clearing model, can inform the application of additional margins. These risk judgments are complex, forward-looking, and not always quantifiable through standardised simulation. As such, simulation of these add-ons may not be feasible or appropriate in every case. In this respect, the final RTS should explicitly reflect the principle of proportionality, preserving CSPs' ability to apply margin add-ons as necessary to manage risk while ensuring appropriate disclosures to clients.

Therefore, we recommend the following amendments to Article 9(3) of the draft RTS:

*'Where a clearing service provider uses the same margin model as the CCPs, and requires additional margins to the margins required by the CCPs, ~~the output of the margin simulations shall, for each CCP, the clearing service provider shall~~ clearly distinguish the initial margin amount required by the CCP from any additional margins amounts required by the clearing service provider related to the portfolio where the transactions are being margined. The clearing service provider shall also provide a breakdown per type of additional margin required, **to the extent practicable.***

This flexibility is especially important for CSPs who provide margin offsets across CCPs. We therefore recommend that the final RTS explicitly reflect the principle of proportionality to accommodate such operational differences.

#### Article 9(4) – Redundant

We consider that the proposed paragraph 9(4) is redundant, as our proposed amendments of the draft Article 9(1) and 9(3) above already address the treatment of CSPs applying their own proprietary margin models. Accordingly, we suggest that Article 9(4) can be removed.

## Proposed amendments to the RTS Articles

### CCP Disclosure requirements

#### *Draft Article 1: Initial margin model design and functioning*

A CCP shall provide its clearing members with information on the design and the functioning of its initial margin model in a way that enables the clearing members to obtain an in-depth understanding of how the margin model works, **which at a minimum, shall be sufficient to allow a clearing member to understand the key risk drivers and sensitivities**. This information shall cover all the elements of the initial margin model, **being the core margin and all margin add-ons that apply at individual portfolio and at clearing member aggregated level**, including the following:

- (a) the risk that each initial margin model element covers **and the risks that are specifically not covered by the initial margin model**;
- (b) the type of model used for the core margin;
- (c) the methodology for the calculation of the margins, such as the logical steps, and the mathematical and statistical specifications;
- (d) the model parameters, such as the confidence interval, the lookback periods, and the time horizon for the lookback period, with a description of their respective functions **as well as the frequency of model parameters recalibration in normal and stress market conditions**;
- (e) the pricing and market data sources used by the CCP and the frequency of the updates;
- (f) the operational arrangements, such as the deadlines for meeting initial margin calls, collateral posting cut-off times, collateral collection schedule; and
- (g) the governance procedures related to the review of the initial margin model of the CCP, the involvement of clearing members in the governance process and the applicable notice period.

#### *Draft Article 2: Key assumptions and limitations of the initial margin model*

1. A CCP shall provide its clearing members with a list of the key assumptions and limitations of the initial margin model, including a description of the events that could lead to a breach of the assumptions, and qualitative and quantitative information on the potential impact on margin requirements.

2. A CCP shall provide its clearing members with qualitative and quantitative information on the performance of its initial margin model and on the behaviour of that model during stressed market conditions. This information shall include the following:

- (a) the backtesting results, as provided in accordance with Article 49(5) of the Commission Delegated Regulation 153/2013, **including relevant products and static portfolios backtesting**; and
- (b) relevant sensitivity testing results, allowing the clearing members to understand how the initial margin model reacts to the evolution of parameters or assumptions **during normal and stressed market conditions**.

3. A CCP shall also provide its clearing members with information on:

- (a) the processes to monitor and revise the level of its margins to reflect the current market conditions;
- (b) the conditions under which the assumptions of the model may no longer apply, *and which would result in an override of the initial margin model **or would result in the application of a discretionary margin call***, including during a market stress event; and
- (c) how extraordinary margins are calculated and called in accordance with Article 56 of the Commission Delegated Regulation 153/2013.

#### *Draft Article 3: Model documentation*

A CCP shall provide its clearing members with all the documents covering the information referred to in Article 1, Article 2 and Article 5(3) of this Regulation. These documents shall be written in a clear and comprehensive manner and *in a way that enables the clearing member to obtain an in-depth understanding of how the **initial** margin model **works allowing them, at a minimum, to understand the key risk drivers and sensitivities. Clearing members and Clearing services providers shall be allowed to redistribute these documents to their clients.***

### CCP Margin Simulation Tool Requirements

#### *Draft Article 4: Output of the simulation tool*

1. The output of the simulation tool provided by a CCP to its clearing members shall be composed of the core margin and each of the margin add-ons that are related to **~~the existing or hypothetical~~ portfolios *where the new transactions will be margined***. It shall distinguish between the amounts for the core margin and for each of the add-ons, ***including clearing member aggregated level add-ons*** to the extent possible, and clearly list the type of risks covered by each amount.
2. The output of the simulation tool shall be available for additional transactions in existing or hypothetical portfolios of the clearing member using the tool. The output of the simulation tool shall distinguish between the initial margin requirement amount for the existing transactions already cleared by the clearing member and the additional initial margin amount required by the CCP upon clearing new transactions.

#### *Draft Article 5: Simulation tool scenarios*

1. The simulation tool provided by a CCP shall allow its clearing members to determine their initial margin requirements for at least each of the following scenarios:
  - (a) the current market conditions based on the inputs used by the initial margin model for the most recent initial margin call to the clearing member using the tool;
  - (b) ~~two~~ hypothetical ***scenarios covering relevant asset classes cleared by the CCP and considering increased volatility level for both down and up price regime and decorrelation*** and;
  - (c) three historical market stress scenarios identified by the CCP, using the framework set out in Chapter VII of the Commission Delegated Regulation 153/2013.

The scenarios referred to in point (b) **and (c)** of the first subparagraph shall meet the requirements set out in the Annex.

2. The CCP shall consider identifying and including, in its simulation tool, additional market stress scenarios, taking into account the CCP's size, complexity, risk management practices, membership structure and the characteristics of its product offering.

3. The CCP shall provide to its clearing members a clear description of the scenarios set out in paragraphs 1 and 2 of this Article.

#### *Draft Article 6: Access to the simulation tool*

A CCP shall provide access to its simulation tool to its clearing members and to clients providing clearing services, subject to appropriate confidentiality requirements.

## CSP Disclosure requirements

#### *Draft Article 7: CCP initial margin model*

**Notwithstanding confidentiality or other contractual arrangements between the CCP and its clearing members**, clearing members providing clearing services and clients providing clearing services ('clearing service providers') shall **be allowed to** make available to their clients the information and documentation referred to in Article 3 of this Regulation.

#### *Draft Article 8: Margins required by clearing service providers*

1. A clearing service provider shall inform its clients on how the initial margins called by the CCP are passed through to its clients. Where the amount of initial margins required by the clearing service provider from its client deviates **materially and systematically** from the amount required by the CCP, the clearing service provider shall provide information with regard to the rationale for, and magnitude of, those deviations to the clients subject to such deviations.

2. Where a clearing service provider uses the margin model of the CCP, and requires additional margins to the margins required by the CCP, the clearing service provider shall provide its clients with information on:

(a) the risk that each type of additional margin covers, and how it is calculated **where applicable**;

**(b) the key indicators on the performance of additional margin requirements during normal and stressed market conditions;**

**(b e)** the operational arrangements for the collection of the additional margin requirements, including the deadlines for meeting margin calls, collateral posting cut-off times, collateral collection schedule, thresholds which might trigger margin calls where applicable, limits to which the client may submit transactions for clearing, and for the restitution of excess collateral; and

**(c d)** the **procedures to** review **the methodology and the calculation framework** of the additional margin required by the clearing service provider, and the applicable notice period.

3. Where a clearing service provider uses a different margin model than the one used by the CCP, the clearing service provider shall provide its clients with information on the key elements of the design and limitations of its initial margin model, **in a manner proportionate to the nature and structure of its margining practices and without requiring the disclosure of commercially sensitive or proprietary information**, including the following:

(a) the risk that each initial margin model element covers, and how it is calculated;

(b) the type of model used for the core margin;

(c) the model parameters, such as the confidence interval, the lookback periods, and the time horizon for the lookback period, with a description of their respective functions;

**~~(d) the pricing and market data sources used and the frequency of the updates;~~**

**~~(d-e)~~** the operational arrangements for the collection of the margins, including the deadlines for meeting initial margin calls, collateral posting cut-off times, collateral collection schedule, thresholds which might trigger margin calls, limits to which the client may submit transactions for clearing, and for the restitution of excess collateral; and

(f) the **~~procedures to~~** review **~~the methodology and the calculation framework~~** of the additional margin required by the clearing service provider, and the applicable notice period.

## CSP Margin Simulation Requirements

### *Draft Article 9: Margin simulations*

1. **Where a clearing service provider uses CCP margin calculations as the basis for the margins collected from its clients, including where the clearing service provider adjusts the CCP margin calculation by a simple multiplier, or a fixed amount, the clearing service provider shall, to the extent the CCP provides such functionality, facilitate access to the CCP's margin simulation tool, whether through direct access or a secured portal. Where client is not able to access the CCP margin simulation tool directly or via a secured portal, CSPs may alternatively provide to clients relevant information to access the CCP simulations.**

**Otherwise, where a clearing service provider does not base clients' margins in accordance with the above paragraph, such a** clearing service provider shall provide its clients with margin simulations for at least each of the following scenarios:

(a) the current market conditions based on the inputs used by the initial margin model for the most recent initial margin call; and

(b) **at least three market stress scenarios and two scenarios related to the individual risk of the client covering the most common scenarios where additional margin may be imposed by the CSP.**

**The results of the CSP margin simulations shall be illustrative and non-binding in nature. They shall not constitute a commitment by the clearing service provider to maintain or apply the simulated margin level.**

2. The clearing service provider shall consider identifying and including additional scenarios by taking into account its size, complexity, risk management practices, client structure and characteristics of its service offering.

3. Where a clearing service provider uses the same margin model as the CCPs, and requires additional margins to the margins required by the CCPs, **the output of the margin simulations shall, for each CCP, the clearing service provider shall** clearly distinguish the initial margin amount required by the CCP from any additional margins amounts required by the clearing service provider related to the portfolio where the transactions are being margined. The clearing service provider shall also provide a breakdown per type of additional margin required, **to the extent practicable.**



~~4. Where a clearing service provider uses a different margin model than the one used by the GCPs, the output of the margin simulations shall:~~

~~(a) for each GCP, clearly distinguish the amount required by the GCP from the amount required by the clearing service provider related to the portfolio where the transactions are being margined; and~~

~~(b) clearly distinguish between the core margin amount and amounts for each of the margin add-ons of the model used by the clearing service provider related to the portfolio where the transactions are being margined.~~

## FIA Survey results

### Background

FIA conducted a voluntary survey from clearing members asking the questions below:

#	Question	Answer format
1	Is your firm a CM of one or more EU CCPs?	Yes/No
2	How many affiliates (EU and non-EU) of your firm are also CMs of EU CCPs?	1; 2; 3; etc.
3	Is your firm a client of a CM providing clearing services to clients on EU CCPs?	Yes; No
4	How many affiliates (EU and non-EU) of your firm are also clients of a CM providing clearing services?	1; 2; 3; etc.
5	How many clients does your firm (EU and non-EU) clear for on EU CCPs?	1–100; 100–500; 500–1,000; 1,000–5,000; 5,000–10,000; 10,000+
6	% of clients on CCP margin only?	0%-10%; 10%-20%; 20%-30%; ...; 90%-100%
7	% of clients on CCP margin + CSP add-on (multiplier/fixed)?	0%-10%; 10%-20%; 20%-30%; ...; 90%-100%
8	% of clients on CSP proprietary initial margin model?	0%-10%; 10%-20%; 20%-30%; ...; 90%-100%

The survey was intended to estimate the most prevalent margin model (CCP margin only, CCP margin with CSP add-ons and CSP proprietary initial margin model) used by clearing members or CSPs, to provide more insight into the level of clients subject to each margin model applied. The survey was also intended to assess the complexity of the clearing network for all entities in scope of the draft RTS on margin transparency.

### Key Results

#### Participation

- 12 respondents participated, all being at least a clearing member of an EU CCP.

#### Prevalent margin model among respondents

- Of the 12 respondents, CCP margin only is applied by:
  - 55% of respondents to [90-100]% of their clients
  - 18% of respondents to [80-90]% of their clients
- Of the 12 respondents, CCP margin and CSP add-ons is applied by:
  - 55% of respondents to [0-10]% of their clients

- 27% of respondents to [10-20]% of their clients
- Of the 12 respondents, CSP proprietary initial margin is applied by:
  - 50% of respondents to [0-10]% of their clients
  - 42% of respondents to 0% of their clients

### **Respondents' use of multiple margin models**

This section shows how many different margin models respondents apply across their overall client base, rather than to individual clients. For example, some respondents might use only the CCP margin model for all clients, while others combine CCP margin with CSP add-ons, and a smaller group make use of all three models across different clients.

- 70% of respondents use both CCP margin only, and CCP margin plus CSP add-ons
- 30% of respondents use a mix of all three models (i.e. CCP margin only, and CCP margin plus CSP add-ons, and CSP proprietary margin)

### **Respondents number of clients**

- Respondents were fairly distributed in clients size, with 17% of respondent having [1-100] clients, 33% having [100-500] clients, 17% having [500-1,000] clients, 17% having [1,000-5,000] clients and another 17% having [5,000-10,000] clients.

### **Estimated distribution of clients across margin models**

- 86.5% of clients are margin under CCP margin only
- 10.5% of clients are margin under CCP margin and CSP add-ons
- 3% of clients are margin under CSP proprietary initial margin

### **Number of respondents' affiliates also clearing member of an EU CCP**

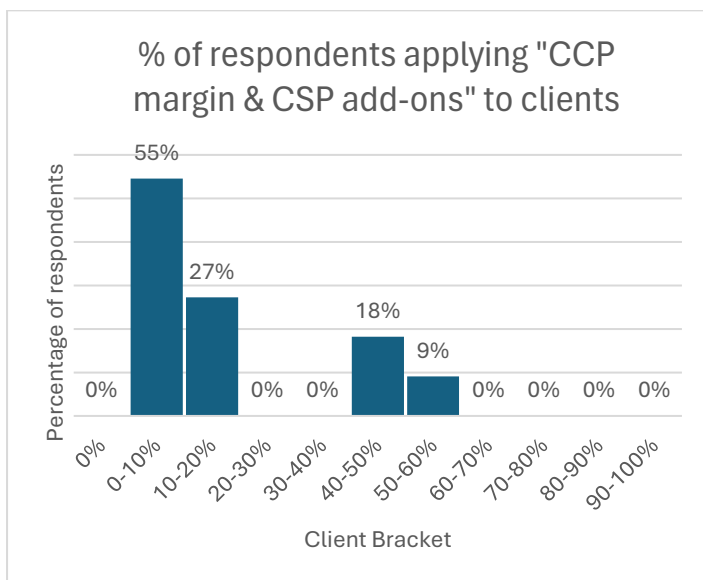
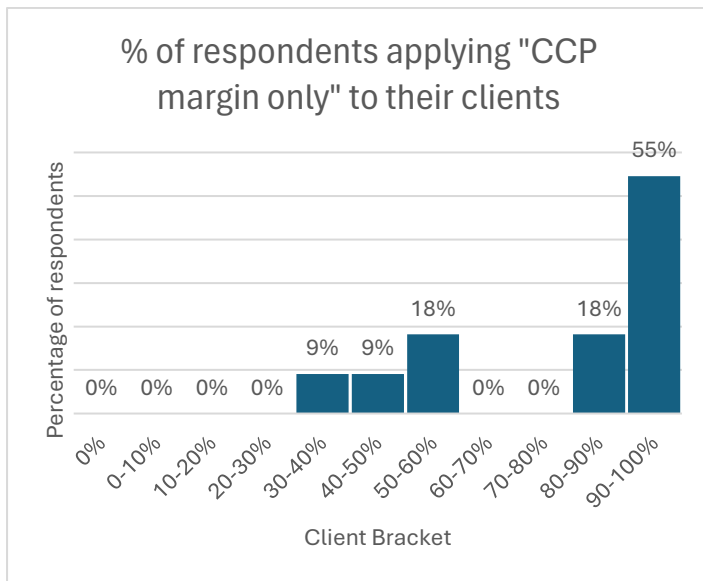
- 45% of respondents indicated they have 3+ affiliates
- 27% of respondents indicated they have none

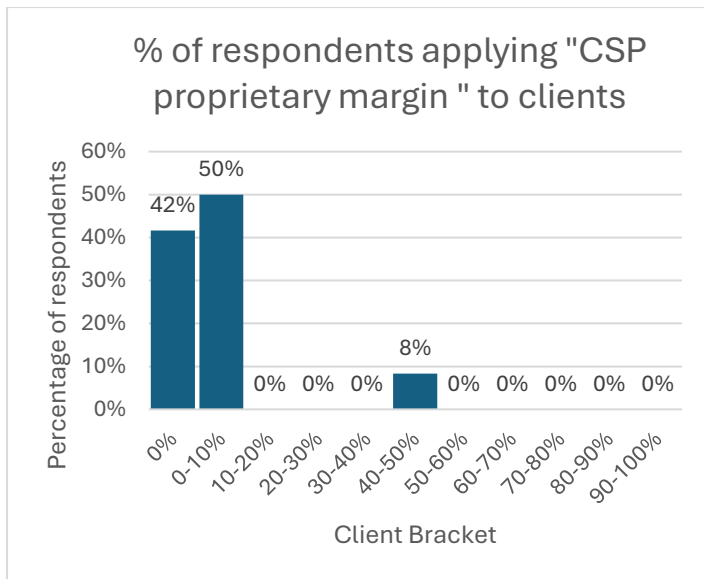
### **Number of respondents' affiliates also client of a clearing member providing clearing services**

- 36% of respondents indicated they have none
- 27% of respondents indicated they have 2 and another 27% indicated that they have 3 and over.

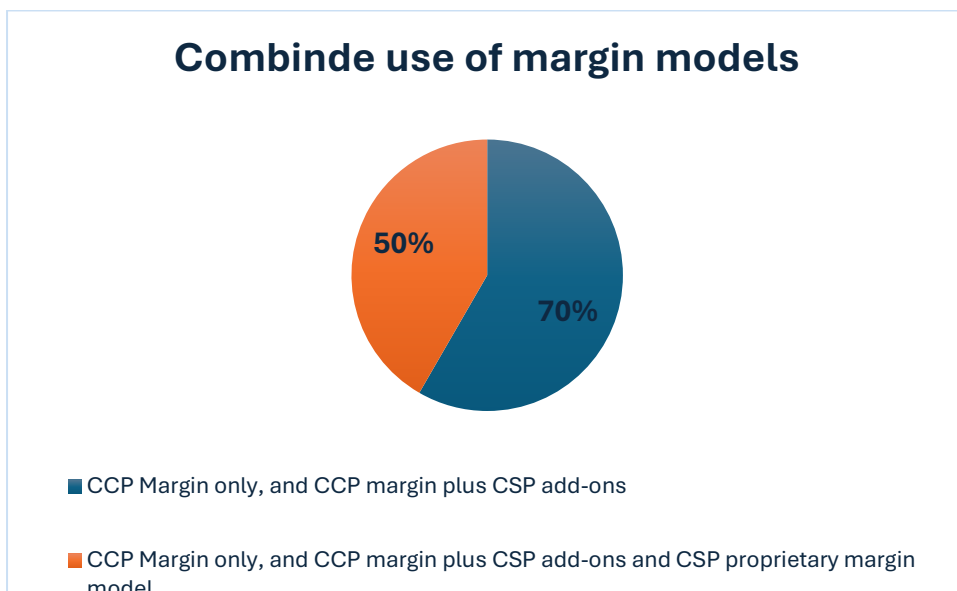
## Detailed breakdown

### Prevalent margin model among respondents

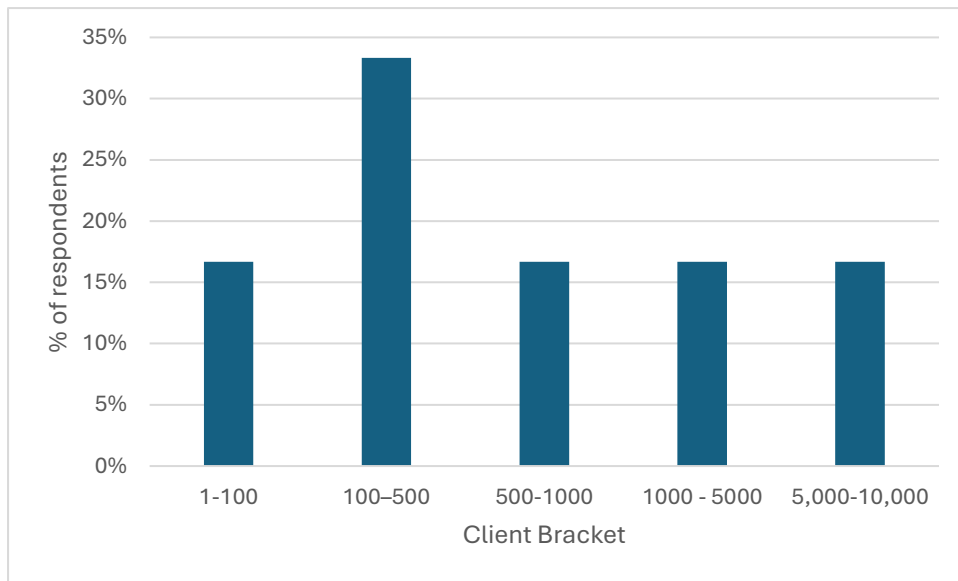




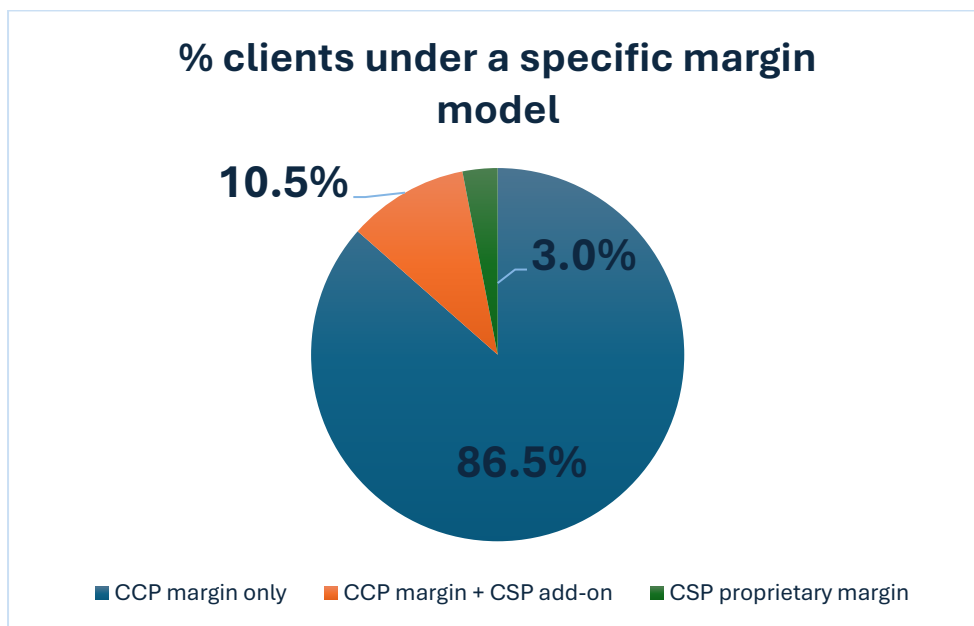
### Respondents' use of multiple margin models



### Respondents number of clients



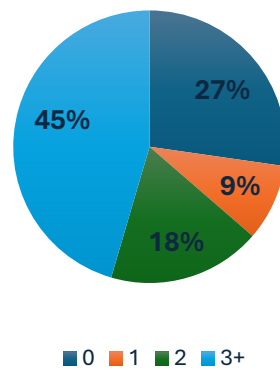
### Estimated distribution of clients across margin models





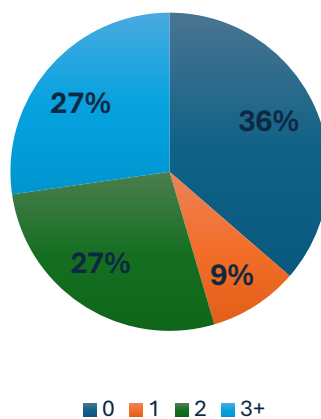
**Number of respondents' affiliates also clearing member of an EU CCP**

**Percentage of respondents with n  
number of affiliates also clearing  
member of an EU CCP**



**Number of respondents' affiliates also client of a clearing member providing clearing services**

**Percentage of respondents with n  
number of affiliates also client of a CM**



## Notes

- Respondents have provided the data over different dates from 30 July 2025 to 19 August 2025.
- All respondents are at least a clearing member of an EU CCP but can also be providing clearing service as a non-clearing member of an EU CCP.
- We believe that the survey is representative of industry practice across clearing members.
- The estimated number of clients was calculated using the median value of each client bracket.
- Some respondents have specified they do not apply any proprietary margin model, therefore the client bracket of 0% was introduced.
- Some respondents have provided exact figures in relation to proprietary margin applied to clients, these were below 5% with the smallest being 0.06%. These were still allocated to the client bracket [0-10]%.

## Conclusion

- Most respondents use CCP margin as a baseline to charge their clients, with some using their own additional CSP.
- Accordingly, the most impactful margin transparency measures would be primarily addressed via adequate measures from EU CCPs.
- We attempted to display a network chart of CCP, CSP and affiliate relationships, but this proved too complex, underlining the difficulty of mapping the clearing ecosystem.
- This highlights how such requirements applying to all nodes (CSPs) could be challenging and extremely complex to implement, without necessarily additional transparency benefit for clients.

The survey supports FIA's view that margin transparency requirements should primarily focus on CCPs, as extending obligations to all nodes in the clearing chain would introduce disproportionate complexity with limited benefit.