

Decision of the European Banking Authority EBA/DC/610

of 27 January 2026

concerning arrangements for the Initial Margin Model Validation function under EMIR for ISDA SIMM

The Board of Supervisors

Having regard to Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC¹ (the “EBA Regulation”), and in particular Articles 1(2), 2, 8(1)(b) and (j), 8 (1a)(a), 8(2)(j), 31(2)(a), (b) and (f) and 35 thereof, and

Having regard to Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories² (the “EMIR”), and in particular Article 11(3) and (12a),

Whereas:

- (1) EMIR sets out in Articles 11(3) and (12a) that EBA is responsible for the validation of pro forma models, and of any change thereto. ISDA SIMM is such a pro-forma model. For the validation of ISDA SIMM, all aspects of the validation function to be performed by the EBA in accordance with EMIR should be further specified, while a validation system should provisionally and without prejudice to Article 89 (11) EMIR be set in place, until the ESMA’s central database foreseen in Article 17c of EMIR becomes operable.
- (2) Given the role of the EBA as central validator also through its continuous monitoring, the broadest possible participation in the validation system should be sought. Against this backdrop, EBA, EIOPA, ESMA, financial and non-financial counterparties using ISDA SIMM, relevant competent authorities and the International Swaps and Derivatives Association (ISDA) should all participate as users of the validation system effectively interacting for the exchange of the necessary information for all the aspects of the validation function.
- (3) All information included in the validation system should be covered by the EU legal framework of professional secrecy, confidentiality and protection of personal data and that access to this information provided to users in conformity with the EBA Regulation. As the EBA is becoming a significant data hub, with a view to reducing reporting burdens and costs and increasing efficiency for all users, the validation system should be integrated in the European Centralised Infrastructure for supervisory Data (EUCLID).

¹ OJ L331, 15.12.2010, p. 12-47.

² OJ L 201 27.7.2012, p. 1.

- (4) To support the good functioning of the validation system, applications for validation should be subject to a prior on-boarding process. To that end, the EBA should initiate a structured onboarding process to collect all necessary information for identifying counterparties using the ISDA SIMM model. Competent authorities should provide the EBA with the names and other relevant details of financial and non-financial counterparties that have applied for authorisation of an initial margin model based on ISDA SIMM in accordance with Article 11(3), third subparagraph of EMIR. In parallel, and in line with Article 11(12a), subparagraph 2 of EMIR, ISDA should cooperate with the EBA by supplying information on counterparties using ISDA SIMM. To avoid duplication and ensure data accuracy, the EBA should coordinate the onboarding process and may rely on confirmations by competent authorities, where appropriate.
- (5) There is a need to ensure that competent authorities and ISDA will promptly provide information about new counterparties using ISDA SIMM to facilitate the onboarding process on the basis of which counterparties will discharge their obligation under EMIR to apply for validation of their model through the validation system.
- (6) To eliminate any unnecessary burden and taking into account that ISDA is required under EMIR to effectively cooperate with the EBA for validation purposes, ISDA should be responsible for providing in a timely manner all the necessary information concerning the model and any update thereto. For the EBA to have a complete understanding of the model and the planned model update, that information should cover general aspects of the model that are both subject and not subject to the update.
- (7) Onboarded financial and non-financial counterparties using ISDA SIMM should apply to the EBA for validation following EBA's confirmation that complete information and supporting documentation about the elements and general aspects of ISDA SIMM has been provided by ISDA through the validation system or by any other means deemed as appropriate by the EBA. Such applications, when submitted, should be presumed to refer to and concern the ISDA SIMM pro forma model as described by ISDA as the model developer in the information and supporting documentation provided to the EBA. Such a two-step process, involving first the submission by ISDA of the specificities of the model and of any change thereto and then the application by the counterparty for validation of its model by the EBA, should be followed in the context of any subsequent ISDA SIMM model change. To ensure maximum efficiency, where an application for validation is received after the current ISDA SIMM has been validated, the validation decision should be generated automatically through the system.
- (8) ISDA should notify EBA of any update to the ISDA SIMM but EBA should retain flexibility to assess which of these updates constitute a model change requiring validation. Only updates considered at the EBA's discretion as model changes should trigger the process for validation of ISDA SIMM.
- (9) The first validation of ISDA SIMM should include all the updates and the changes of the model until the date of adoption of that initial validation decision. The six-month or three-month EMIR deadline within which EBA is legally required to grant or refuse validation should also be specified in this Decision and begin with the first application received by the EBA through the validation system.
- (10) As ISDA SIMM is widely used in the global market, and to avoid any market disruption, EBA should proceed with granting validation as soon as all the necessary information on the model

is submitted by ISDA to the extent such validation would not be seen as manifestly inappropriate having regard to market conditions or the need to ensure financial stability in which case the validation should be refused. To enhance market certainty and promote stability, validation of ISDA SIMM should not be time-limited, and precisely for this reason, it should be accompanied by the verification of the continuous suitability of ISDA SIMM, which should be ensured through continuous monitoring of the model by the EBA as set out in Article 11 (12a), third subparagraph of EMIR.

- (11) The validation of ISDA SIMM by means of a non-time limited decision essentially dictates such decision to be freely withdrawable wholly or partially, where EBA considers, either through its continuous monitoring or *on an ad hoc* basis including in emergency situations, that maintaining the validation of ISDA SIMM would be inappropriate having regard to market conditions or the need to ensure financial stability. It should be ensured that EBA will withdraw the validation of ISDA SIMM, where its maintenance is considered as inappropriate, regardless of whether recommendations made by the EBA during its continuous monitoring have been complied with by ISDA or by any other user of the validation system to which such recommendations may be addressed. Non-cooperation by ISDA should also lead to withdrawal of validation of ISDA SIMM, except where and as long as financial stability or market integrity considerations suggest otherwise, as such non-cooperation makes it impossible to continuously monitor ISDA SIMM's suitability as required by EMIR.
- (12) Given that the continuous monitoring feeds into the validation of ISDA SIMM, there is a need to specify which elements should at a minimum be included in such monitoring performed by the EBA. To ensure transparency, EBA should include in its yearly report referred to in EMIR its key findings from that monitoring.
- (13) Financial or non-financial counterparties have a right to be heard, only where the EBA intends not to grant validation to ISDA SIMM or to partially or wholly withdraw validation.
- (14) There is a need to ensure that all users of the validation system cooperate efficiently and effectively with the EBA to enable it to perform its validation function. Against this backdrop, counterparties should inform the EBA if they have ceased to comply with ISDA SIMM as currently validated while competent authorities and counterparties shall inform EBA with any information necessary for the validation function on an on-going or ad hoc basis.
- (15) To ensure time responsiveness while at the same time respecting the established principles for lawful delegation of tasks, the Standing Committee on Regulation and Policy (SCRePol) should be mandated to grant validations of subsequent changes while the Board of Supervisors should grant the initial validation of ISDA SIMM and decide upon any refusal of subsequent validation or whole or partial withdrawal of a validation decision. To enhance flexibility, the Executive Director should be mandated to make all the technical determinations necessary for the operation of the validation system and the performance of the validation function. The Board of Supervisors should be kept informed of all such subsequent validations by SCRePol and technical determinations by the Executive Director while nothing should prevent the Board of Supervisors from revoking such mandates where appropriate.
- (16) For the adoption of this Decision, EBA has consulted with the EIOPA, the ESMA and the ISDA, as well as with the competent authorities that participate in EBA's internal governance structure.

Has decided as follows:**Article 1 – Subject matter and scope**

1. This Decision establishes an information system (“ISDA SIMM validation system”) as provisional arrangements till the ESMA database foreseen in Article 17c EMIR becomes operable.
2. EBA, ESMA, EIOPA, competent authorities referred to in Article 2(13) of EMIR (“competent authorities”) and financial and non-financial counterparties as referred to in Article 11 of EMIR using the ISDA SIMM model (“counterparties”) and ISDA shall be the users of the ISDA SIMM validation system (“users”).
3. Information included in the ISDA SIMM validation system shall be covered by the EU legal framework of professional secrecy, confidentiality and protection of personal data as applicable to the EBA. Access in accordance with Articles 70, 71 and 72 of the EBA Regulation.
4. Information submitted to the EBA through the ISDA SIMM validation system shall be regarded as information submitted through the European Centralised Infrastructure of Data (EUCLID) and the Decision EBA/DC/2020/335 of 05.06.2020 concerning EUCLID with its future amendments or replacements shall apply.

Article 2 – On-boarding of counterparties

1. Competent authorities shall provide the EBA, through the ISDA SIMM validation system or by any other means deemed as appropriate by the EBA, with the information included in the Annex 1 for all the counterparties that are using an initial margin model based on the ISDA SIMM and are required to seek the authorisation referred to in Article 11(3), third subparagraph of EMIR.
2. Competent authorities shall provide without undue delay the EBA with the information included in Annex 1 for any counterparty that applies for such authorisation after the date of application of this decision.
3. ISDA shall provide the EBA through the ISDA SIMM validation system or by any other means deemed as appropriate by the EBA with the information included in Annex 2 for all new counterparties using ISDA SIMM that are required to seek the authorisation referred to in Article 11(3), third subparagraph of EMIR.
4. Upon receiving notification from the EBA, counterparties shall, without undue delay, access the validation system to complete the onboarding process including by assigning the persons with access rights to the ISDA SIMM validation system (“authorised users”) and accepting language terms.
5. Counterparties that have not received the notification referred to above and are under an obligation to apply to the EBA for validation of their model in accordance with Article 11(3), third subparagraph of EMIR, will refer the matter to the EBA. The relevant competent authority shall immediately upon the EBA’s request provide the EBA with the necessary information for that counterparty’s onboarding.

Article 3 – Provision of information and supporting documentation of ISDA SIMM and of any update thereto

1. ISDA shall provide, in accordance with Article 11 (12a), second subparagraph of EMIR, without undue delay the EBA through the ISDA SIMM validation system or by any other means deemed as appropriate by the EBA with any information and supporting documentation, including information on elements and general aspects, calibration, design and coverage of instruments, asset classes and risk factors relevant to ISDA SIMM and on any of its updates.
2. For the first ISDA SIMM validation, ISDA shall endeavour to provide the information referred to in paragraph 1:
 - (a) for the ISDA SIMM model currently in force, without undue delay after this Decision enters into force;
 - (b) for any planned update of the ISDA SMM model currently in force, by 14 August 2026.
3. For the validation of any subsequent change to ISDA SIMM, ISDA shall ensure that that information referred to in paragraph 1 is provided to the EBA in any case no later than fourteen (14) weeks before the date on which any update becomes applicable.
4. ISDA shall notify and provide all relevant information for all updates of the ISDA SIMM. Where an update notified by ISDA does not constitute a change in the EBA's view, including in the cases referred to in paragraph 6, the previously granted validation shall continue to apply and the validation process shall not be triggered.
5. The following updates of ISDA SIMM shall be deemed as changes to ISDA SIMM:
 - (a) the update alters the structural foundations of ISDA SIMM, including the design, risk capture or assumptions, or it substantially revises the treatment of ISDA SIMM dependencies;
 - (b) the update results in new asset classes or types of risks being captured by ISDA SIMM or in previously captured asset classes or types of risks being removed from ISDA SIMM.
6. Updates only affecting the model parameters deriving from the already existing and validated ISDA SIMM methodology, including updates on risk weights and correlations, or concerning clarifications, documentation refinements and corrections or technical upgrades shall not be deemed as changes of ISDA SIMM.

Article 4 – Application for validation

1. The EBA shall provide through the ISDA SIMM validation system or by any other means deemed as appropriate the onboarded counterparties with confirmation that complete information and documentation for the ISDA SIMM has been submitted by ISDA in accordance with Article 3.
2. Following receipt of the confirmation referred to in the previous paragraph, onboarded counterparties shall apply without undue delay through the ISDA SIMM validation system or by any other means deemed as appropriate by the EBA for the validation of their model also declaring this fully complies with ISDA SIMM pro forma model as described by ISDA in the information and supporting documentation submitted in accordance with Article 3.

3. Subsequent applications for a change to ISDA SIMM shall be produced automatically by the ISDA SIMM validation system for all onboarded counterparties that have not declared in accordance with Article 6 (5) either that they have stopped complying with ISDA SIMM or that they are no longer required to apply for validation and authorisation in accordance with EMIR.
4. Where an application for validation of ISDA SIMM is received by the EBA after ISDA SIMM has been validated, validation shall be granted to that application automatically through the validation system. This validation shall refer to the ISDA SIMM as validated.

Article 5 – Validation and refusal to validate of ISDA SIMM

1. Where Article 3 has been complied with by ISDA, the EBA shall grant validation of ISDA SIMM or of any change thereto, except where validating ISDA SIMM or any change thereto is, in the EBA's view, manifestly inappropriate having regard to market conditions or the need to ensure financial stability.
2. The first ISDA SIMM validation shall cover all the updates and changes to the model up to the date at which the validation decision enters into force and it shall be decided upon in accordance with paragraph 1 within six months from the first application received by the EBA in accordance with Article 4.
3. The validation of any change to ISDA SIMM shall be decided upon in accordance with paragraph 1 within three months from the first application received by the EBA in accordance with Article 4.
4. Any subsequent decision to validate ISDA SIMM after a change to it shall repeal and replace the previous validation decisions.
4. The validation or the refusal to validate ISDA SIMM or of change thereto shall be addressed to all counterparties that have applied in accordance with Article 4.
5. The validation of ISDA SIMM shall not be time-limited and shall be withdrawn in accordance with Article 6.

Article 6 – Withdrawal of ISDA SIMM validation

1. Where the monitoring referred to in Article 7 shows that maintaining the validation of ISDA SIMM is, in the EBA's view, inappropriate having regard to market conditions or the need to ensure financial stability, such validation shall be wholly or partially withdrawn by the EBA.
2. Even when paragraph 1 does not apply, the EBA shall withdraw the validation of ISDA SIMM, where ISDA does not cooperate in manner set out in this Decision, including where it does not provide the required information, except where such withdrawal would jeopardise market integrity or financial stability.
3. The EBA shall withdraw the validation decision in accordance with paragraphs 1 or 2, regardless of whether the recommendations referred to in Article 7 (4) have been implemented by their addressees.
4. Withdrawal decisions shall be addressed to all counterparties that have their models validated in accordance with this Decision.

5. The validation of ISDA SIMM shall be withdrawn automatically through the ISDA SIMM validation system for any counterparty that declares in accordance with Article 10 (2), either that it has stopped complying with ISDA SIMM as validated by the EBA or that it is no longer required to apply for validation and authorisation in accordance with EMIR.

Article 7 – Monitoring

1. The EBA shall continuously monitor the appropriateness of the validated ISDA SIMM and shall analyse any issues reported or otherwise arising. It shall include its key findings in the yearly report referred to in Article 11(12a), third subparagraph of EMIR.
2. The EBA's monitoring referred to in paragraph 1 shall include at least the following elements:
 - (a) the compliance of ISDA SIMM with the criteria for general requirements, margin period of risk, calibration of the parameter, diversification, hedging and risk offsets according underlying asset or qualitative requirements of Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty³;
 - (b) assessment of the risk factor coverage and appropriateness, also in light of market developments and stress events;
 - (c) assessment of the calibration of the model;
 - (d) assessment of the overall performance of the model on the basis of back-testing results;
 - (e) other elements brought to the attention of the EBA by EIOPA, ESMA, the competent authorities or ISDA.
3. The EBA's monitoring referred to in the Article shall not prevent the EBA from reassessing on an *ad hoc* basis, including in emergency situations or adverse market developments, whether the validation of ISDA SIMM remains appropriate.
4. In the yearly report referred to in Article 11(12a), third subparagraph of EMIR, the EBA may make recommendations for any issues to be addressed by ISDA or by any user of the validation system. Such recommendations may relate to risks, factors not adequately reflected in the validated ISDA SIMM, to the scope of application, to the coverage of instruments and asset classes, to the calibration, or to any other methodology on the basis of ISDA SIMM as validated by the EBA or on the basis of any foreseen change thereto.

Article 8 – Right to be heard

1. Where the EBA intends not to grant validation to ISDA SIMM or to partially or wholly withdraw validation for inappropriateness of the ISDA SIMM, the counterparties that have applied for validation in accordance with Article 4 or have their models validated under this Decision shall be notified of the EBA's intention and shall be granted a time limit of twenty [20] business days within which they may express their views.

³ OJ L 340, 15.12.2016, pp. 9–46

2. The notification and the expression of views referred to in the previous paragraph shall be performed through the ISDA SIMM validation system or by any other means deemed as appropriate by the EBA.

Article 9 - Transparency

1. Any decision to grant or refuse validation and any decision to partially or wholly withdraw validation shall be notified to all users through the ISDA SIMM validation system.
2. Any decision to refuse and any decision to partially or wholly withdraw validation shall state the reasons on which it is based and shall inform the counterparties of the legal remedies available under the EBA Regulation.
3. Any decision to grant or refuse validation and any decision to partially or wholly withdraw validation and any view submitted in the context of the exercise of a right to be heard shall be published on the EBA website without undue delay unless such publication is in the EBA's view in conflict with the legitimate interest of those financial institutions, or with the protection of their business secrets, or could seriously jeopardise the orderly functioning and integrity of financial markets or the stability of the whole or part of the financial system of the Union.

Article 10 - Provision of information and cooperation requirements

1. Competent authorities shall:
 - (a) ensure that the ISDA SIMM validation system contains accurate and up to date information on the counterparties that have applied for authorisation in accordance with Article 11(3), third subparagraph of EMIR of any initial margin model based on the ISDA SIMM; and
 - (b) provide the EBA through the ISDA SIMM validation system or through any other means deemed appropriate by the EBA with information collected by them during the initial and ongoing entity-level authorisation process of ISDA SIMM or of any change thereto.
 2. Counterparties shall inform the EBA through the ISDA SIMM validation system without undue delay, where they have stopped complying with ISDA SIMM as currently validated or are no longer required to apply for validation and authorisation in accordance with EMIR.
 3. Users shall provide the EBA through the validation system or through any other means deemed appropriate by the EBA with information necessary to effectively carry out the validation and assessment of continued suitability of ISDA SIMM, including without limitation the information set out in Annex.
 4. Users shall provide the EBA through the validation system or through any other means deemed appropriate by the EBA with any additional information and data that EBA will consider necessary for the performance of its validation function.
 5. The information referred to in the previous paragraph shall indicatively include information and data on the use, performance, calibration, or application of ISDA SIMM, information and data on the amount of margins calculated via standardised grid or initial margin models, qualitative information on explicit choices not to use initial margin models, statistics on reconciliation exercises and disputes, details on the most important disputes, and statistics and data on add-ons applied on top of the initial margin.
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6. In addition to providing information and data as referred to in the above paragraphs, users shall, without undue delay, cooperate with the EBA to enable it to carry out its validation function and shall provide the EBA through the validation system or by any means deemed appropriate by the EBA with any information requested by it.

Article 11 – Decision-making

1. The first decision to grant validation of ISDA SIMM, a decision to refuse validation and a decision to wholly or partially withdraw validation shall be made, in accordance with Articles 5 and 6, by the Board of Supervisors.
2. Any subsequent decision to grant validation of a change to ISDA SIMM, in accordance with Article 5(1), shall be made by the Standing Committee on Regulation and Policy (SCRePol). The Board of Supervisors shall be kept duly informed of such decisions. SCRePol shall strive for consensus when adopting a decision to grant validation of a change to ISDA SIMM. In the absence of consensus, the decision shall be adopted by simple majority of SCRePol members appointed by a voting member of the Board of supervisors. Abstentions or absence of views expressed shall be counted in favour of the decision. Where the SCRePol determines that the validation of an ISDA SIMM model change must be refused, it shall send its proposal to the Board of Supervisors for the final decision to be made.
3. The Executive Director is authorised to make the following determinations keeping the Board of Supervisors duly informed of them:
 - (a) require additional information or request specific cooperation from any user concerning a specific issue pertaining to the application of this Decision; and
 - (b) specify the scope, content, format, frequency, reference dates, IT rules, validation rules and instructions for the information and the data included in the ISDA SIMM Validation system, determine the purpose of processing of any personal data and the access right to the ISDA SIMM Validation system and set out any other operational rule or technical specification necessary (“technical specifications of the ISDA SIMM validation system”) for the application of this Decision.

Article 12 – Final provisions

This Decision shall enter into force on 1 March 2026.

Done at Paris,



José Manuel Campa
Chairperson

For the Board of Supervisors

ANNEX 1

The information indicated below shall be provided for each legal entity (i.e. counterparty in the sense of EMIR) established in the EEA that is subject to the requirement to exchange initial margin in accordance with Commission Delegated Regulation (EU) 2016/2251⁴ (‘Joint ESAs RTS on uncleared OTC derivatives’) and is a licensed user of ISDA SIMM – whether individually or as part of a group (i.e. EEA or non-EEA)

Identification information

- Name of the legal entity;
- LEI code;
- Nature of the entity (e.g. non-financial counterparty, credit institution, investment firm, undertaking for collective investment in transferable securities (UCITS), alternative investment fund (AIF), insurance company);
- Country where the entity is established;
- Competent authority responsible for the IM model authorisation of the entity;

Initial margin volume information

- Assessment of the bucket (i.e. Phase 1 to 6) that the entity currently belongs to in accordance with Article 36 of the joint ESAs RTS on uncleared OTC derivatives (e.g. AANA > EUR 3 000 bn, EUR 8 bn < AANA <= EUR 50 bn);
- The indication whether the entity has a monthly average outstanding notional amount of non-centrally cleared OTC derivatives of at least EUR 750 billion at group level, as referred to in Article 11(15), first subparagraph, point (aa) of EMIR (Yes/No);

Contact and IT information

- Functional email address of the team in charge of IM model authorisation at the entity;
- E-mail domains in use by the entity;
- Contact information for contact person 1.
Contact person 1 shall be responsible for the management of the counterparty’s access to the EBA validation system for ISDA SIMM validation. This contact person may also have the role of IMMV data submitter:

⁴ OJ L 340, 15.12.2016, pp. 9–46

- Name and surname
 - Role in the institution
 - E-mail address and telephone number.
- Contact information for contact persons 2 and 3.
Contact person 2 and 3 shall have the role of IMMV data submitters:
- Name and surname
 - Role in the institution
 - E-mail address and telephone number.

Information about the group that the entity belongs to

Where the entity is a part of an EEA group, i.e. is a direct or indirect subsidiary of another entity located in the EEA, the following shall be indicated for the highest-ranking group entity located in the EEA ('ultimate EEA parent'):

- Name of the ultimate EEA parent;
- LEI code of the ultimate EEA parent;
- Country where the ultimate EEA parent is established;
- Nature of the ultimate EEA parent (e.g. non-financial counterparty, credit institution, investment firm, undertaking for collective investment in transferable securities (UCITS), alternative investment fund (AIF), insurance company).

In addition, where legal entities are part of a non-EEA group (i.e. the ultimate parent of the group is located outside the EEA), the following shall be indicated for the highest-ranking group entity located outside the EEA ('ultimate non-EEA parent')

- Name of the ultimate non-EEA parent;
- LEI code of the ultimate non-EEA parent;
- Country where the ultimate non-EEA parent is established;
- Nature of the ultimate non-EEA parent (e.g. non-financial counterparty, credit institution, investment firm, undertaking for collective investment in transferable securities (UCITS), alternative investment fund (AIF), insurance company)).

Competent authorities shall provide the information in the format and in accordance with the instructions specified by the EBA.

ANNEX 2

The information indicated below shall be provided for each legal entity (i.e. counterparty in the sense of EMIR) established in the EEA that is subject to the requirement to exchange initial margin in accordance with Commission Delegated Regulation (EU) 2016/2251⁵ (‘Joint ESAs RTS on uncleared OTC derivatives) and has become a licensed user of ISDA SIMM – whether individually or as part of a group (i.e. EEA or non-EEA)

Identification information

- Name of the legal entity at the individual level;
- Country where the entity is established;
- LEI code.

⁵ OJ L 340, 15.12.2016, pp. 9–46