

COMMISSION DELEGATED REGULATION (EU) No .../..

supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards specifying the requirements on margin transparency and margin simulation tool by CCPs and margin transparency and margin simulations by clearing service providers

of []

(text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories^{3,8}, in particular Article 38(10), third subparagraph thereof,

Whereas:

- (1) Regulation (EU) No 648/2012 has been amended by Regulation (EU) 2024/2987⁴⁹. Those amendments have, inter alia, enhanced the provisions regarding margin transparency by CCPs towards their clearing members, and introduced margin transparency requirements for clearing members providing clearing services and clients providing clearing services ('clearing service providers') (CSPs) towards their clients.
- (2) The information to be provided by a CCP on the design and functioning of its initial margin model should enable the CCP's clearing members to obtain an in-depth understanding of how the margin model works, so that they can better predict their margin obligations towards the CCP. Such information should cover all elements of the initial margin model. In this context, elements of the initial margin model should be understood as the core margin and all margin add-ons. The information should be clear on the type of model used for the core margin, e.g. parametric model, historical simulation or Monte Carlo simulation and include details on the model parameters, including the confidence level, the lookback period, and the time horizon.
In this context,

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³ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories; OJ L 201, 27.7.2012, p. 1–59.

⁴⁹ Regulation (EU) 2024/2987 of the European Parliament and of the Council of 27 November 2024 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets; OJ L, 2024/2987, 4.12.2024.

~~elements of the initial margin model should be understood as the core margin and all margin add-ons. The information should be clear on the type of model used for the core margin, e.g. parametric model, historical simulation or Monte Carlo simulation and include details on the model parameters, including the confidence level, the lookback period, and the time horizon for the liquidation period, with a description of their functions. The CCP should also provide a detailed description of the model including logical steps and mathematical and statistical specifications. The information should also include the risk that each initial margin model element covers, and if the core margin covers for other risks than market risk, the information should be clear on how the additional risks are taken into account. As regards the margin add-ons, the information should include, where applicable, margin add-ons which cover 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 default fund concentration add-on; 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. In addition, the CCP should provide information on the pricing and market data sources used by the CCP for calculating the margins, on the operational arrangements related to margin calls and on the governance procedures related to the review of the initial margin model by the CCP.~~

- (3) In order for clearing members to understand the key assumptions and limitations of the CCP's initial margin model, the CCP should provide to their clearing members 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, as well as information on the performance of the model and on the behaviour of the model during stressed market conditions, including at least the backtesting results and the relevant sensitivity testing results. The CCP should also provide information with regard to the processes it would use to regularly monitor and, if necessary, revise the level of its margins to reflect current market conditions taking into account potentially procyclical effects of such revisions; information with regard to 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 could be required, including during a market stress event; as well as information on how extraordinary margin calls, in case of a margin model override, would be calculated and called. In this context, extraordinary margins should be understood as the additional margins referred to in Article 56 of the Commission Delegated Regulation 153/2013^{6,10}.
- (4) ~~The documents, covering all~~All the information on the CCP's initial margin model as well as the description of the CCP's margin simulation tool scenarios, should be provided by the CCP to its clearing members ~~and in a documented form, which should~~ and in a documented form, which should be written in a clear and comprehensive manner so that the clearing members can obtain an in-depth understanding of how the margin model works, ~~and be up to date~~. Clearing ~~service~~service providers should also provide ~~these documents~~this information to their clients.
- (5) As regards the CCP's margin simulation tool, in order for a clearing member to be able to distinguish between the impact on the initial margin in respect of its existing positions and the initial margin in respect of new transactions under a hypothetical scenario, the amount provided in the simulation tool referring to the initial margin for the existing positions should be distinguished from the amount for new transactions. The simulation tool should include the core margin and the margin add-ons that are related to the portfolio where the new transactions would be margined, and thus systematically required across clearing members, e.g. the

portfolio concentration add-on. [The CCP, in its simulation tool, should clearly list the type of](#)

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¹⁰ Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties; ~~OJ L 52, 23.2.2013, p. 41–74.~~
OJ L 52, 23.2.2013, p. 41–74.

initial margin in respect of new transactions under a hypothetical scenario, the output amount of the simulation tool referring to the initial margin for the existing positions should be distinguished from the amount for new transactions. The output of the simulation tool should include the core margin and the margin add-ons that are related to the portfolio where the new transactions would be margined, and thus systematically required across clearing members, e.g. risks covered by each amount provided, ~~the portfolio concentration add-on~~. The output of the simulation tool should also distinguish between the amounts for the core margin and for each of the add-ons, to the extent possible, and clearly list the type of risks covered by each amount. For the avoidance of doubt, the amount for each add-on should be provided separately.

- (6) In order for clearing members to be able to estimate and better predict their margin requirements, in particular under stressed market conditions, it is necessary to provide for a number of scenarios to be included in CCPs' margin simulation tools. Therefore, in addition to the current market conditions scenario, a CCP should include in its margin simulation tool ~~two~~^{three} hypothetical and ~~three~~^{two} historical market stress scenarios identified by the CCP, ~~using the framework set out in Chapter VII of the Commission Delegated Regulation 153/2013~~. However, in order to ensure a minimum level of comparability, the design of those scenarios should be subject to certain requirements, in particular as regards the impact on the initial margin model. In addition, recognising the heterogeneity of CCPs, the CCP should consider identifying and including, in its simulation tool, additional market stress scenarios, taking into account its size, complexity, risk management practices, membership structure and the characteristics of ~~its product offering~~the products it clears.
- ~~(1) 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.~~
- ~~(7) In order for a client to understand whether and how the margins required by its clearing service provider may differ from the margins required by the CCP, the clearing service provider should inform the client how the initial margins called by the CCP are passed through to the client. In case of deviations, the clearing service provider should also provide information to the client with regard to the rationale for, and magnitude of, those deviations. As clearing service providers Clearing service providers may use different methodologies to calculate the margins called to their clients, e.g. they may use various multipliers for or add-ons to the margins called by the CCP, or they may use their own models, it is for transactions cleared through a CCP. Some clearing service providers use the margin model of the CCP without applying additional margins, some clearing service providers use the margin model of the CCP and apply additional margins (e.g. by applying CSP multipliers, coefficients or add-ons to account for counterparty or credit risk or by calculating clients' margins on an individual or gross basis compared to a net basis calculation), and some clearing service providers do not use the margin model of the CCP (i.e. they use their own proprietary models). It is, therefore, necessary to take such differences into account when specifying the margin transparency requirements for clearing service providers, so that clients receive comparable information. ~~Where a clearing service provider uses the model of the CCP but requires additional margins from its client, such all clients can benefit equally from those requirements and so~~ as by applying multipliers or coefficients or add-ons, e.g. to account for counterparty or credit risk, the clearing service provider should provide its client with information on the risks that each type of the additional~~

margin covers; the key indicators on the performance to ensure a level playing field in clients' understanding of liquidity demands and preparedness for potential future margin calls, irrespective of the additional margin requirements during normal and stressed market conditions; methodology used by their clearing service provider. The scope of margin transparency requirements for clearing service providers is limited to client transactions cleared through a CCP.

- (8) In order for clients to understand the operational arrangements regarding margins, all CSPs should be required to provide their clients with information on the operational arrangements for the collection of the additional margin requirements any 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, exposure limits where applicable, and for the restitution of excess collateral; the limits to which the client may submit transactions for clearing;
- (9) A clearing service provider that uses the margin model of the CCP and does not require any additional margins should provide its client with margin simulations indicating the initial margin amount required for each CCP.
- (10) A clearing service provider that uses the margin model of the CCP and requires additional margins, from a client, should provide information to the client with regard to the rationale for, and magnitude of, those deviations in order for that client to understand how the margins required by its clearing service provider differ from the margins required by the CCP. That clearing service provider should also provide its client with information on the risks that each type of the additional margin covers and a detailed description of how it is calculated including during stressed market conditions; and the procedures to review the methodology and the calculation of the-

additional margin requirements, ~~and with~~ the applicable notice period. ~~However, where a~~ In addition, that clearing service provider should provide its client with margin simulations distinguishing, for each CCP, between the initial margin amount required using the CCP margin model and any additional margins amounts required by the clearing service provider uses a different initial margin model than the one, and between the amounts for each type of additional margin required by the clearing service provider, so that the client can easily identify the deviations and differences between the margins called by the CCP and the margins charged by the clearing service provider.

~~(7)~~(11) ~~used by the CCP, the~~ clearing service provider ~~that uses a different margin model than the one used by the CCP~~ should provide its ~~clients~~client, to which the margin model of the clearing service provider applies, with information ~~that is comparable to the information provided~~with regard to the rationale for, and magnitude of, the margin deviations in order for ~~that client to understand how the margins required by a CCP to its clearing members, i.e. service provider differ from the margins required by the CCP.~~ That clearing service provider should also provide its client with information on the key elements of the design and limitations of its model, including information on the risk that each ~~initial~~margin model element (i.e. the core margin and any add-ons) covers and how it is calculated including during stressed market conditions; the type of model used for the core margin; 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; ~~the pricing and market data sources used and the frequency of the updates; the operational arrangements for the collection of the margins and for the restitution of excess collateral; the limits to which the client may submit transactions for clearing; and~~ and the procedures to review the methodology ~~and~~for the calculation of the margins, ~~and~~with the applicable notice period. Additionally, that clearing service provider should provide its client with margin simulations distinguishing between the initial margin amounts required for each CCP using the CCP margin model and the amount required by the clearing service provider, and between the core margin amount and amounts for each of the margin add-ons of the model used by the clearing service provider. For the avoidance of doubt, the amount for each add-on should be provided separately.

(12) In order to reduce burdens, it is also necessary to establish the frequency of the margin information and margin simulations disclosures by all clearing service providers to their clients. Therefore, a clearing service providers should provide the respective margin information to a client when the client is onboarded and when there are material changes to that information. In addition, a clearing service provider should provide margin simulations to a client when the client is onboarded and in addition upon request of the client.

~~(8)~~(13) In order for clients to be able to estimate and better predict their margin requirements, in particular under stressed market conditions, it is necessary to provide for a number of scenarios to be included in clearing service providers' margin simulations, including scenarios tailored to the specificities of their clients. Therefore, in addition to the current market conditions scenario, all clearing service ~~provider~~providers should include in ~~its~~their margin ~~simulations~~simulations at least three hypothetical and two historical market stress scenarios ~~and two scenarios related to the individual risk of the client.~~ However, taking into account the heterogeneous nature of clearing service providers, each clearing service provider should consider identifying and including additional scenarios by taking into account its size, complexity, risk management practices, client structure and characteristics of its service offering. The requirements with regard to the clearing service provider's margin simulation to its clients should also distinguish between. In this respect, clearing service providers ~~that use the same margin model as the CCP but apply additional margins, and clearing service providers that use their own models.~~ Therefore, where a clearing service provider uses the model of the CCP but requires additional margins from its clients, such as by applying multipliers or coefficients or add-ons, the output of the margin simulation of such clearing service provider should, for each CCP, distinguish between the initial margin amount not be required by the CCP to tailor the scenarios to the individual situation of each client and any additional margins amounts required by the clearing service provider, and should also provide

~~a breakdown per each type of additional margin required. However, where a clearing service provider uses a different margin model than the one may, instead, use the same scenarios as the ones used by the CCP, the output of the margin simulation of such clearing service provider should, for each CCP, distinguish between the amount required by the CCP and the amount required by the clearing service provider, and, in addition, should distinguish between the core margin amount and amounts for each of the margin add-ons of the model used by the clearing service provider. For the avoidance of doubt, the amount for each add-on should in its margin simulation tool. However, the margin simulations to be provided separately by clearing service providers should not be understood as interactive simulation tools as such a requirement would be disproportionate. Instead, clearing service providers are expected to provide their clients with at least the various amounts of margins that would be required from the clients under the different scenarios.~~

~~(9)(14)~~ This Regulation is based on the draft regulatory technical standards submitted by the European Securities and Markets Authority (ESMA) to the Commission.

(2) — ESMA has developed the draft regulatory technical standards in consultation with the European Banking Authority (EBA) and the European System of Central Banks (ESCB). In accordance with Article 10 of Regulation (EU) 1095/2010 of the European Parliament and the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority)^{6, 11}, ESMA has conducted open public consultations on such

⁶ — OJ L 331, 15.12.2010, p. 84.

(40)(15) draft regulatory technical standards, analysed the potential related costs and benefits and requested the advice of the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1095/2010,

HAS ADOPTED THIS REGULATION:

CHAPTER I

INFORMATION TO BE PROVIDED BY A CCP TO ITS CLEARING MEMBERS

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.~~ This information shall cover all the elements of the initial margin model, including the following:

- (a) the risk that each initial margin model element covers;
- (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;
- ~~(a) the pricing and market data sources used by the CCP and the frequency of the updates;~~
- (e) the operational arrangements, ~~such as including~~ the deadlines for meeting ~~initial~~ margin calls, collateral posting cut-off times, collateral collection schedule, ~~thresholds which might trigger margin calls where applicable, exposure limits where applicable, and for the restitution of excess collateral;~~ and
- (f) 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.

Article 2

¹¹ [OJ L 331, 15.12.2010, p. 84.](#)

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.

1. 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:~~

2. at least the backtesting results, as provided in accordance with Article 49(5) of the Commission Delegated Regulation 153/2013; ~~and~~

~~(a) relevant sensitivity testing results, allowing the clearing members to understand how the initial margin model reacts to the evolution of parameters or assumptions.~~

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 could be required, 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.

Article 3

Model ~~documentation~~ information

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 in a documented form. This information~~ 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 margin model works, and shall be up to date.

CHAPTER II CCP SIMULATION TOOL

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~~ indicate an amount for the core margin and an amount for each of the margin add-ons that are related to the portfolio ~~where the new transactions will be margined. It shall distinguish between the amounts for the core margin and for each of the add-ons, to the extent possible~~, and clearly list the type of risks covered by each amount.

~~1.~~ 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

2. 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.

Article 5

Simulation tool scenarios

1. The simulation tool provided by a CCP shall allow its clearing members to ~~determine~~estimate 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 end-of-day initial margin call ~~to the clearing member using the tool~~;
 - ~~(a) two~~three hypothetical and ~~three~~two historical market stress scenarios identified by the CCP, ~~using the framework set out in Chapter VII of the Commission Delegated Regulation 153/2013.~~
 - (b) ~~The scenarios referred to in point (b) of the first subparagraph shall meet~~meeting 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~~the products it clears.
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.

~~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.~~

CHAPTER III

INFORMATION TO BE PROVIDED BY CLEARING MEMBERS AND CLIENTS PROVIDING CLIENT CLEARING SERVICES

Article 6

~~Article 7~~

CCP initial margin model

1. Clearing members providing clearing services and clients providing clearing services ('clearing service providers') shall make available to their clients the information ~~and documentation~~ referred to in Article 3 of this Regulation without alteration or omission, unless:

Article 8

- (a) ~~Margins required by~~ The CCP has made the information public; or
- (b) The CCP provides the information to clients directly.

2. Paragraph 1, points (a) and (b), shall be considered fulfilled where the clearing service provider has received written acknowledgment from the client to that effect.

CCPs shall not prevent clearing service providers

~~2.3. 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 from providing the amount required by the CCP, the clearing service provider shall provide information with regard to the rationale for, and magnitude of, those deviations~~ information referred to the clients subject in paragraph 1 to such deviations ~~their clients.~~

Article 7

Where Clearing service providers' margin information and simulations

~~1. The information that~~ a clearing service provider ~~uses the margin model of the CCP, and requires additional margins~~ provides to the margins required by the CCP, the clearing service provider ~~its clients on the situations and conditions that may trigger margin calls and the procedures to establish the amount to be posted by the clients~~ shall ~~provide its clients with~~ include all the relevant information ~~on:~~

- (a) ~~the risk that each type of additional margin covers, and how it is calculated;~~
- (b) ~~the key indicators on the performance of additional margin requirements during normal and stressed market conditions;~~

1. related to the operational arrangements for the collection of margins and in the additional-margin requirements ~~model that the clearing service provider uses.~~

2. A clearing service provider shall provide its clients with information on the operational arrangements for the collection of any margins, 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 ~~exposure limits where applicable, and for the restitution of excess collateral; and.~~

3. Where a clearing service provider uses the margin model of the CCP, and does not require, from its clients, any additional margins, the clearing service provider shall, in addition to the information referred to in paragraph 2, also provide the clients with margin simulations, for the scenarios referred to in paragraph 8, indicating the initial margin amount required for each CCP.

4. Where a clearing service provider uses the margin model of the CCP, and requires, from its clients, additional margins, the clearing service provider shall, in addition to the information referred to in paragraph 2, also provide the clients with at least:

- (a) Information on the risk that each type of additional margin covers, and a detailed description of how it is calculated (including during stressed market conditions);
- (a)(b) Information on the procedures to review ~~the methodology and~~ the calculation of the additional margin required by the clearing service provider, and the applicable notice period;
- (c) Information with regard to the rationale for, and magnitude of, the margin deviations applied by the clearing service provider (compared to the margins of the CCP) to its clients; and

Margin simulations

(d) , for the scenarios referred to in paragraph 8, clearly distinguishing, for each CCP:

(i) the initial margin amount required using the CCP margin model from the additional margin amount required by the clearing service provider related to the portfolio where the transactions are being margined; and

(ii) between the amounts for each type of additional margin required by the clearing service provider.

2.5. Where a clearing service provider uses a different margin model than the one used by the CCP, the clearing service provider shall, in addition to the information referred to in paragraph 2 also provide its clients ~~with information on the key elements of the design and limitations of its initial, to which the~~ margin model, ~~including the following~~ of the clearing service provider applies, with at least:

(a) information on the key elements of the design and limitations of the margin model, including at least the following:

(i) the risk that each ~~initial~~ margin model element covers, and a detailed description of how it is calculated; (including during stressed market conditions);

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

(iii) 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; and

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

~~(d) 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~~

(iv) the procedures to review the methodology and for the calculation of the ~~additional~~ margins, and the applicable notice period;

Article 9 information with regard to the rationale for, and magnitude of, the margin deviations applied by the

~~Margin simulations~~

~~1. 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) three market stress scenarios and two scenarios related (compared to the individual risk margins of the client.~~

~~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.~~

~~(b) Where a clearing service provider uses the same margin model as the CCPs, and requires additional margins (CCP) to the margins required by the CCPs, the output of the margin simulations shall, for each CCP, 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: its clients; and~~

~~3. Where a clearing service provider uses a different margin model than the one used by the CCPs, the output of the margin margin simulations shall:~~

~~(c) for each CCP, for the scenarios referred to in paragraph 8, clearly distinguish distinguishing:~~

~~(i) the amount initial margin amounts required by for each CCP using the CCP margin model from the margin amount required by the clearing service provider related to the portfolio where the transactions are being margined; and~~

~~(ii) 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.~~

~~6. A clearing service provider shall provide the information referred to in paragraphs 2, 4 and 5, as relevant, to its clients at least when:~~

~~(a) the client is onboarded; and~~

~~(b) there are material changes to the information.~~

~~7. A clearing service provider shall provide the margin simulation referred to in paragraph 3, paragraph 4 point (d), and paragraph 5 point (c), as relevant, to its clients at least:~~

(a) when the client is onboarded; and

(b) upon request of the client.

8. A clearing service provider shall provide the margin simulation referred to in paragraph 3, paragraph 4 point (d), and paragraph 5 point (c), as relevant, to its clients 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 end-of-day initial margin call; and

(b) three hypothetical and two historical market stress scenarios.

The clearing service provider may use the scenarios of the CCP simulation tool referred to in Article 5 of this Regulation.

CHAPTER IV FINAL PROVISIONS

Article ~~108~~

Entry into force

This Regulation shall enter into force on the ~~[XXth]~~20th day following that of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, DD MM YYYY.

For the Commission

The President

Signature

ANNEX

Requirements for the market stress scenarios for the CCP margin simulation tool

The CCP simulation tool scenarios referred to in Article 5(1), first subparagraph point (b), of this Regulation, shall meet all of the following requirements:

- (a) They shall be built in a way that impacts initial margin models as follows:
 - (i) They shall result in changes to initial margin amounts, due to shifts in market conditions;
 - (ii) They shall include appropriate periods of stress impacting market volatility and correlations of risk factors captured by initial margin models;
 - (iii) They shall include a change of price levels of the instruments cleared by the CCP, which are used as inputs for calculating initial margins; and
 - (iv) They may include impacts on other risks and margin components, such as due to increased liquidation costs or reduced portfolio margining.
- (b) As regards historical scenarios, they shall include key past stress events that are the most impactful for the portfolios of the clearing members and most relevant for the asset classes the CCP clears; and
- (c) As regards hypothetical scenarios, they shall be built in a way that they stress the clearing-members' liquidity needs.