**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 | RWE Supply & Trading GmbH |
| 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>

Yes, we support the requirements regarding the transparency of Central Counterparties’ (CCPs’) margin model design and operations. While Art 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 realised if similar transparency is also ensured further down the clearing chain, namely, from Clearing Service Providers (CSPs) to their clients.

The majority of the documentation of CCP margin models and their explanation is already published on their web page. Nevertheless, a framework requiring all CCPs to publish – or to make accessible - consistent minimum information, covering methodology, assumptions, model validation, and selected stress-testing examples, would improve comparability and allow CSP clients to have directly access to a wide range of information on CCP margin models and allow them to better assess model robustness, without compromising proprietary 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>

Yes and as for question 1, the proposed information - when not relating to the exclusive bilateral relation between the CCP and clearing member (including CSP) - should also be made accessible to the clients and indirect clients of the clearing members. Only then, the effectiveness of these transparency measures can be fully realised if similar transparency is also ensured further down the clearing chain, namely, from CSPs to their clients.

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

<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>

Yes. It is important to improve clients’ understanding. A 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.

We therefore welcome the proposal in ESMAs RTS draft Article 7 that clearing members and CSPs should provide the margin model documentation to their clients, ensuring a consistent baseline of transparency and equal access across the market. In our opinion, simply speaking, the CCP should make the full model documentation (regarding Methodology, Calibration, Validation) available to the CSP and directly to their clients or via the CSP to its clients. Most of CCP margin documentation is already published on their web page and accessible publicly.

<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>

Yes, we support ESMA’s inclusion of both historical and hypothetical scenarios and propose the following refinements:

1. Absolute price shocks: Not only relative (i.e. percentage changes) but also absolute price shock scenarios should be made available. I.e. the absolute prices seen in the historical scenarios should form a sub-set of scenarios.

2. Forward Simulation: As an additional requirement/feature it should be possible to calculate the margin requirements not only at the current date but also at future scenario dates, which would allow the analysis of time to maturity and seasonality effects critical for funding and collateral planning.

3. Reference Events: We recommend that ESMA aligns with global best practices (e.g., the Global Rules) by ensuring scenarios reflect key market stress events such as the 2008 Global Financial Crisis, the COVID-19 turmoil of March 2020, and the Russia-Ukraine conflict in early 20221.

Additionally, while we acknowledge that the requirement for CCPs to provide the simulation tool to clearing members stems from EMIR 3.0 Level 1, we note that ESMA’s latest drafting appears to be going in the right direction by not limiting the scope to simulating only a single new trade. Paragraph 22, for instance, recognises 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. We welcome this direction, as a portfolio-based simulation tool is more meaningful for practical use, particularly in high-volume markets such as futures.

<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>

Yes, without breaching confidentiality, all information the CCP made available to the CSP, the CSP should be made available to the client. In particular, this relates to margin add-ons affecting the client’s margin requirements. In addition, any information related to additional margin requirements the CSP may impose to its clients must fully be made transparent to the clients in question.

We therefore recommend the mandatory disclosure to clients of:

• Any systematic margin add-ons or multipliers applied by CSPs.

• Justifications for deviations from CCP models.

• Information on the timing and triggers for margin recalibration in general and in particular in the case of unscheduled intraday calls (Variation Margin) that may be issued by CCP in the case they would be forwarded by CSP to their clients.

• Client-specific events (e.g. deterioration in creditworthiness or concentration risk)

The effort for CSP is partially limited because most of CCPs already make their margin documentation and calculation tools available to all market participants. Where clients are not granted access to these information directly, or depending on the account segregation model opted for, particularly in the case of net omnibus account, margin may have to be disaggregated by CSP to calculate and disclose exact clients positions and related margins. Although this means more efforts for CSPs this information should be disclosed with their clients, to preserve comparability and ensure a best-in-class risk management and margin forecasts across the whole process chain of the clearing system.

<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>

Yes, agree with the proposals on the margin simulations to be provided by CSPs (see answer to Q4).

In addition, these simulations must consider additional margin requirements the CSP may impose to its clients. Clients of CSPs expect that CSPs run regular simulation as part of their risk management procedures over the client portfolios either based on own scenarios or built and proposed by CCP. CSPs should share the results of these simulations with their clients so that they can compare the outcomes with their own calculation and simulations. This would enrich the overall quality of a best in class risk management process between CCP, CSP and their clients fostering greater alignment, resilience and sophistication in margin risk management across the clearing chain.

<ESMA\_QUESTION\_MARG\_6>