**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](https://www.esma.europa.eu/about-esma/data-protection)’..

# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | Nasdaq Clearing AB |
| Activity | Central Counterparty |
| Are you representing an association? |  |
| Country/Region | Sweden |

General comments

Nasdaq is generally broadly supportive of the regulatory efforts to continue enhancing margin transparency for end clients, and commend the efforts of regulators to differentiate the offerings that must be provided by clearing service providers (CSP) for the benefit of the end users. As clearing members typically are more sophisticated than their clients in terms of capital and liquidity management, the main purpose of the margin transparency regulation should focus on the end user (clients) collateral preparedness, and aim at addressing CSP capabilities in terms of transparency and providing information to clients.

Already today CCPs are required by EMIR to provide disclosures to the market in relation to for example, margin model documentation and backtesting, and to provide simulation tools to evaluate impacts of portfolios changes. However, the ultimate benefits of transparency will only be achieved if the whole chain (including CSPs) is abiding to those transparency rules. As CCPs do not have legal relationships with end clients, in some cases, a CCP does not know the identities of clients and their particular trades as a part of omnibus accounts, or the details of the additional translation of risk management standards that clearing members apply to their clients. This greatly diminishes the value of CCP-offered margin tools for end users, and emphasizes the fact that any regulatory requirements regarding margin tools should apply simultaneously across the clearing chain and not focus solely on CCPs.

Further, our main concerns include the design and the timing of the implementation of the changes to the simulation tool, as well as its usage and applicability.

In regard to the timing of implementation we note that the RTS will come into force “xx” days after publication in the OJ. As the usual timeline for RTS implementation is 20 days, we would like to ensure that in this particular case the implementation timeline is much longer as it needs to allow for a complex implementation, including members connectivity and testing. We thus propose that the RTS allows for at least a 12-month implementation timeline.

In terms of the intended use of the simulation tool aiming at enhancement of liquidity preparedness of members and clients, we note that usually it is the variation margin component ithat is posing liquidity stress for the clearing members and clients. Initial margin, while it is also an important component, poses significantly lower liquidity strain on the market participants. As variation margin boils down to the impacts of market value changes, it is already today well understood by clearing members, and is not difficult to simulate. To summarise, our concern is that the proposed enhancements in transparency, being mainly directed to the initial margin requirement, add complexity to the already complex CCP landscape, without any notable enhancement to overall market participants preparedness to absorb liquidity stress.

# Questions

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

<ESMA\_QUESTION\_MARG\_1>

<ESMA\_QUESTION\_MARG\_1>

1. 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>

Sensitivity testing mainly informs model developers and validators as to the sensitivity of certain margin parameters, but does not explain how a model will behave in stressed market conditions and would be extremely difficult to incorporate into margin models offered by CCPs.

In addition, sharing sensitivity test results is not an EMIR requirement as of today, and is extremely burdensome, as the number of parameters to be potentially stressed is substantial. For smaller exposures, this would not provide any additional value, and only create a lot of administration for CCPs. If the proposed requirement is kept in the final RTS version, we suggest to at least constraint this to a few material parameters and/or instruments.

To summarise, we suggest removing this requirement as it does not add much value in understanding liquidity impacts while creating a lot of additional burden for CCPs.

<ESMA\_QUESTION\_MARG\_2>

1. 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>

<ESMA\_QUESTION\_MARG\_3>

1. 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>

While having the main add-ons simulation functionality available for the members already today, we currently do not provide functionality for simulating all the add-ons referred in the RTS.

In regard to concentration margins, functionality to simulate the impact on concentration add-ons due to position changes already exists. It is however unclear to us how we shall further simulate concentration margins, and what is the intended focus of the requirement outlined in the RTS. If the intention of the RTS is to stress liquidity in the market, for example in terms of Average Daily Trading Volumes, (ADTV), our current historical or hypothetical scenarios do not take those into account. In regard to the credit risk add-on – Nasdaq Clearing has very transparent rules available to all market participants, and those add-ons would be best simulated by members themselves, as they are better positioned to predict stress of their own capital and liquidity situation, which in essence are the drivers of the size of the credit risk add-on used by Nasdaq Clearing, including the timeline for the potential breach remediation.

Finally, we suggest that only material add-ons are subject to simulation requirements, to reduce the implementational complexity.

Further, it is not perfectly clear to us how the historical scenarios shall be incorporated in simulation tools, as margin models typically require complete time series over an extended period of time (historical lookback). It should thus be clarified whether the guidance is to calculate margin parameters over any time period, including the period of required stress, or amend only specific stress over MPOR in line with historical data. It should also be clarified whether the same historical lookback should be used as for the calculation of current initial margin requirement. The way the stress is included in the historical lookback will impact the calculated risk parameter depending on different methods for weighting of the historical data CCPs are using. Finally, it should be clarified whether only the historical returns shall be adjusted or current price level as well, as both those aspects are important in stressing margin requirements.

In regard to the requirement to clearly outline the shocks used, it is unclear how the shocks shall be listed and reported, given that for the calculation of the margin parameters, a large number of shocks is required to be specified, over the whole list of portfolio instruments and the historical lookback,. If the requirement is maintained, we recommend to at least narrow it down to the most material risk factors only.

In regard to the requirement for hypothetical scenarios, the practices might vary a lot between different CCPs, and again, as the whole timeseries for all the risk factors will need to be specified, the exercise very soon becomes very complex and very subjective. With that in mind, we suggest removing this requirement from the RTS. If this requirement is retained, we suggest to at least make such scenarios as standardized and as simple as possible, identifying and shocking (only) most significant risk factors by standard shocks +/10%, 20% etc., which essentially will mean stressing margin parameters for the main risk factors, by multiplying them with for example 110%, 120%, etc. Basically, this will mean that CCPs will be able to pre-specify a number of stresses, and the results could be interpolated to the closest grid stress points. Such approach will facilitate standartization, transparency and ensure that the results are easily interpreted by the members and clients. The treatment of the current price level, similarly to the historical scenarios, needs to be further clarified in the RTS.

<ESMA\_QUESTION\_MARG\_4>

1. 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>

We do support the proposed additional transparency requirements for CSPs and 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 Clearing Member/Clearing Service Provider *and* from a CM/CSP to an end client).

<ESMA\_QUESTION\_MARG\_5>

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

As mentioned above, we are broadly supportive of this requirement. However, we have some concerns in relation to paragraphs 42-44. Specifically, the concerns are in relation to providing access to simulation tools to “clients providing clearing services” – we do not always know who they are, and do not have any legal relationship with them, especially further on in the chain. This might result in a substantial burden, as in practice this might mean that we will be providing a “public” simulation tool. This could potentially be resolved by creating a “stress report” available for the CSP that are members of the CCP, to be further shared with clients. However, providing access + training + support will be costly. Also, the requirement in the draft RTS article 6 does not seem consistent with the level 1 text in article 38(6) which refers to access by clearing members only, not clients providing clearing services: “A CCP shall provide its clearing members with a simulation tool...”.

Our view is that 5 scenarios should be manageable. We note that when CSPs need to provide simulations to their clients, they can use the CCP’s tool, which is practical and efficient. However, as they also need to provide scenarios that are reflecting the client portfolio risk – their 5 scenarios might not necessarily need to be the same as the CCPs’ scenarios – there is a possibility that CSPs will revert to CCPs and require extra development. With that we might end up with an obligation to develop a very large number of scenarios. We suggest that it is clarified that a CCP is responsible to provide only the 5 scenarios required by the regulation, and that CSPs can use those and just apportion the CCP requirement to clients. All other requests should remain a matter between the CSPs and their clients.

<ESMA\_QUESTION\_MARG\_6>

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<ESMA\_QUESTION\_MARG\_6>