**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.

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# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | EnBW Energie Baden-Württemberg AG |
| Activity | Non-financial counterparty |
| Are you representing an association? |  |
| Country/Region | Germany |

# 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>

[We support ESMA’s proposals under Article 38(7)(a) of EMIR to enhance the transparency of initial margin models. The proposed requirements provide a solid foundation to ensure that CSPs receive meaningful, detailed, and timely information about how margin models are designed and operate, including under stressed market conditions. Thus, we recommend that CCPs disclose comprehensive qualitative and quantitative information on their margin models, including all add-ons and stress-testing frameworks. At a minimum, the level of disclosure should be sufficient to enable clients the replication of the margin models. Furthermore, CCPs should be required to include a dedicated section explaining their anti-procyclicality tools, including how these tools function in practice and how they are expected to behave during periods of market stress.

While Article 38(7) of EMIR clearly mandates that CCPs provide this information to their clearing members, we believe the effectiveness of these transparency measures can only be fully achieved if similar transparency is ensured further down the clearing chain, namely from CSPs to their clients. It would be very beneficial to have a standardized framework requiring all CCPs to publish consistent minimum information, covering methodology, assumptions, model validation, and selected stress-testing examples, would improve comparability and allow market participants to better assess model robustness, without compromising proprietary information

While we acknowledge that ESMA appears to favour Option 2 – under which CCPs provide the information to their clearing members, who then pass it down the chain to CSPs and clients – the current formulation risks delays and inefficiencies when information must pass through multiple intermediaries. If public disclosure under Option 1 raises confidentiality or competitive concerns for CCPs, an effective alternative would be for CCPs to provide the margin model information directly to clients under legally enforceable non-disclosure obligations, via a permissioned portal. This approach would preserve the confidentiality safeguards of Option 2 while ensuring timely, accurate, and direct access to the information from the source, and would remove the unnecessary burden on clearing members to relay such information]

<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>

[Overall, we support ESMA’s proposals to require CCPs to disclose the key assumptions and limitations of their margin models, as well as the circumstances under which these assumptions may break down. These elements are essential for CSPs – and not least their clients/market participants – to fully understand the potential behaviour and limitations of the margin framework, especially in times of stress.

We recommend that the scope and granularity of the disclosures should be detailed to ensure that CSPs, and ultimately their clients, can meaningfully assess the margin model’s reliability and stability.In particular, we emphasise that a detailed description should be provided of how extraordinary margin calls are handled in case of model overrides, including:

* Circumstances that may trigger manual overrides
* Governance and procedures around such overrides
* Calculation logic, qualitative and/or quantitative triggers as well frequency of extraordinary margin calls

Additionally, we recommend including:

* Summaries of stress testing outcomes linked to the key assumptions
* Explanation of any anti-procyclicality adjustments triggered by model limitations
* Regular reporting on the recalibration frequency and triggers for model assumptions

As mentioned before, we believe the effectiveness of these transparency measures can only be fully realised if similar transparency is also ensured further down the clearing chain, namely, from CSPs to their clients. In addition, it is essential that CSPs communicate and explain data related to specific client positions to their clients.]

<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>

[We agree with the proposal that CCPs should be required to make available comprehensive and clear documentation regarding their margin models, as set out in Article 38(7)(c) of EMIR. It is, indeed, essential that this documentation enables CSPs and their clients to gain a thorough understanding of how the margin model functions, including its key assumptions, inputs, methodologies, and limitations. Especially, greater transparency at client-level is essential for enabling clients to manage risk effectively, plan liquidity, and anticipate and respond to changes in margin requirements in a timely and informed manner.

Therefore, we propose that ESMA further clarifies the requirements around the transparency of CCP-provided information. Specifically, we encourage CCPs to make as much of this information publicly available as possible.]

<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>

[We broadly agree with ESMA’s proposed requirements and the structure of the margin simulation tool. We believe it represents an important step toward greater transparency and improved risk management for clearing members and clients. We support ESMA’s proposal to clearly separate outputs into:

* Initial margin for existing positions;
* Additional initial margin for new transactions;
* Core margin vs. systematic margin add-ons, with identification of the underlying risks.

That said, we believe that several enhancements would improve the tool’s usefulness, accessibility, and consistency across the clearing ecosystem. In particular we support ESMA’s inclusion of both historical and hypothetical scenarios and propose the following refinements:

* Absolute Price Shocks: In addition to relative price movements, scenarios should include absolute price shocks, particularly those based on historical stress periods. These allow for more intuitive risk assessments and should be explicitly available as a subset of the scenarios provided.
* Forward Simulation: The simulation tool should also support future scenario dates, enabling analysis of time-to-maturity and seasonality effects critical for funding and collateral planning.
* Reference Events: We recommend that ESMA aligns with global best practices by ensuring scenarios reflect key market stress events (e.g. the 2008 Global Financial Crisis, the COVID-19 situation in 2019, the Russia-Ukraine conflict in early 2022.

Additionally, we support that the tool’s output should separate the initial margin for existing positions from the additional margin for new transactions, which could encompass multiple trades. This approach better reflects market practice, where margin is calculated on a net portfolio basis, i.e., the result of a set of existing and new trades, rather than on isolated individual trades.

Moreover, since clients may also face margin requirements based solely on CCP calculations, with no additional add-ons from their CSP, allowing them direct access to the simulation tool would significantly improve their ability to forecast expected level of margin calls and manage cash liquidity. To make the simulation tool effective in practice, we reiterate our message that clients should benefit from simulator access as well.

Furthermore, the simulator should incorporate systematic margin add-ons, those not tied to the clearing service provider’s specific risk profile, to provide a more accurate picture of likely margin outcomes. Excluding these could significantly reduce the usefulness of the simulation results for both clearing members and their clients.

In conclusion, we support ESMA’s approach and encourage the incorporation of the aforementioned enhancements to ensure that margin simulation tools are robust, transparent, and truly valuable. We therefore invite ESMA to consider expanding the tool’s functionality to support portfolio-level simulations and to extend access to clients, in order to better serve the market and enhance systemic risk management.]

<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 fully support the proposed requirements and agree with ESMA's interpretation of Article 38(8) of EMIR. We would highlight the following core principles that should underpin any final rules:

* CSPs should make available to their clients all relevant information received from the CCP, particularly where it relates to margin requirements and margin add-ons that directly affect the client's exposure. This includes:
  + Core margin methodologies;
  + Margin parameters used at the CCP;
  + Any systematic and/or ad hoc add-ons that apply to the client’s portfolio.

This transparency should not breach confidentiality – particularly in net omnibus structures – where margin data might be based on multiple clients. In such cases, CSPs should disaggregate or filter the information to reflect only what is relevant to each specific client.

* In addition to relaying CCP data, CSPs must fully disclose any additional margin requirements they impose, such as:
  + Multipliers,
  + Credit overlays: the rationale, calculation basis, and triggers for these overlays must be explained in a clear and transparent way to affected clients. This represents one of the most tangible improvements EMIR 3.0 introduces to the client clearing framework.
  + House-specific stress scenarios or liquidity buffers.
  + CSP risk policy changes,
  + Client-specific events (e.g. deterioration in creditworthiness or concentration risk).

Additionally, we believe it’s important that CSPs provide clients with information on potential triggers for unscheduled intraday margin calls – including those initiated by CCP during periods of market stress – to enhance preparedness and risk management.

In our view, this enhanced transparency is a key added value of EMIR 3.0, enabling clients to better understand, anticipate, and manage their margin requirements, especially in stressed conditions, and improve risk preparedness across the clearing ecosystem.]

<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?

<ESMA\_QUESTION\_MARG\_6>

[We broadly support ESMA’s proposal, especially he requirement that CSPs conduct regular, systematic simulations of client portfolios as an integral component of their risk management framework. In addition, we encourage CSPs to incorporate both proprietary scenarios and those furnished or endorsed by CCPs. This will ensure that simulations remain comprehensive and aligned with regulatory requirements and risk management practices.

In principle, we also agree with ESMA that, when a CSP uses a margin model different from that of the CCP, the simulation output must clearly distinguish between the pure CCP margin, calculated under the CCP’s model - which serves as the standardized baseline – and the margin calculated by the CSP under its own model. Also, it must within the CSP’s margin model clearly break down the core margin and the CSP-specific additions, broken down by type and accompanied by a brief methodological explanation.

Furthermore, we would like to emphasize that CCPs should continue to serve as the primary and authoritative source of margin simulations for end clients. The simulation provided by CCPs should serve as the source to ensure accuracy, consistency, and timeliness of information. This is especially important as end clients increasingly rely on margin simulations to assess exposure, inform trading decisions, and support internal risk models. CCP-provided simulations ensure consistency with actual margin calls and reduce fragmentation in the interpretation of margin requirements.

In conclusion, transparent communication of simulations results enables clients to align CSP outputs with their own internal assessments and better understand the drivers of margin requirements.]

<ESMA\_QUESTION\_MARG\_6>