

Other concerns: Article 1 FP - Final provisions

We appreciate the delay in the entry into force of margin requirements given the market's difficulties to implement the operational changes and IT developments needed to comply with this Regulation.

In paragraph 4, there is a clarification in the calculation of the aggregate notional amount (March, April and May's last business day position). Taking the last day position in each month significantly simplifies the calculation.

We would appreciate clarification concerning the new threshold (8bn€), similar to the latter and explained in article 7 GEN –Threshold based on notional amount:

- First, we would like to know **if the same criteria is to be used** to calculate the average notional amount of months June, July and August; this is, if only last business day position should be taken to compute the notional average amount.
- Second, we have some concerns on **how these two thresholds interact together**.
 - a) The aggregate position of March, April and May will establish whether initial margins requirements are required for OTC contracts from 1 September of 2016.
 - b) However, in case of transactions with counterparties whose aggregate average for June, July and August is below 8 billion, these transactions will be exempt from initial margin requirements from the following January.
- Given a) and b), the following scenario might arise: We may reach an aggregate average amount that exceeds the threshold for March, April and May but is below the threshold for average of June, July and August.
 - In this case, **should I.M requirements be applicable for contracts between September and January?** It seems to have no sense to exchange collateral for only that quarter (September to December). Moreover, in September you can already calculate both thresholds and anticipate that you will not be required to exchange collaterals after December.
 - In our view there seems to be a **lack of consistency** between both thresholds. The regulator **should consider simplifying the calculations** and applying only one of the two thresholds for a single period of time, to avoid applying different criteria to trades negotiated in the same period.