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ESMA Consults on Guidelines on Anti-Procyclicality Margin Measures for CCPs

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On January 8, the European Securities and Markets Authority (ESMA) published a consultation paper on draft guidelines on anti-procyclicality margin measures for central counterparties (CCPs).

The European Market Infrastructure Regulation (EMIR) recognizes that margin calls and haircuts on collateral by CCPs may have procyclical effects. EMIR therefore requires CCPs to regularly monitor and, if necessary, revise the level of margins to reflect current market conditions, taking into account any procyclical effects of such revisions. EMIR and its delegated regulations require CCPs to adopt at least one of three anti-procyclicality (APC) margin measures to address this issue.

The aim of the guidelines is to clarify the application of EMIR in the context of the procyclicality of margins with the aim of ensuring common, uniform and consistent application of the requirements of EMIR. The guidelines cover the monitoring of margin procyclicality, the implementation of APC margin measures and disclosures intended to facilitate margin predictability.

ESMA notes in the consultation paper that it is important to recognize that it is not the intention of regulation to prevent a CCP from revising its margins to address changes in volatility. Instead, the regulations propagate the notion that CCPs should prevent big-stepped, unanticipated calls on clearing members during periods of extreme stress. The guidelines should therefore be read in this context.

The deadline for responses is February 28. ESMA expects to publish the final guidelines by the first half of 2018.

The consultation paper is available [here](#).

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