

# 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	Deutsche Börse Group including Eurex Clearing AG and European Commodity Clearing AG
Activity	Central Counterparty
Are you representing an association?	<input type="checkbox"/>
Country/Region	Germany

## 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>

As both CCPs of Deutsche Börse Group (DBG), Eurex Clearing AG and European Commodity Clearing AG, will be subject to the new margin transparency requirements as specified by ESMA, we are responding with a joint group statement. As such, DBG welcomes the opportunity to respond to ESMA's consultation on the proposed draft RTS specifying Article 38 (6-8).

DBG supports the objective of EMIR 3.0 to enhance market resilience and participants' liquidity preparedness for stressed market conditions through greater margin transparency towards end clients. To this end, we have already introduced a pioneering CCP transparency series, implemented enhancements to the Public Quantitative Disclosures (PQDs), and continually seek ways to further advance our margin methodologies, ensuring robust and risk-based margining that remains appropriately responsive to evolving market conditions.

To ensure that the Margin Transparency RTS fulfils its objectives efficiently without creating undue burden which could undermine the competitiveness of clearing in the EU, **CCPs should only share information with CSPs that is useful and used by end clients**. Details retained solely by clearing members or that are not used by end clients do not benefit end clients' margin preparedness. It should also be noted in general that a publication of proprietary information and intellectual property, such as mathematical specifications and proprietary algorithms, could hurt the competitive edge of EU CCPs as competitors or third parties could incorporate such information into their own offering. In case such information is essential for establishing the desired understanding of a margin model, the disclosure should be restricted to the CCP member portals. End

clients may obtain access to the CCP member portals which ensures such information is available to the target audience of the RTS.

Moreover, the draft RTS primarily focuses on the information generation of margin practices. Yet, to achieve the ultimate objective of improved liquidity preparedness by clearing members and end clients also absorption and use of the corresponding information needs to be kept in mind. Consequently, the information provision is only a necessary, and not a sufficient condition to improve liquidity preparedness. An illustrative example is the low usage level of existing margin simulation tools provided by CCPs.

With respect to Q1 specifically, DBG affirms its support for providing clearing members and end clients with information that specifically facilitates end clients' margin preparedness. To achieve this, **DBG deems aggregate documents, which focus on key model characteristics, as the most useful.** Highly detailed technical documentation, on the other hand, is from our experience not helpful for most clients. Moreover, proprietary CCP information and internal documents should be protected from publication.

**We therefore recommend that the formulation in the draft Article 1 calling for a detailed description of the model should be rephrased with an emphasis on readability and useability of the model description for end clients. Regarding Article 1 point (g) especially, it should be clarified that CCPs are not mandated to share internal operational procedures, but that an overview of the governance arrangements is sufficient.** These recommendations aim at improving the balance between providing transparency and protecting proprietary information.

**In this context, we would also like to highlight our key recommendations outlined in our responses to Q2 to Q4 below: We recommend**

- **focussing model information provided on readability and usefulness for end clients, as alluded to above, and thus providing only information on backtesting results in alignment with the existing disclosures and abstain from information on sensitivity testing;**
- **streamlining the requirements on the output of margin simulator tools for an outcomes-based approach;**
- **for the simulation tool scenario b) to reconsider the reference to most recent initial margin calls and to refer to end of the day margin figures instead;**
- **and for the simulation tool scenario requirement b) to reconsider hypothetical scenarios and limit the set of scenarios to historical replays of extreme market movements identified by the CCP, and to also avoid cross-dependencies of scenarios to other elements of the risk framework (i.e., reference to Chapter VII of the Commission Delegated Regulation 153/2013).**

To conclude, we are concerned that without clarifying the above points, the current draft RTS does not strike an appropriate balance between targeted and useful (end) client information sharing and operational efficiency for the CCP. As alluded to above, we have therefore aimed to provide constructive counterproposals throughout our consultation response with a view to rebalancing those objectives. We trust that our suggestions would lead to a more useful and cost-effective outcome, and avoid an undue increase in the cost of clearing in the EU.

While we have no detailed comments on the proposed provisions for CSPs in Q5 and Q6, we generally appreciate that, as already established in the Level 1 text of EMIR 3.0, ESMA respected that CCPs alone cannot enhance transparency. As CCPs have no contractual relationship with end clients, some information can only be provided by the clearing member to its client (e.g. additional multipliers or add-ons charged by clearing members). While we don't oppose CCPs making and already have made information available directly to end clients, the involvement of the clearing member is required to ensure full transparency and contribute to the ultimate objective of end client's liquidity preparedness.

Last but not least, we would like to highlight that **CCPs and CSPs alike will need time to implement the requirements proposed by the draft RTS, in particular the required margin simulation tool, and therefore recommend that the RTS should only go into effect at least 12 months after final publication.** |

<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>

|Analogous to our response to Q1, we fully support the overall objective of enhancing margin transparency and improving liquidity preparedness by clearing members and end clients.

Regarding Article 2(2) point a), we support the provision of backtesting results as these provide valuable insights into initial margin requirements during stressed market conditions. These **backtesting results should be aligned with public disclosures already provided according to Article 49(5) of the Commission Delegated Regulation 153/2013.**

Regarding Article 2(2) point b), **we are concerned with the provision of information on relevant sensitivity testing results by the CCP.** Specifically, initial margin model parameters usually remain stable during stressed market conditions and consequently sensitivity testing results of potential model re-parameterization are not useful for the ultimate objective of liquidity preparedness by clearing members and end clients. Even more so, we are concerned that the provision of

relevant sensitivity testing results by CCPs may create perceptions that are opposite to the ultimate objective of liquidity preparedness by clearing members and end clients. Namely, that elevated margin requirements during stressed market conditions might be mitigated by CCPs via reparameterizations of initial margin models instead of prudent liquidity preparedness by clearing members and end clients.

Thus, regarding Article 2(2), we recommend only to provide information a) on backtesting results and abstain from information b) sensitivity testing.

**Regarding Article 2(1) and (3), we recommend - consistent with our response to Q1 - focusing the model information provided with emphasis on the readability and usefulness for end clients**, and abstain from simply providing “all possible data points” and any proprietary CCP information and elements of internal documents. ]

<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>

[ We understand that the Level 1 requirement of EMIR 3.0 was aimed at ensuring that CCPs provide the margin transparency information in written (i.e., documented form).

As outlined in our response to Q1, DBG believes that it is essential to focus on providing end clients with aggregated and meaningful information, rather than overwhelming them with extensive detailed disclosures that may not prove practically useful. In this respect, we have concerns regarding the extent and granularity of information on the model documentation requested by the draft RTS. Specifically, the proposed wording ‘all documents’ in the draft RTS sounds excessive and, as outlined, may not prove useful. Moreover, consistent with the cost-benefit analysis on CCP initial margin model information in section 6.3.1 of the consultation paper, we would like to emphasize that confidentiality of information on the initial margin model of CCPs needs to be respected.

We propose to rephrase the article to more specifically make clear that the information outlined in Article 1 and 2 of the draft RTS is provided in a documented form. This could be included as an additional point in the articles themselves instead of creating a separate Article 3. ]

<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>

[Analogous to our response to Q1, we fully support the overall objective of enhancing margin transparency and improving liquidity preparedness by clearing members and end clients. Therein, margin simulation tools are an important instrument for anticipating changes in margin requirements. Yet, it remains important to ensure that the requirements for margin simulation tools effectively support the overall objective.

Regarding the output of the margin simulation tool, we are concerned with the prescriptive approach of the requirements 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 clearing members 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 also 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 determined jointly for the entire portfolio. Hence, **we propose that the formulation regarding the specific technical prescription for the output of margin simulation tools on a distinction between existing portfolios and new transactions is replaced with an outcome-based formulation that the margin simulation tool should enable that this distinction can be calculated.** It should also be stated more clearly in the RTS that it is permissible that the user of a margin simulation tool may be required to send multiple requests to the tool to receive the desired margin simulation results for a set of portfolios (e.g., current and hypothetical). Nevertheless, we fully support the distinction between amounts referring to the core margin and individual margin add-ons, to the extent possible, as it provides clearing members and end clients with insights into the type of risks the portfolio is exposed to.

Regarding scenarios, we generally support that margin simulation tools are able to calculate the output under current market conditions and different scenarios. However, we would like to point out that this is a delicate aspect and does require very carefully balancing of the cost-benefit attached to it, especially in its current very prescriptive form. Once more, **we would welcome a more balanced and outcome-based formulation that does not go into the details of the number and type of scenarios as such. We would welcome a formulation that gives the CCPs freedom to find a useful set of scenarios in exchange and alignment with the needs of its member community,** whilst respecting the Level 1 provisions.

Further, we are highly concerned about the current formulation of the RTS draft in Article 5(1) point (a) "... inputs used ... for the most recent initial margin call ... using the tool". The draft requirement in its current form is almost impossible to fulfil even by the most sophisticated and technically

versed CCPs and end clients. It requires the knowledge of the exact intraday position and market snapshot at the time of all (even irregular) intraday margin calls. While this information is in principle available in a CCP database, it is impossible to disseminate such data to the end clients and the margin simulation tool intraday. It should be noted that this is not the latest snapshot but almost certainly a slightly older version due to near-real-time risk systems and any operational steps needed to execute a margin call intraday. In addition, the usefulness of the information if it could be shared would be negligible. The intraday margin calls are not based solely on “initial margin” (required as per the draft RTS above) but comprise all the information available at the time of the intraday margin call (option premiums, portfolio present values, variation margin, potentially even collateral information, etc.). Hence, it is not possible to provide the desired level of transparency via any margin simulation tool. The information about the last intraday margin call can only be reconciled by clients via suitable intraday reporting. **We strongly recommend reformulating the draft RTS to apply solely to end of the day margin figures where such complications do not exist.**

Moreover, **the cross-dependency to extreme but plausible market conditions in accordance with Chapter VII of the Commission Delegated Regulation 153/2013 should be removed and the set of scenarios should be limited to a set of historical replays of extreme market movements identified by the CCP.** The reason for this is that we view it as counterproductive to link the scenarios of the margin simulation tool to the identification of extreme but plausible market conditions in accordance with Chapter VII of the Commission Delegated Regulation 153/2013. The reuse of scenarios would create cross-dependencies among different elements of the risk framework and increase its complexity. Additionally, a standard recalibration of stress testing scenarios might necessitate parallel update in various, often unrelated IT systems making it de-facto a complex IT change. Further, we propose to focus scenarios exclusively on a limited set of common historical replays, such as the Lehman default, the Covid-19 crisis, and Russia’s invasion of Ukraine. Calculating initial margin requirements of portfolios for a limited set of well-known historic scenarios appears more likely to be useful information that affects the liquidity preparedness of clearing members and end clients as they can easily refer to objective, observable market spike observed at the time. Nonetheless, we believe that these historical scenarios should not be defined in reference to Chapter VII but be identified by the CCP as historical scenarios with extreme market movements. **Importantly, in comparison to historical scenarios, we believe that the added value for hypothetical scenarios for the liquidity preparedness of clearing members and end clients is negligible** and might even lead to misinterpretation by clearing members or end clients, given the high degree of required assumptions for hypothetical scenarios. At the same time, implementation and maintenance costs for CCPs are significantly higher for hypothetical scenarios compared to historical scenarios. **Therefore, we would strongly recommend reconsidering the inclusion of hypothetical scenarios in the final RTS** and focussing on historical scenarios instead.

Last but not least, **we would welcome a clarification that the requirements of the draft RTS are fulfilled if the additional scenarios are provided for the current productive portfolio of a member.** This would take some of the heavy lift of the IT infrastructure required to fulfil scenario-

based calculations for unknown, arbitrary portfolios. The simulation results for the current portfolio are the main objective and target of an increased transparency and liquidity planning for end clients. Such results could even be prepared as a standard report towards all end clients independent of their technical capabilities to connect to and run an increasingly complex margin simulation tool. |

<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>

|As outlined in our response to Q1, DBG supports market resilience and participants' liquidity preparedness for stressed market conditions through margin transparency and already makes information available directly to clearing members and end clients alike. Nevertheless, because CCPs do not have direct contractual relationships with end clients, they are unable to offer a complete view of margin requirements when clearing members utilize proprietary models or charge add-ons beyond those of CCP internal margin models. Also, the behaviour of those clearing member margin models and/or add-ons during crisis periods is unknown to CCPs. Consequently, the involvement of CSPs is essential to provide margin transparency across the entire clearing chain (i.e. from CCPs to CSPs, and CSPs to end clients) and thereby promote liquidity preparedness through increased transparency. |

<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>

|Please refer to our response to Q5. |

<ESMA\_QUESTION\_MARG\_6>