**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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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 | AFG |
| Activity | Investment Services |
| Are you representing an association? |[x]
| Country/Region | France |

# 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>

**PRELIMINARY REMARK**

The AFG thanks ESMA for the opportunity to provide answers on future margin requirements through this Consultation Paper (CP). As end users, we fully support ESMA’s ambition to provide more transparency across the clearing ecosystem which will help entities better manage their liquidity.

The challenge is to strike the right balance between enough transparency and predictability on margins, to allow clients to better manage their risk exposure, while avoiding imposing too restrictive requirements that could become disproportionately burdensome, counterproductive, and result in excessive costs for end users. Ultimately, clients want to access clear, usable information to understand which trades are the most margin-consuming, which types of operations generate the highest margin costs, how specific market events drive margin increases etc. In a nutshell, clients want to anticipate/predict the size of intraday VM and IM calls, allowing for sufficient time to deal with liquidity management.

Transparency must be accompanied by comparability and interoperability across CCPs and CSPs. Today, while some CCPs and CSPs provide simulation tools and API-compatible outputs, this is not universally the case. In many instances, clearing relationships require bespoke IT developments and the use of proprietary portals with varying formats and standards. This fragmentation drives up costs for clients, who must integrate and reconcile disparate information. To address this, there is a strong need for a common API interface, where CCPs and CSPs adopt a shared “language.” Such standardisation would enable clients to assess margin levels on existing positions more accurately and anticipate potential margin risks for future transactions. A free, accessible API integrating CCPs/CSPs simulation tools would deliver collective benefits to financial markets by reducing systemic risk. Ultimately, achieving comparability and consistent liquidity management requires standardised simulation tools and scenarios, ideally enhanced with hypothetical illustrations to ensure clarity and practical application.

**ADDITIONAL POINTS NOT TREATED IN THIS CP**

Transparency remains one of the key pillars of sound liquidity management. However, another equally important pillar lies in the scope and nature of the margin accepted by CCPs and clearing members, that is, the range of assets recognized as eligible collateral. In this regard, we believe that highly liquid securities, such as government bonds, should be eligible for the posting of variation margin (VM) in cleared derivatives, as they provide both resilience and efficiency in the management of liquidity risk. Indeed, all market participants simultaneously attempting to monetise collateral to meet VM calls in volatile markets might act as a stress amplifier, introducing additional systemic risks in the market. If VM has to be posted in cash only, it creates the need for either selling securities (including top quality ones) on the market and then amplifying the market stress, or posting them on the repo market while the market conditions make it very illiquid (and such posting amplifying again the market stress). From a Financial Stability perspective, allowing the posting of top-quality securities for covering VM calls would play a positive role in such conditions (and more widely).

Moreover, to ensure predictability and provide participants with adequate time for liquidity management, it is essential that CCPs and CSPs establish harmonised and reasonable minimum notice periods. Such periods should strike a balance, allowing clients enough time to source liquidity, while still enabling CCPs to safeguard their risk exposures in a timely manner. In particular, sufficient notice should be required when adjustments are made to the calibration of client margin add-ons, or when changes are introduced to buffers or multipliers. Adequate notice period is a key element for client to anticipate and prepare the necessary collateral, avoid sudden strains and reduce the risk of market destabilization that could potentially lead to systemic risks.

Q1 : As a buy-side representative, AFG is more concerned by Q4 and following (article 8 and following of the RTS) that deals with information to be provided by CSDp to their clients. However, as we understand that most information from the CCP will directly be transmitted by CSP to clients[[1]](#footnote-2), here below are some thoughts on the information to be provided by CCPs on their margin models.

1. AFG agrees with the proposed information to be provided by CCPs on their margin model design and operations. However, we believe that the notion of “*in-depth understanding of how margin model works*” should be further clarified. Indeed, it is important that all CCPs have a common understanding on the scope of information to be disclosed to clearing members and, ultimately, to end clients, as well as the format in which this information must be communicated. A consistent approach amongst CCPs is crucial to enhance comparability, understanding and transparency for end clients and avoid any divergent interpretations.
2. In addition, it is extremely important that clearing members and client get sufficient information on any add-on to the core initial margin. Information to be provided by the CCP must explicitly cover how additional risks are incorporated into the design and functioning of the initial margin model.
3. Finally, both articles 1 and 3 should be amended to make clear that the information provided by CCPs must be understandable not only to clearing members but also to their clients. Since clearing members will be required to transmit this same information to end clients (*cf. Article 7*), it is vital that the disclosures are sufficiently clear and accessible. To that end, we propose amending article 1 as follows (suggested addition in red): “*A CCP shall provide its clearing members with information (…) in a way that enables the clearing members and, their clients, to obtain an in-depth understanding of how the margin model works (…)*”.

<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>

AFG agrees with the proposed information to be provided by the CCP on the margin model assumptions and limitations. However, for the same reasons as explained under Q°1, we believe that this article should also explicitly cover margin add-ons.

Furthermore, we believe hat this information should be provided in a comparable format for client to directly apply them in their own risk assessment which will help anticipate preparedness notably in case of stressed market conditions.

<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>

Although we agree with ESMA’s proposal regarding the model documentation, we believe that other elements should be put forward. Clients should be able to compare margin models and simulation tools across different CCPs to make informed choices about where to clear their transactions, assess relative costs, and manage liquidity across venues in a consistent way. Although we understand CCPs might have divergent modelling approaches, we believe that non-standardised information and simulation tools create operational inefficiencies, hinder transparency, and may even lead to procyclical liquidity strains when clients are unable to anticipate or reconcile margin outcomes across CCPs. Harmonisation is necessary to ensure a baseline of consistency and interoperability. Such convergence supports more efficient decision making and regulatory objectives of market stability and fairness by enhancing predictability and enabling a more level playing field for all participants. In that sense, the notion of “*in-depth understanding of how margin model works*” should be further clarified so that all CCPs have a common understanding on the scope of information to be disclosed to clearing members and, ultimately, to end clients, as well as the format in which this information must be communicated.

Furthermore, both articles 1 and 3 should be amended to make clear that the information provided by CCPs must be understandable not only to clearing members but also to their clients. Since clearing members will be required to transmit this same information to end clients (*cf. Article 7*), it is vital that the disclosures are sufficiently clear and accessible. To that end, we propose amending article 1 as follows (suggested addition in red): “*A CCP shall provide its clearing members with information (…) in a way that enables the clearing members and, their clients, to obtain an in-depth understanding of how the margin model works (…)*”.

The documentation provided by the CCP must enable clearing members and their end clients to clearly understand how the CCP’s margin model operates. It should distinguish between the core margin and the add-ons applied to cover specific risks (*risk of the individual portfolios, risk of the aggregate impact of all the portfolios of the clearing members, individual risk of the clearing member and any other types of risks*). In addition, the documentation must make a clear distinction between model-driven changes (changes automatically resulting from the CCP’s risk model) and discretionary adjustments (overrides applied at the CCP’s own discretion). Overall, clearing members and end clients should get sufficient transparent information to allow them to understand and compare all margin models across CCPs, asses the rationale behind any change in margin requirements and get a degree of predictability on how margin requirements may evolve under different circumstances. For that purpose, it is also key to have harmonised and reasonable minimum notice periods, allowing clients enough time to source liquidity. These sufficient notice period should particularly be required when adjustments are made to the calibration of client margin add-ons, or when changes are introduced to buffers or multipliers.

<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>

As previously indicated, we believe that ensuring comparability and consistency between the information provided on CCPs’ margin models, as well as standardisation on their simulation tools and scenarios, is crucial. Indeed, having different scenarios for each CCPs could ultimately prove costly for clients while simultaneously undermining the ability to make meaningful comparisons across CCPs. Standardizing simulation tools and scenarios enhances transparency, reduces operational complexity, and allows clearing members and end clients to make more accurate comparisons of margin requirements and risk exposures. Moreover, a harmonized approach supports robust risk management by ensuring consistent stress testing across CCPs, facilitates regulatory oversight, and strengthens market confidence by providing clarity and predictability for all participants. Therefore, a harmonized framework would not only improve efficiency but also promote informed decision-making and a more resilient financial system.

We also believe that simulation tools should be accessible to clients free of charge as they are vital for liquidity risk management and contribute to systemic reliance.

<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 agree with ESMA’s proposal regarding the elements that must be shared by CSP to their clients on margin models. However, we currently see that these information are shared through separate proprietary websites or portals, without common standards. This results in a fragmented system where data is presented in different formats. Clients are forced to develop multiple customised IT solutions, which creates unnecessary costs and limits the practical value of the disclosures. To address these issues, CSPs requirements should include the standardization of disclosures to ensure comparability across providers, API-based interoperability so clients can connect to multiple CSPs with a single IT integration, and free or cost-inclusive access to guarantee fair and equal treatment for all clients.

<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>

For simplicity and comprehensibility, we believe that the second option (use of the CCPs’ simulation tool) is better suited. Indeed, the first option, where the CSP would replicate the CCP’s margin methodology, is duplicative and can lead to serious inconsistencies. However, when using the CCP’s simulation tool, it is key that the CSP reflects any additional margin amount that he might impose on top of the CCP’s initial margin.

More globally, if we agree with the proposed requirement to be shared, we consider that they might be too granular and will prevent good comparability across CSPs. As explained before, clients want to access clear, usable information that allows a good prediction of the margin they’ll have to pay/how they’ll have to deal with liquidity management. They would find greater value in standardised simulations with clear explanations on the drivers of margin calls.

<ESMA\_QUESTION\_MARG\_6>

1. See. Parag. 32 of ESMA’s CP « *ESMA proposes that CSPs should share with their clients the information received from the CCP under Article 38(7) of EMIR (or from their CSP, where applicable) which is necessary for the client to understand the way the margin model of the CCP works* » + article 7 of the draft RTS “*Clearing members providing clearing services and clients providing clearing services (‘clearing service providers’) shall make available to their clients the information and documentation referred to in Article 3 of this Regulation* ». [↑](#footnote-ref-2)