

# Reply form

**Consultation Paper on draft RTS on Margin Transparency Requirements (Article 38(10) of EMIR)**

## Responding to this paper

ESMA invites comments on all matters in the Consultation Paper and in particular on the specific questions in this reply form. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **8 September 2025**.

## Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Consultation Paper in this reply form.
- Please do not remove tags of the type <ESMA\_QUESTION\_MARG\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
- If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
- When you have drafted your responses, save the reply form according to the following convention: ESMA\_MARG\_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA\_MARG\_ABCD.

- Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

## **Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

## **Data protection**

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the headings 'Legal notice' and heading '[Data protection](#)'..

## 1. General information about respondent

Name of the company / organisation	The Global Association of Central Counterparties – CCP Global
Activity	Central Counterparty
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	International

## 2. Questions

**Q1 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?**

<ESMA\_QUESTION\_MARG\_1>

### In general:

The Global Association of Central Counterparties (“CCP Global”, or “CCPG”) is the international association for central counterparties (“CCPs”), representing 43 members that operate over 60 individual CCPs across the Americas, EMEA, and the Asia-Pacific region. CCP Global promotes effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. CCP Global leads and assesses global regulatory and industry initiatives that concern CCPs to form consensus views, while also actively engaging with regulatory agencies and industry constituents through consultation responses, forum discussions, and position papers. CCP Global appreciates the opportunity to respond to the Consultation Paper on EMIR 3 draft RTS on Margin Transparency Requirements.

CCP Global and its members welcome the work that regulators around the globe are currently putting into the topic of margin transparency. CCP Global and its members are strong proponents of CCP transparency, given its risk management benefits. As demonstrated by our members, CCPs already provide significant transparency regarding their risk management practices. Clearing members (“CMs”) and clients should fully utilize the resources available to understand their portfolios and trades and leverage the disclosures provided by CCPs to understand CCPs’ margining and broader risk management procedures. CCPs have long provided a comprehensive array of resources to CMs and clients in various channels, including daily reports (both intraday and end-of-day), model documentation, margin simulations tools, public qualitative disclosures

(i.e., CPMI-IOSCO's Principles for Financial Market Infrastructures ("PFMI")), and public quantitative disclosures ("PQDs") and related webinars. CCPs also maintain an open dialogue with CMs and clients and respond to their requests on a bilateral basis. Additionally, CCP Global members are working to implement several of the proposals from the CPMI-IOSCO final report on transparency and responsiveness of initial margin ("BCBS-CPMI-IOSCO 2025 final report").

While there is abundant information made available by CCPs to facilitate understanding of how CCPs' margin models work, as alluded to above, there remains a general underutilization of these resources among market participants across various CCPs. Certain types of information, such as PQD webinars, which were requested by market participants, have been provided regularly by some CCPs, yet the observed participation rates have generally been low. We caution against an overly prescriptive set of requirements for additional transparency from CCPs to CMs and clients, and encourage ESMA to remain cognizant of the potential to exert undue pressure on CCPs, driving up the costs for clearing without necessarily fostering proportionate benefits for market participants.

CCP Global is generally opposed to imposing additional and prescriptive transparency requirements on CCPs, especially where the associated costs outweigh the benefits. CCPG members advocate for further educating market participants on transparency already provided by CCPs and how different forms of currently available information can be used today. CMs and clients can, and should, fully use the information available today to support their liquidity preparedness. In particular, CCPG has concerns regarding ESMA's proposals related to margin simulation tools. While many CCPG members already offer margin simulation tools to their members, it is not clear the extent to which all this information is acknowledged and used by market participants, and, therefore, unclear of the benefit of additional transparency. Current usage of the existing simulators appears to be rather low, and we are therefore concerned with the usefulness of requiring certain functionalities within these tools, particularly given the anticipated high operational costs associated with both the development and maintenance relative to the practical benefits such features would provide to market participants. Striking a balance between potential benefits and practical feasibility is imperative, and we would like to highlight to regulators the high costs and time required for implementing such tools which have not seen a steady level of use by CCPs' members. We would strongly recommend that ESMA:

- not go beyond the requirements established in the level one text of Article 38, as the inclusion of more intricate functions or scenarios will not necessarily be beneficial for market participants;
- not go beyond BCBS-CPMI-IOSCO guidelines on margin transparency which only require main/material add-ons to be included in the simulators (while ESMA's proposal requires all margin add-ons) and historical stress scenarios (while ESMA's proposal prescribes the type and minimum quantity of scenarios); and
- acknowledge that any technology developments to support the new requirements will take time to implement, and CCPs and CMs would benefit from a transition period of at least 12 to 18 months after the publication of the final RTS.

CCPG would also like to give our broad support for the proposed margin transparency for end clients and commend the efforts of regulators to differentiate the offerings that must be provided by CMs providing clearing services and clients providing clearing services, or clearing service providers (“CSPs”) for the benefit of the end users. We strongly support a higher level of transparency from CSPs to their end-clients, akin to the transparency already provided by CCPs today, and commend ESMA for promoting a level of transparency from CSPs that is complimentary to that already provided by CCPs. This is particularly beneficial considering that end-clients have a direct relationship with CSPs, and their margin requirements are ultimately determined by the CSP. While CCPs establish the baseline margin requirements and provide comprehensive information to CMs and clients, clients must understand that the final margin requirements are shaped by CSPs’ models, which may include client-specific add-ons. Broadly, it is more important to recognize that a CCP does not always know the identities of CM’s clients, the positions held by those clients in omnibus accounts, or additional risk management standards that CSPs apply to their clients. Improving transparency from CSPs to end-clients would be beneficial and allow end-clients to better understand the margining mechanisms along the chain and better prepare themselves for potential liquidity needs. These limitations greatly diminish the value of CCP-offered margin simulation tools for end users, and emphasizes that regulatory requirements must be replicated by CSPs and not only focus on CCPs.

**In direct response to question 1:**

- We agree that CCPs should be expected to explain to their CMs the design and operation of their margin models. However, we do not believe that highly detailed technical documentation would be useful for most end clients, and that documentation of key model characteristics should be sufficient. Moreover, proprietary CCP information and internal documents should be protected from publication. We therefore recommend that the formulation in the draft article calling for a “detailed description of the model” should be rephrased with an emphasis on readability and usability of the model description for end users. It also needs to be clear to market participants that CCPs must still have discretion when it comes to initial margin requirements. Not every add-on can be formulaic and pre-determined. To preserve market stability, CCPs need to have the ability to call for one-off add-on margin if needed to deal with special situations, such as the deterioration of the credit worthiness of a counterparty.
- While acknowledging the importance of transparency, we note that CCPs already provide margin model documentation (e.g., white papers) to CMs and clients, where appropriate, that address the substance of proposed Article 1 of the draft RTS, subject to any necessary confidentiality agreements (e.g., non-disclosure agreements). Further, the current public qualitative PFMI disclosures include descriptions of margin models and the related process and governance around changing model parameters, and the current PQDs include disclosures of key margin model parameters (e.g., margin period of risk and confidence interval). We are appreciative of the proposal’s focus on certain parameters (e.g., proposed Article 1(d) of the draft RTS), as we are mindful of the challenges associated with the expectation that CCPs disclose the calibration of every single parameter. Such an expectation is excessive and may result in a lengthy list of data rows

(for CCPs clearing large numbers of products or contract series) that are difficult to comprehend, with a limited utility and would likely only take focus away from those parameters that are most pertinent to a CCP's margin model. Striking a balance between transparency and practicality is essential.

- Proposed Article 1(g) of the draft RTS states that CCPs are required to clearly explain the governance and procedures related to the review of the margin model, the involvement of CMs in the governance process and how these arrangements are approved through different committees at a CCP. CCPG believes that the current disclosures provided by CCPs already cover this information and caution ESMA not to go beyond point (a) of Article 38(7) of EMIR (i.e., only require what is needed to understand a margin model's design and operations).

- While we believe that providing information on the actual design and operation of IM models would enable CMs to better anticipate their margin obligations, it is less clear how knowledge of the consultation and approval process for such design and operation of these models will directly assist in liquidity planning.

<ESMA\_QUESTION\_MARG\_1>

**Q2 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?**

<ESMA\_QUESTION\_MARG\_2>

**In general:**

CCP Global and its members welcome the work that regulators around the globe are currently putting into the topic of margin transparency. CCP Global and its members are strong proponents of CCP transparency, given its risk management benefits. As demonstrated by our members, CCPs already provide significant transparency regarding their risk management practices. Clearing members ("CMs") and clients should fully utilize the resources available to understand their portfolios and trades and leverage the disclosures provided by CCPs to understand CCPs' margining and broader risk management procedures. CCPs have long provided a comprehensive array of resources to CMs and clients in various channels, including daily reports (both intraday and end-of-day), model documentation, margin simulations tools, public qualitative disclosures (i.e., CPMI-IOSCO's Principles for Financial Market Infrastructures ("PFMI")), and public quantitative disclosures ("PQDs") and related webinars. CCPs also maintain an open dialogue with CMs and clients and respond to their requests on a bilateral basis. Additionally, CCP Global members are working to implement several of the proposals from the CPMI-IOSCO final report on transparency and responsiveness of initial margin ("BCBS-CPMI-IOSCO 2025 final report").

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CCPG is generally opposed to imposing additional and prescriptive transparency requirements on CCPs, especially where the associated costs outweigh the benefits. CCPG members advocate for further educating market participants on transparency already provided by CCPs and how different forms of currently available information can be used today. CMs and clients can, and should, fully use the information available today to support their liquidity preparedness. In particular, CCPG has concerns regarding ESMA's proposals related to margin simulation tools. While many CCPG members already offer margin simulation tools to their members, it is not clear the extent to which all this information is acknowledged and used by market participants, and, therefore, unclear of the benefit of additional transparency. Current usage of the existing simulators appears to be rather low, and we are therefore concerned with the usefulness of requiring certain functionalities within these tools, particularly given the anticipated high operational costs associated with both the development and maintenance relative to the practical benefits such features would provide to market participants. Striking a balance between potential benefits and practical feasibility is imperative, and we would like to highlight to regulators the high costs and time required for implementing such tools which have not seen a steady level of use by CCPs' members. We would strongly recommend that ESMA:

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- acknowledge that any technology developments to support the new requirements will take time to implement, and CCPs and CMs would benefit from a transition period of at least 12 to 18 months after the publication of the final RTS.

CCPG would also like to give our broad support for the proposed margin transparency for end clients and commend the efforts of regulators to differentiate the offerings that must be provided by CMs providing clearing services and clients providing clearing services, or clearing service providers ("CSPs") for the benefit of the end uses. We strongly support a higher level of transparency from CSPs to their end-clients, akin to the transparency already provided by CCPs today,



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**In direct response to question 2:**

- CCPG agrees that information on backtesting should be provided by a CCP to its CMs; these have been provided by CCPs for over a decade, for instance, as part of the CCP's PQDs. Notwithstanding the above, backtesting is already required by EMIR regulation (i.e. Article 49(5) of the Commission Delegated Regulation 153/2013) and repeating the requirement is unnecessary and can create confusion for CCPs.
- CCP Global does not believe that providing CMs with sensitivity testing results that allow a CM to understand how margin models react to the evolution of parameters or assumptions (i.e., proposed Article 2(b) of the Consultation) would serve the ultimate goal of liquidity preparedness, including for end-clients. As such, CCP Global believes that the proposal to provide such information goes beyond that of the intention of the regulation, and is not appropriate.
- Sensitivity testing mainly informs CCPs of the appropriateness of settings for certain margin parameters in the context of model development and maintenance; while important, this is generally theoretical in nature and does not actually indicate what margin requirements are for CMs and clients under the current calibration of the margin model. Understanding margin requirements under the current calibration of the margin model is ultimately most important for liquidity preparedness. Lastly, it is also important to note that there is currently no requirement in EMIR Level 1 or Level 2 that demands CCPs to share sensitivity results with CMs. As such, there proposed RTS would create a new requirement beyond EMIR text.
- CCPG also deems that the requirements proposed in Article 2 of the draft RTS for a list of key assumptions and limitations of the margin model, potential breach events, and qualitative/quantitative impacts may place a significant additional operational and analytical burden on CCPs without benefit.

<ESMA\_QUESTION\_MARG\_2>

**Q3      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?**

<ESMA\_QUESTION\_MARG\_3>

**In general:**

CCP Global and its members welcome the work that regulators around the globe are currently putting into the topic of margin transparency. CCP Global and its members are strong proponents of CCP transparency, given its risk management benefits. As demonstrated by our members, CCPs already provide significant transparency regarding their risk management practices. Clearing members (“CMs”) and clients should fully utilize the resources available to understand their portfolios and trades and leverage the disclosures provided by CCPs to understand CCPs’ margining and broader risk management procedures. CCPs have long provided a comprehensive array of resources to CMs and clients in various channels, including daily reports (both intraday and end-of-day), model documentation, margin simulation tools, public qualitative disclosures (i.e., CPMI-IOSCO’s Principles for Financial Market Infrastructures (“PFMI”)), and public quantitative disclosures (“PQDs”) and related webinars. CCPs also maintain an open dialogue with CMs and clients and respond to their requests on a bilateral basis. Additionally, CCP Global members are working to implement several of the proposals from the CPMI-IOSCO final report on transparency and responsiveness of initial margin (“BCBS-CPMI-IOSCO 2025 final report”).

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CCP Global is generally opposed to imposing additional and prescriptive transparency requirements on CCPs, especially where the associated costs outweigh the benefits. CCPG members advocate for further educating market participants on transparency already provided by CCPs and how different forms of currently available information can be used today. CMs and clients can, and should, fully use the information available today to support their liquidity preparedness. In particular, CCPG has concerns regarding ESMA’s proposals related to margin simulation tools. While many CCPG members already offer margin simulation tools to their members, it is not clear the extent to which all this information is acknowledged and used by market participants, and, therefore, unclear of the benefit of additional transparency. Current usage of the existing simulators

appears to be rather low, and we are therefore concerned with the usefulness of requiring certain functionalities within these tools, particularly given the anticipated high operational costs associated with both the development and maintenance relative to the practical benefits such features would provide to market participants. Striking a balance between potential benefits and practical feasibility is imperative, and we would like to highlight to regulators the high costs and time required for implementing such tools which have not seen a steady level of use by CCPs' members. We would strongly recommend that ESMA:

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- acknowledge that any technology developments to support the new requirements will take time to implement, and CCPs and CMs would benefit from a transition period of at least 12 to 18 months after the publication of the final RTS.

CCPG would also like to give our broad support for the proposed margin transparency for end clients and commend the efforts of regulators to differentiate the offerings that must be provided by CMs providing clearing services and clients providing clearing services, or clearing service providers ("CSPs") for the benefit of the end uses. We strongly support a higher level of transparency from CSPs to their end-clients, akin to the transparency already provided by CCPs today, and commend ESMA for promoting a level of transparency from CSPs that is complimentary to that already provided by CCPs. This is particularly beneficial considering that end-clients have a direct relationship with CSPs, and their margin requirements are ultimately determined by the CSP. While CCPs establish the baseline margin requirements and provide comprehensive information to CMs and clients, clients must understand that the final margin requirements are shaped by CSPs' models, which may include client-specific add-ons. Broadly, it is more important to recognize that a CCP does not always know the identities of CM's clients, the positions held by those clients in omnibus accounts, or additional risk management standards that CSPs apply to their clients. Improving transparency from CSPs to end-clients would be beneficial and allow end-clients to better understand the margining mechanisms along the chain and better prepare themselves for potential liquidity needs. These limitations greatly diminish the value of CCP-offered margin simulation tools for end users, and emphasizes that regulatory requirements must be replicated by CSPs and not only focus on CCPs.

### **In direct response to question 3:**

- In general, we agree with the proposal regarding the model documentation under proposed Article 3 of the draft RTS. While CCPG has no issue in CCPs being expected to provide information on their margin models in a documented and written form to their CMs, we are concerned

with the current wording in the proposal that “a CCP should provide its clearing members with all documents covering the information referred to in Article 1, Article 2, and Article 5(3)”. While we do not believe this was ESMA’s intention, we believe this could require CCPs to provide internal documents with sensitive information, and more generally, documents that are more procedural in nature. Besides the need to protect such proprietary information, it should be noted that end clients are unlikely to go through a high number of technical documents and that aggregated documentation would prove more useful. We would recommend that ESMA amends the proposed Article 3 as follows:

- “A CCP shall provide its clearing members with documents covering 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 margin model works.”

<ESMA\_QUESTION\_MARG\_3>

**Q4      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?**

<ESMA\_QUESTION\_MARG\_4>

**In general:**

CCP Global and its members welcome the work that regulators around the globe are currently putting into the topic of margin transparency. CCP Global and its members are strong proponents of CCP transparency, given its risk management benefits. As demonstrated by our members, CCPs already provide significant transparency regarding their risk management practices. Clearing members (“CMs”) and clients should fully utilize the resources available to understand their portfolios and trades and leverage the disclosures provided by CCPs to understand CCPs’ margining and broader risk management procedures. CCPs have long provided a comprehensive array of resources to CMs and clients in various channels, including daily reports (both intraday and end-of-day), model documentation, margin simulations tools, public qualitative disclosures (i.e., CPMI-IOSCO’s Principles for Financial Market Infrastructures (“PFMI”)), and public quantitative disclosures (“PQDs”) and related webinars. CCPs also maintain an open dialogue with CMs and clients and respond to their requests on a bilateral basis. Additionally, CCP Global members are working to implement several of the proposals from the CPMI-IOSCO final report on transparency and responsiveness of initial margin (“BCBS-CPMI-IOSCO 2025 final report”).

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- acknowledge that any technology developments to support the new requirements will take time to implement, and CCPs and CMs would benefit from a transition period of at least 12 to 18 months after the publication of the final RTS.

CCPG would also like to give our broad support for the proposed margin transparency for end clients and commend the efforts of regulators to differentiate the offerings that must be provided by CMs providing clearing services and clients providing clearing services, or clearing service providers ("CSPs") for the benefit of the end uses. We strongly support a higher level of transparency from CSPs to their end-clients, akin to the transparency already provided by CCPs today,

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**In direct response to question 4:**

- The ESMA proposal requires the simulation tool to include all add-ons for a portfolio, which deviates from the BCBS-CPMI-IOSCO Report that specifies that margin simulation tools should include "material components". Some add-ons would be extremely challenging to incorporate into a margin simulator tool (e.g., adjusted net capital), would have a low materiality when assessed against overall risk of the CCP and, most importantly, would have little impact in preparing the market participants for liquidity pressures.
- CCPG is concerned with the prescriptive approach of the requirements regarding the output of the margin simulation tools on a particular use case. Specifically, the draft RTS focuses on differentiating between existing and new transactions. Existing margin simulation tools of EU CCPs already provide CMs and end clients with a high degree of flexibility in terms of testing any portfolio, existing or hypothetical alike. Consequently, a comparison between a portfolio of existing positions and another portfolio containing new transactions is already possible. Further, in the context of calculating initial margin requirements at the portfolio-level, a distinction between initial margins for existing and new transactions is misleading, as margin requirements are ultimately determined jointly for the entire portfolio.
- CCPG is against the inclusion of hypothetical scenarios in margin simulation tools as suggested in Article 5(1)(b). Prescribing that hypothetical scenarios be included in the margin simulator tool may go beyond the EMIR Level 1 requirements and intent. Hypothetical scenarios are bespoke and limited in scope, designed to capture specific risk profiles of market participants. As such, these scenarios may be relevant only for a small number of CMs, delivering information that is not useful for those participants not impacted by them. Moreover, CCPG also has concerns regarding the inclusion of hypothetical scenarios because the operational and financial costs of developing such tools are not commensurate with the risk management benefits provided. For example, supporting margin simulation tools for hypothetical market conditions is highly complex when considering the diversity of risks to which CMs' and clients' portfolios are exposed. Thus, this would require an endless number of permutations of hypothetical market conditions to be

available for simulation in order to be of use to CMs and clients. Simulating the cross effects of various risk sensitivity factors of a portfolio poses significant challenges and would necessitate substantial disclaimers on the resultant outcomes, which would be operationally complex, costly and would yield an outcome that would provide little risk management benefit.

- We therefore suggest only requiring historical scenarios to be included in the simulators. Instead of defining them linked to the extreme but plausible scenarios in Chapter VII of RTS 153, CCPs should be granted flexibility to identify those historical scenarios. A potential linking would only create cross-dependencies between different risk frameworks without any additional value for CM and clients' margin preparedness.

- Lastly, CCP Global would urge caution on requirement to base the tool on the most recent initial margin call as suggested in draft Article 5(1)(a), as this would indicate that the tool may require intra-day capabilities which would be costly and burdensome. We would recommend the focus be on end-of-day margins instead.

<ESMA\_QUESTION\_MARG\_4>

**Q5      Do you agree with the proposed information to be shared by CSPs on their margin models? Should any other element be taken into account?**

<ESMA\_QUESTION\_MARG\_5>

**In general:**

The Global Association of Central Counterparties ("CCP Global", or "CCPG") is the international association for central counterparties ("CCPs"), representing 43 members that operate over 60 individual CCPs across the Americas, EMEA, and the Asia-Pacific region. CCP Global promotes effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. CCP Global leads and assesses global regulatory and industry initiatives that concern CCPs to form consensus views, while also actively engaging with regulatory agencies and industry constituents through consultation responses, forum discussions, and position papers. CCP Global appreciates the opportunity to respond to the Consultation Paper on EMIR 3 draft RTS on Margin Transparency Requirements.

CCP Global and its members welcome the work that regulators around the globe are currently putting into the topic of margin transparency. CCP Global and its members are strong proponents of CCP transparency, given its risk management benefits. As demonstrated by our members, CCPs already provide significant transparency regarding their risk management practices. Clearing members ("CMs") and clients should fully utilize the resources available to understand their portfolios and trades and leverage the disclosures provided by CCPs to understand CCPs' margining and broader risk management procedures. CCPs have long provided a comprehensive array

of resources to CMs and clients in various channels, including daily reports (both intraday and end-of-day), model documentation, margin simulations tools, public qualitative disclosures (i.e., CPMI-IOSCO's Principles for Financial Market Infrastructures ("PFMI")), and public quantitative disclosures ("PQDs") and related webinars. CCPs also maintain an open dialogue with CMs and clients and respond to their requests on a bilateral basis. Additionally, CCP Global members are working to implement several of the proposals from the CPMI-IOSCO final report on transparency and responsiveness of initial margin ("BCBS-CPMI-IOSCO 2025 final report").

While there is abundant information made available by CCPs to facilitate understanding of how CCPs' margin models work, as alluded to above, there remains a general underutilization of these resources among market participants across various CCPs. Certain types of information, such as PQD webinars, which were requested by market participants, have been provided regularly by some CCPs, yet the observed participation rates have generally been low. We caution against an overly prescriptive set of requirements for additional transparency from CCPs to CMs and clients, and encourage ESMA to remain cognizant of the potential to exert undue pressure on CCPs, driving up the costs for clearing without necessarily fostering proportionate benefits for market participants.

CCP Global is generally opposed to imposing additional and prescriptive transparency requirements on CCPs, especially where the associated costs outweigh the benefits. CCPG members advocate for further educating market participants on transparency already provided by CCPs and how different forms of currently available information can be used today. CMs and clients can, and should, fully use the information available today to support their liquidity preparedness. In particular, CCPG has concerns regarding ESMA's proposals related to margin simulation tools. While many CCPG members already offer margin simulation tools to their members, it is not clear the extent to which all this information is acknowledged and used by market participants, and, therefore, unclear of the benefit of additional transparency. Current usage of the existing simulators appears to be rather low, and we are therefore concerned with the usefulness of requiring certain functionalities within these tools, particularly given the anticipated high operational costs associated with both the development and maintenance relative to the practical benefits such features would provide to market participants. Striking a balance between potential benefits and practical feasibility is imperative, and we would like to highlight to regulators the high costs and time required for implementing such tools which have not seen a steady level of use by CCPs' members. We would strongly recommend that ESMA:

- not go beyond the requirements established in the level one text of Article 38, as the inclusion of more intricate functions or scenarios will not necessarily be beneficial for market participants;
- not go beyond BCBS-CPMI-IOSCO guidelines on margin transparency which only require main/material add-ons to be included in the simulators (while ESMA's proposal requires all margin add-ons) and historical stress scenarios (while ESMA's proposal prescribes the type and minimum quantity of scenarios); and



- acknowledge that any technology developments to support the new requirements will take time to implement, and CCPs and CMs would benefit from a transition period of at least 12 to 18 months after the publication of the final RTS.

CCPG would also like to give our broad support for the proposed margin transparency for end clients and commend the efforts of regulators to differentiate the offerings that must be provided by CMs providing clearing services and clients providing clearing services, or clearing service providers (“CSPs”) for the benefit of the end uses. We strongly support a higher level of transparency from CSPs to their end-clients, akin to the transparency already provided by CCPs today, and commend ESMA for promoting a level of transparency from CSPs that is complimentary to that already provided by CCPs. This is particularly beneficial considering that end-clients have a direct relationship with CSPs, and their margin requirements are ultimately determined by the CSP. While CCPs establish the baseline margin requirements and provide comprehensive information to CMs and clients, clients must understand that the final margin requirements are shaped by CSPs’ models, which may include client-specific add-ons. Broadly, it is more important to recognize that a CCP does not always know the identities of CM’s clients, the positions held by those clients in omnibus accounts, or additional risk management standards that CSPs apply to their clients. Improving transparency from CSPs to end-clients would be beneficial and allow end-clients to better understand the margining mechanisms along the chain and better prepare themselves for potential liquidity needs. These limitations greatly diminish the value of CCP-offered margin simulation tools for end users, and emphasizes that regulatory requirements must be replicated by CSPs and not only focus on CCPs.

#### **In direct response to question 5:**

- We strongly support a higher level of transparency from CSPs to clients and commend ESMA for promoting transparency from CMs complementary to the high level of transparency already provided by CCPs. CCP Global would like to reiterate that the transparency towards the end client is only effective if it is applied to all elements of the chain (i.e., from a CCP to a CM/CSP and from a CM/CSP to an end client), and any suggestion that the CCPs should provide tools for end clients to calculate the margin requirements from their CSPs may go beyond the responsibility of CCPs.
- To the extent any CSPs state that the creation of their own margin simulation tools are not necessary as they pass on the CCP margins to their clients, it is important that CSPs specify to their clients all scenarios when this is not the case; if a margin multiplier, counterparty risk measure, or other adjustment is used, there should be an explanation of the governance and processes for adjusting to the multiplier, if at all, including in stressed market conditions.

<ESMA\_QUESTION\_MARG\_5>

**Q6 Do you agree with the proposals on the margin simulations to be provided by CSPs? Should there be any additional requirements?**

<ESMA\_QUESTION\_MARG\_6>

**In general:**

The Global Association of Central Counterparties (“CCP Global”, or “CCPG”) is the international association for central counterparties (“CCPs”), representing 43 members that operate over 60 individual CCPs across the Americas, EMEA, and the Asia-Pacific region. CCP Global promotes effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. CCP Global leads and assesses global regulatory and industry initiatives that concern CCPs to form consensus views, while also actively engaging with regulatory agencies and industry constituents through consultation responses, forum discussions, and position papers. CCP Global appreciates the opportunity to respond to the Consultation Paper on EMIR 3 draft RTS on Margin Transparency Requirements.

CCP Global and its members welcome the work that regulators around the globe are currently putting into the topic of margin transparency. CCP Global and its members are strong proponents of CCP transparency, given its risk management benefits. As demonstrated by our members, CCPs already provide significant transparency regarding their risk management practices. Clearing members (“CMs”) and clients should fully utilize the resources available to understand their portfolios and trades and leverage the disclosures provided by CCPs to understand CCPs’ margining and broader risk management procedures. CCPs have long provided a comprehensive array of resources to CMs and clients in various channels, including daily reports (both intraday and end-of-day), model documentation, margin simulations tools, public qualitative disclosures (i.e., CPMI-IOSCO’s Principles for Financial Market Infrastructures (“PFMI”)), and public quantitative disclosures (“PQDs”) and related webinars. CCPs also maintain an open dialogue with CMs and clients and respond to their requests on a bilateral basis. Additionally, CCP Global members are working to implement several of the proposals from the CPMI-IOSCO final report on transparency and responsiveness of initial margin (“BCBS-CPMI-IOSCO 2025 final report”).

While there is abundant information made available by CCPs to facilitate understanding of how CCPs’ margin models work, as alluded to above, there remains a general underutilization of these resources among market participants across various CCPs. Certain types of information, such as PQD webinars, which were requested by market participants, have been provided regularly by some CCPs, yet the observed participation rates have generally been low. We caution against an overly prescriptive set of requirements for additional transparency from CCPs to CMs and clients, and encourage ESMA to remain cognizant of the potential to exert undue pressure on CCPs, driving up the costs for clearing without necessarily fostering proportionate benefits for market participants.

CCP Global is generally opposed to imposing additional and prescriptive transparency requirements on CCPs, especially where the associated costs outweigh the benefits. CCPG members

advocate for further educating market participants on transparency already provided by CCPs and how different forms of currently available information can be used today. CMs and clients can, and should, fully use the information available today to support their liquidity preparedness. In particular, CCPG has concerns regarding ESMA's proposals related to margin simulation tools. While many CCPG members already offer margin simulation tools to their members, it is not clear the extent to which all this information is acknowledged and used by market participants, and, therefore, unclear of the benefit of additional transparency. Current usage of the existing simulators appears to be rather low, and we are therefore concerned with the usefulness of requiring certain functionalities within these tools, particularly given the anticipated high operational costs associated with both the development and maintenance relative to the practical benefits such features would provide to market participants. Striking a balance between potential benefits and practical feasibility is imperative, and we would like to highlight to regulators the high costs and time required for implementing such tools which have not seen a steady level of use by CCPs' members. We would strongly recommend that ESMA:

- not go beyond the requirements established in the level one text of Article 38, as the inclusion of more intricate functions or scenarios will not necessarily be beneficial for market participants;
- not go beyond BCBS-CPMI-IOSCO guidelines on margin transparency which only require main/material add-ons to be included in the simulators (while ESMA's proposal requires all margin add-ons) and historical stress scenarios (while ESMA's proposal prescribes the type and minimum quantity of scenarios); and
- acknowledge that any technology developments to support the new requirements will take time to implement, and CCPs and CMs would benefit from a transition period of at least 12 to 18 months after the publication of the final RTS.

CCPG would also like to give our broad support for the proposed margin transparency for end clients and commend the efforts of regulators to differentiate the offerings that must be provided by CMs providing clearing services and clients providing clearing services, or clearing service providers ("CSPs") for the benefit of the end uses. We strongly support a higher level of transparency from CSPs to their end-clients, akin to the transparency already provided by CCPs today, and commend ESMA for promoting a level of transparency from CSPs that is complimentary to that already provided by CCPs. This is particularly beneficial considering that end-clients have a direct relationship with CSPs, and their margin requirements are ultimately determined by the CSP. While CCPs establish the baseline margin requirements and provide comprehensive information to CMs and clients, clients must understand that the final margin requirements are shaped by CSPs' models, which may include client-specific add-ons. Broadly, it is more important to recognize that a CCP does not always know the identities of CM's clients, the positions held by those clients in omnibus accounts, or additional risk management standards that CSPs apply to their clients. Improving transparency from CSPs to end-clients would be beneficial and allow end-clients to better understand the margining mechanisms along the chain and better prepare themselves for potential liquidity needs. These limitations greatly diminish the value of CCP-offered margin

simulation tools for end users, and emphasizes that regulatory requirements must be replicated by CSPs and not only focus on CCPs.

**In direct response to question 6:**

- We strongly support a higher level of transparency from CSPs to clients and commend ESMA for promoting transparency from CMs complementary to the high level of transparency already provided by CCPs. CCP Global would like to reiterate that the transparency towards the end client is only effective if it is applied to all elements of the chain (i.e., from a CCP to a CM/CSP and from a CM/CSP to an end client), and any suggestion that the CCPs should provide tools for end clients to calculate the margin requirements from their CSPs may go beyond the responsibility of CCPs.

- To the extent any CSPs state that the creation of their own margin simulation tools are not necessary as they pass on the CCP margins to their clients, it is important that CSPs specify to their clients all scenarios when this is not the case; if a margin multiplier, counterparty risk measure, or other adjustment is used, there should be an explanation of the governance and processes for adjusting to the multiplier, if at all, including in stressed market conditions.

<ESMA\_QUESTION\_MARG\_6>