
Public hearing on GLs and RTS on IMMA

5 May 2026



01

The supervision framework for initial margin models

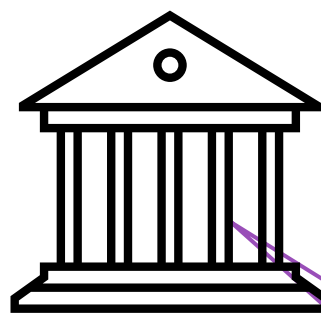
The supervision of initial margin models under EMIR3 (I)

EMIR3 introduces the requirement for counterparties – financial and non-financial ones – to **‘apply for authorisation from their competent authorities before using, or adopting a change to, a model for initial margin calculation’** (IM model; Article 11(3) EMIR).

EMIR3 assigns to the EBA the role of central validator of ‘pro forma models’. (IM models established, published, and revised through market-led initiatives; Article 11(12) EMIR – like ISDA SIMM).

Case 1:

Authorisation of IM models based on pro forma models



Local implementation and use of the model
(counterparty-specific)

- 1 The EBA **validates** the pro forma model (ISDA SIMM).
- 2 CAs **authorise** the use of the model by each counterparty after assessing the local implementation.



Pro forma model
(one and the same ‘model engine’ used by all counterparties)

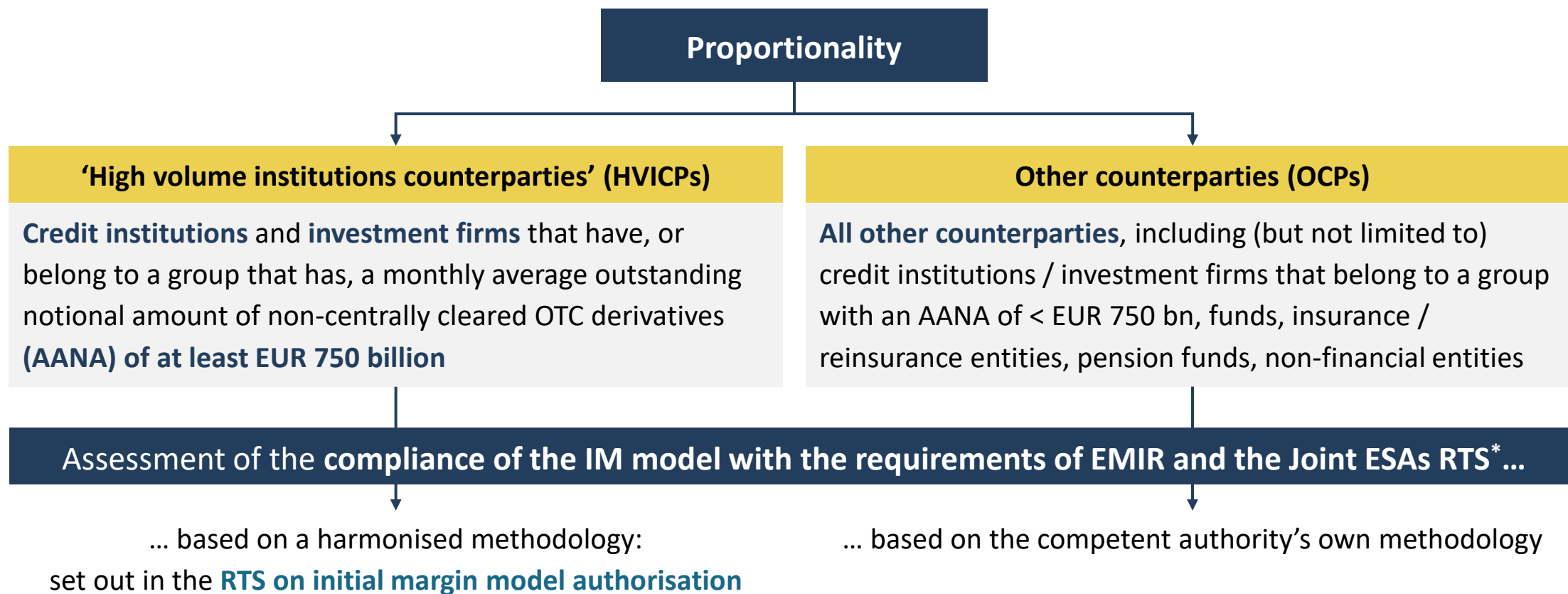
Case 2:

Authorisation of ‘own’ initial margin models

The competent authority is responsible for the authorisation as a whole (including both the review of the ‘model engine’ and its local implementation).



The supervision of initial margin models under EMIR3 (II)



Consultation on two regulatory products on CA authorisation

	Guidelines on authorisation of IM models (GLs on IMMA)	RTS on initial margin model authorisation (RTS on IMMA)
Focus	Authorisation process	Supervisory assessment methodology
Purpose / content	Mainly guidance on how to apply	Description of supervisory methodology for assessing compliance of the IM model with EMIR and the Joint ESAs RTS
Addressee	Both HVICPs and OCPs	Directly: Competent authorities Indirectly: HVICPs



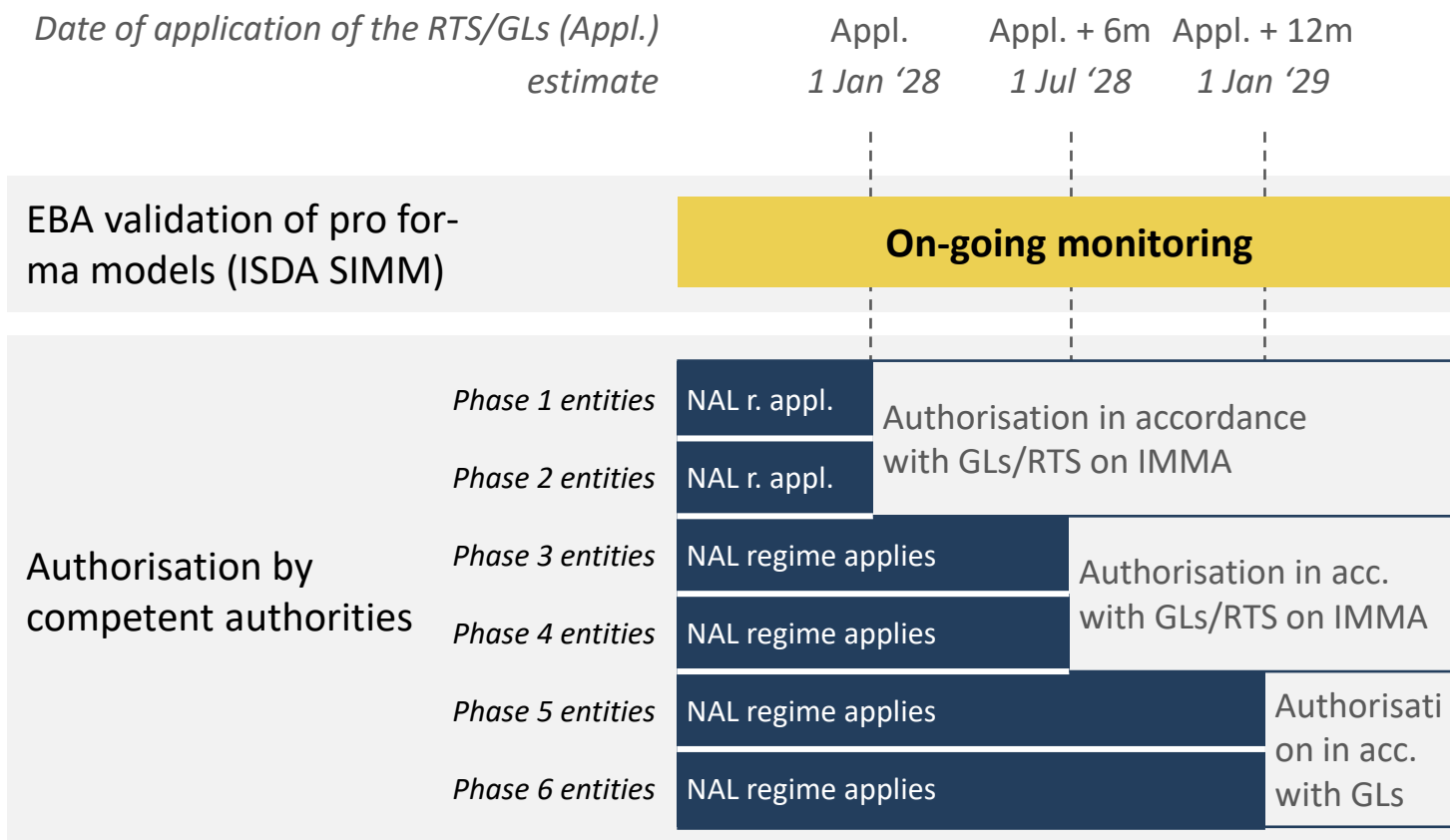
The application of the rules set out in those two products will also be the trigger for unwinding [the No Action Letter on EMIR3](#) (see next slide).

The RTS and GLs as trigger for unwinding the No Action Letter regime

In 2024, the EBA issued issued a No Action Letter (NAL) on EMIR3.

With a view to preventing supervisory bottlenecks for the authorisation of IM models (in absence of transitional provisions in EMIR3), the NAL establishes a temporary ‘registration only’ regime.

The RTS and GLs on IMMA will serve as the tool for unwinding the NAL, i.e. for transitioning from the ‘registration’ regime to the ‘authorisation regime’ foreseen by EMIR3.





02

The Guidelines on IMMA

Overview: Content of the GLs

Chapter	Authorisation process and documentation	Changes as triggers for an authorisation	Ad hoc notifications on aspects relevant for the authorisation	Minimum documentation requirements for OCPs
Ad-dres-see	HVICPs OCPs Competent authorities	HVICPs OCPs Competent authorities	HVICPs OCPs Competent authorities	OCPs
Content	<ul style="list-style-type: none"> Minimum information to be included in application for authorisation Trigger of 3-/6-months deadline for author. 	Indicative(!) criteria for distinguishing between 'true' changes and other updates not qualifying as change	<ul style="list-style-type: none"> Notification on transition from HVICP to OCP or vice versa Request to CA / EBA to withdraw authorisation / validation 	<ul style="list-style-type: none"> Self-assessment with requirements of EMIR/Joint ESAs RTS Basic (minimum) complementary documentation

Chapter on authorisation process and documentation

Minimum content of the application (paragraphs 48 – 58 of the Guidelines)

	Para	Information about...
Application for initial authorisation	48	The counterparty
	49	The group the counterparty belongs to
	50	The IM model and its use
	51	Details on 'own' IM models
	52	Details on IM models based on pro forma models
Application for authorisation of a change	55	The change itself
	56	Reference to pro forma model version; Details on 'local implementation'
	57	Updates on counterparty or group

by model used (para 53)

- **GLs set out the 'bare minimum' of information**, building on the base case of a counterparty with limited trading activity that uses an IM model based on a pro forma model. (Significantly) more details and documentation may have to be provided for example in case of use of own IM models, or if the counterparty trades very actively.
- **Competent authorities can expand the minimum information** by default (para 54, 58) or demand additional information as part of the authorisation.

Confirmation of completeness (para 47)

Triggers the 6-months- / 3-months-assessment deadline

Other chapters

Changes as triggers for an authorisation

- Indicative – non-exhaustive!
- Distinction between ‘changes’ requiring a (re)authorisation (fundamental change to design or scope of the model or its use, fundamental changes to governance) and ‘other updates’ (e.g. recalibration based on previously approved recalibration methodology)
- Distinction between changes to the pro forma model and its local implementation

Ad hoc notifications

- Notification on transition from HVICP to OCP or vice versa
→ influences whether competent authority has to apply the RTS on IMMA and may influence obligations related to the authorisation
- Request to CA / EBA to withdraw authorisation / validation
→ influences obligations related to the authorisation (e.g. reporting, payment of validation fees, ...)

Minimum documentation requ. for OCPs

- Objective: Support OCPs in complying with the (high-level) requirements on documentation of the governance arrangements (Article 18 of the Joint ESAs RTs)

Questions for consultation

Q1. Do you have any comments on the proposed Guidelines? If you identify an issue, please describe it and suggest how to address it.

Q2. Do you deem the authorisation process described in these Guidelines to be sufficiently simple and proportionate, in particular regarding the authorisation of OCPs? If not, please suggest how to enhance the proportionality or simplify the authorisation process.



03

The RTS on IMMA

Overview of RTS



Assessment techniques mapped against 2016 Joint ESA RTS on risk mitigation techniques for non-centrally cleared OTC derivatives

Delegated regulation - 2016/2251 - EN - EUR-Lex



Assessments tailored to portfolio complexity

Reliance on shared evidence between entities of the same group

Reliance on independent second-line and third line audit & reviews



Supervisory techniques for both pro forma and non-pro forma based models, for qualitative and quantitative criteria

Incorporates EBA validation into CA authorisation assessment

Organisation of RTS – Pro Forma Model

Qualitative Requirements

- Senior management and management body;
- Model development Unit
- Audit Process
- Internal Validation Process
- Reconciliation Process
- Change Management
- Robustness of IT systems
- Risks towards model provider and outsourcing
- Quality and auditability of the documentation

Quantitative Requirements

- The completeness and accuracy of the positions captured by the model
- Sound internal implementation of the pro forma model
- Material risk factors
- Non linear dependencies
- Confidence level/Margin Period of Risk
- Parameter Calibration
- Adjustment procedures
- Use of Proxies
- Back-testing requirements

Organisation of RTS – Non Pro Forma Model

Qualitative Requirements

- Senior management and management body;
- Model development unit
- Audit Process
- Internal Validation Process
- Reconciliation process
- Robustness of the IT systems
- Outsourcing
- The quality and auditability of the documentation

Quantitative Requirements

- The completeness and accuracy of the positions captured by the model
- Material risk factors
 - Foreign Exchange Risk Factors
 - Interest Rate Risk Factors
 - Equity Risk Factors
 - Commodity Risk Factors
 - Credit Spread Risk
 - Maturity Mismatches
- Non linear dependencies
- Confidence level/Margin Period of Risk
- Parameter Calibration
- Adjustment procedures
- Data quality standards
- Proxies
- No netting across risk classes
- Back-testing requirements.

Quantitative criteria mapping

Joint ESA RTS Delegated Regulation (EU) No 2016/2251	Maps to Pro Forma Chapter of IMMA RTS
Article 18 the appropriateness of the initial margin model on a continuous basis	Article 16 Completeness and accuracy of the positions Article 17 Sound internal implementation of the pro forma model
Article 14(2) Initial margin models shall be developed in a way that captures all the significant risks	Article 18 Material Risks
Article 14(2), point (i) the model captures main non-linear dependencies	Article 19 Non linear dependencies
Article 15 Confidence interval and margin period of risk initial margin model uses assumed variations based on a one-tailed 99 percent confidence interval over a MPOR of at least 10 days	Article 20 Confidence interval and margin period of risk
Article 16(1) Parameters used in initial margin models shall be calibrated, at least annually, based on historical data from a time period with a minimum duration of 3 years and a maximum duration of 5 years.	Article 21 Parameter Calibration
Article 16 (8) Procedures for adjusting the value of the margins to be exchanged	Article 22 Adjustment procedures
Article 16(10) monitors for the most material OTC derivative contracts for which available data is considered sufficient and reflective	Article 23 Use of Proxies
Article 14(3) Back-testing	Article 24 Back-testing Requirements

Back-testing requirements

Methodology & Consistency

- Anchored in Joint ESA RTS
- Counterparty must have a clearly defined back testing methodology, including what is included/excluded in market value changes.
- Assumptions used in back testing are assessed and validated by counterparty.
- Back-testing uses: Same (or close) pricing models, parameters, and data as daily valuation

Traffic light system

- On at least a quarterly basis, counterparties must:
- Count overshootings per netting set
- Compare:
 - Actual distribution of green/yellow/red netting sets
 - Expected distribution based on statistical thresholds
- Investigate root causes of deviations where two measures differ

Reporting & Escalation

- Results must be:
 - Reported regularly to senior management / governance bodies
 - Escalated immediately if material model issues are identified
 - Firms must maintain historical records to show consistency over time

Overshootings

Holistic Assessment

- Consolidated root cause analysis
Review 30 netting sets (15 red / 10 yellow / 5 green, selected by highest average margin shortfall), identifying common patterns, root causes
- Avoids extensive overshooting analysis, but enables aggregated view to identify material weaknesses, systemic biases, calibration issues with IM Model

Margin Average Shortfall

- Uses input data and work already performed by counterparties
- Insight into tail end of and most risky netting sets
- RTS does not attach fixed actions to results

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Remediation

- Firms must define actions when performance is poor, especially:
 - Persistent or systematic overshootings
 - Indicates potential model weaknesses (e.g. calibration, data, assumptions)

Questions in CP

1. Are there additional elements of either pro forma based models or models not based on pro forma models that these draft RTS should identify validation techniques for?
2. Are there elements of either pro forma based models or models not based on proforma models that these draft RTS should include to add further proportionality in the supervisory procedures used for authorisation?
3. Do you have any comments on the qualitative requirements for pro forma models?
4. Do you have any comments on the quantitative requirements for pro forma models?
5. Do you have any comments on the qualitative requirements for models not based on pro forma models?
6. Do you have any comments on the quantitative requirements for models not based on pro forma models?

**Thank you for
your attention!**

Please remember to provide
your written response

by submitting it via the EBA consultation paper pages:

- [Guidelines on IMMA](#)
- [RTS on IMMA](#)

Deadline: 17 June 2026



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