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| Response Form to the Consultation Paper |
| Review of RTS No 153/2013 with respect to procyclicality of margin |

**Responding to this paper**

ESMA invites comments on all matters in this consultation paper and in particular on the specific questions summarised in Annex III. 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 **31 March 2022.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

**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:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Please do not remove tags of the type <ESMA\_QUESTION\_APC\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
3. 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.
4. When you have drafted your response, name your response form according to the following convention: ESMA\_APC\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_APC\_ABCD\_RESPONSEFORM.
5. Upload the form containing your responses, in Word format, to ESMA’s website ([www.esma.europa.eu](http://www.esma.europa.eu) under the heading “Your input – Open consultations” 🡪 “Consultation on the review of RTS 153/2013 with respect to procyclicality of margin”).

**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 heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

**Who should read this paper?**

All interested stakeholders are invited to respond to this consultation. In particular, this paper may be specifically of interest for EU central counterparties, clearing members and clients of clearing members.

**General information about respondent**

|  |  |
| --- | --- |
| Name of the company / organisation | ANIGAS |
| Activity | Non-financial counterparty |
| Are you representing an association? |  |
| Country/Region | Italy |

**Introduction**

***Please make your introductory comments below, if any***

<ESMA\_COMMENT\_APC\_00>

Anigas welcomes the EC initiative of consulting stakeholders on the review of RTS No 153/2013 with respect to procyclicality of margin.

More specifically, the association takes this opportunity to raise its concerns related to the current unprecedented situation of extreme volatility and spikes in energy markets.

Non-financial firms operate on financial markets mainly to hedge their exposures to market risks arising from commercial activities: they often conclude transactions on exchanges, where the central clearing process involves the necessity of daily posting initial and variation margins.

In periods of high and volatile market conditions CCPs are bound to ask to market participants sudden and unplanned increases in margins. As a matter of fact, the recent (unprecedented) trends in energy markets have resulted in increased volumes and frequency of margin calls, mostly unpredictable, thus highly stressing the treasury and liquidity management within non-financial companies, that usually have limited access to money markets. This situation is also exacerbated by energy markets operators closing part of their positions on regulated markets subject to central clearing: while taken as a measure to reduce exposures to margin calls, it has the inevitable consequence of further contributing to price increases and market disruptions.

Anigas is contributing to the present EC consultation in order to share with the Commission the urgency to address this situation with ad hoc and structural interventions. Among the structural interventions is the revision of methodologies and tools used by CCPs to limit the procyclicality of their margin requests. In reviewing such methodologies, the EC should pursue the aim of avoiding the exacerbation of stressed market conditions and of helping market participants to anticipate margin requirements evolution in contexts of high volatility, and to manage on time new additional liquidity needs for margin calls.

<ESMA\_COMMENT\_APC\_00>

**Questions**

1. : Do you agree that CCPs should be able to explain and justify their APC tool choices?

<ESMA\_QUESTION\_APC\_01>

Anigas agrees on the fact that CCPs should be able to explain and justify their choices about APC tools. The disclosure of those information towards market participants could make margin models and calculation procedures more transparent and accessible, so that market participants have a better knowledge of the margining system and are able to perform scenario analysis. That could be useful especially during periods of highly volatile and stressed market conditions, improving market participants’ ability to predict future margin requirements in order to plan their liquidity needs.

<ESMA\_QUESTION\_APC\_01>

1. : Do you agree that CCPs should define their own APC thresholds for margin changes based on their risk appetite/tolerance? Should the RTS explicitly require that CCPs seek the advice of the risk committee, when setting or reviewing its APC policies, including defining the risk appetite?

<ESMA\_QUESTION\_APC\_02>

Anigas welcomes the proposal according to which CCPs should define their own APC thresholds for margin changes based on their risk appetite/tolerance. With the support and advice of risk committees, this would allow CCPs to apply more flexible models that could take as much as possible due consideration of the market conditions and risks and - as such - could allow the adjustment during stressed market conditions.

This would considerably mitigate the impact on margin requirements without increasing credit risk, as CCPs’ adjustment would rely on high expertise on related markets and products.

Anigas also believes that CCPs should seek their own risk management expertise and knowledge to adopt a more efficient risk-based approach in setting and periodically reviewing their APC choices.

<ESMA\_QUESTION\_APC\_02>

1. : Do you agree with ESMA’s proposal to draft a new Article 28a? What other requirements should ESMA consider introducing in relation to the CCP APC policies and procedures?

<ESMA\_QUESTION\_APC\_03>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_03>

1. : Do you agree with ESMA’s proposed amendment to require CCPs to assess margins based on quantitative metrics in the context of procyclicality?

<ESMA\_QUESTION\_APC\_04>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_04>

1. : Do you agree with ESMA’s proposal to introduce these three dimensions? Should these be mandatory or optional? How do these compare to the quantitative metrics that CCPs currently consider in practice?

<ESMA\_QUESTION\_APC\_05>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_05>

1. : Do you agree with ESMA’s proposal to include in the RTS a requirement for CCPs which clear products whose price/yield can vary significantly to perform the assessment of the procyclicality of its margin model across different price/yield levels?

<ESMA\_QUESTION\_APC\_06>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_06>

1. : Do you agree with ESMA’s proposal to introduce into the RTS the requirement on CCPs to calculate APC margin requirements at all material risk factors?

<ESMA\_QUESTION\_APC\_07>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_07>

1. : Do you agree with ESMA’s proposal to consider the impact that the risk factor change will have on the margin, including for products with non-linear dependence on risk factors?

<ESMA\_QUESTION\_APC\_08>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_08>

1. : Do you agree with ESMA’s proposal on how to apply the APC options for different risk factors?

<ESMA\_QUESTION\_APC\_09>

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<ESMA\_QUESTION\_APC\_09>

1. : Do you agree with ESMA’s proposal that CCPs using the APC tool under Article 28(1)(a) should develop policies and procedures detailing the use of the buffer and its replenishment as included in the draft RTS test? Are there other items that the procedures should consider in the RTS?

<ESMA\_QUESTION\_APC\_10>

Anigas, in order to ensure transparency, recognizes the importance for CCPs using APC tools to have documented policies and procedure that can be easily accessible to allow an appropriate disclosure and a better understanding for both clearing members and market participants. CPPs should produce detailed policies to grant better understanding of the APC tools.

<ESMA\_QUESTION\_APC\_10>

1. : Do you agree that CCPs should set predefined thresholds but also be granted a degree of discretion when triggering the exhaustion of the margin buffer subject to appropriate governance arrangements?

<ESMA\_QUESTION\_APC\_11>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_11>

1. : Do you agree with ESMA’s proposal to set the minimum buffer to 25% while requiring CCPs to assess if a higher buffer would be needed and justify / regularly check the appropriateness of their choice?

<ESMA\_QUESTION\_APC\_12>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_12>

1. : Do you agree with ESMA’s proposal on how to apply the APC options for different risk factors?

<ESMA\_QUESTION\_APC\_13>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_13>

1. : Are there cases where ESMA’s proposal to modify Article 28(1)(a) RTS would present difficulties for CCPs in practice?

<ESMA\_QUESTION\_APC\_14>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_14>

1. : Do you agree with ESMA’s proposal that CCPs should also consider including the extreme market movements from the potential future stress scenarios identified under Article 30(2)(b)?

<ESMA\_QUESTION\_APC\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_15>

1. : Do you agree to require that CCPs ensure the set of extreme market movements includes an adequate number of extreme market movements for all margined products, including the ones that could expose it to the greatest financial risks?

<ESMA\_QUESTION\_APC\_16>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_16>

1. : Do you agree with ESMA’s proposal not to include a specific time restriction on when CCPs should add new stress observations in the set of extreme market movements used for the purpose of the APC tool, but instead add a provision to consider reviewing more frequently taking into account the procyclical effects from such revision?

<ESMA\_QUESTION\_APC\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_17>

1. : Do you agree with ESMA’s proposal that CCPs should calculate the stress margin using the same model and parameters in compliance with Articles 24, 26 and 27, except for the time horizon under Article 25?

<ESMA\_QUESTION\_APC\_18>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_18>

1. : Do you agree that for the purpose of calculating the stress margin to be used for the calibration of the APC tool, CCPs should recompute the stress margin at least daily and shall avoid using scaling techniques that can affect the severity of observations or calculated stressed margin?

<ESMA\_QUESTION\_APC\_19>

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<ESMA\_QUESTION\_APC\_19>

1. : Do you agree with ESMA’s proposal to include the provision to allow CCPs to temporarily increase the weight that is applied to the unadjusted margin and equally reduce the weight applied to the stress margin? Should there be a time limit on this provision?

<ESMA\_QUESTION\_APC\_20>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_20>

1. : Are there cases where ESMA’s proposal to modify Article 28(1)(b) RTS would present difficulties for CCPs in practice?

<ESMA\_QUESTION\_APC\_21>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_21>

1. : Do you agree with ESMA’s proposal that the margin floor should include stress market movements in addition to the 10-year lookback period? Do you agree with the methodology used to identify these extreme market movements?

<ESMA\_QUESTION\_APC\_22>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_22>

1. : Do you agree that the margin floor should be calculated in compliance with Articles 24, 26 and 27 of the RTS?

<ESMA\_QUESTION\_APC\_23>

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<ESMA\_QUESTION\_APC\_23>

1. : Do you agree that the margin floor should be recomputed at the same frequency than the baseline margin requirements?

<ESMA\_QUESTION\_APC\_24>

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<ESMA\_QUESTION\_APC\_24>

1. : Do you agree that, when calculating the margin floor, CCPs shall avoid using scaling techniques that can affect the severity of observations, extreme market movements or calculated floor margin?

<ESMA\_QUESTION\_APC\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_APC\_25>

1. : Are there cases where ESMA’s proposal to modify Article 28(1)(c) RTS would present difficulties for CCPs in practice?

<ESMA\_QUESTION\_APC\_26>

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<ESMA\_QUESTION\_APC\_26>