CONSULTATION RESPONSE

Energy Consultation Response to CPMI and IOSCO on the revised (i) *Resilience of CCPs: Further Guidance on the PFMI* (May 2026) and (ii) *Public Quantitative Disclosure Standards for CCPs* (May 2026)

Brussels, 30 June 2026 - Energy Traders Europe members, the majority of whom are clients of Clearing Members (CM) when acting on centrally cleared commodity markets, and in rare exceptions act as CM themselves, welcome the opportunity to provide feedback on the May 2026 updates to the PFMI Further Guidance on CCP Resilience and the Public Quantitative Disclosure Standards for CCPs. We broadly support the direction of both documents, which represent important progress in improving transparency and the predictability of margin requirements.

As most of our members access CCP services indirectly through clearing members and therefore depend heavily on information flowing through the CCP–CM–client chain, we particularly welcome measures aimed at reducing information gaps between CCPs, clearing members and end users. The market events of 2022 demonstrated that the scale, speed and predictability of margin changes can have significant consequences for energy market participants.

We also welcome the growing alignment across jurisdictions. The European Union has taken a similar approach through ESMA's final draft Regulatory Technical Standard on margin transparency[1], while the Bank of England has proposed comparable measures in its consultation on enhancing the resilience of UK central counterparties[2]. This alignment, informed by IOSCO recommendations and lessons from recent market stress, reflects broad recognition that greater transparency and predictability of margin requirements are essential to supporting safe, efficient and resilient clearing markets.

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[1] ESMA, Final Report on the Draft RTS on Margin Transparency requirements, 2 March 2026
[2] Bank of England, Consultation Paper Ensuring the resilience of CCPs, 18 July 2025

Detailed comments

Response to Document 1: Resilience of CCPs: Further Guidance on the PFMI (May 2026)

1. **Design and objectives of the margin system and stress-testing framework (paragraph 2.2.7, footnote 24 and Annex I)**

We welcome the introduction of a clear definition of margin overrides in footnote 24. It ensures that governance frameworks and disclosure obligations to be applied consistently.

We also welcome the extension of board oversight to cover the establishment and modification of override frameworks, placing these alongside material model changes as matters requiring board-level responsibility.

Annex 1 requires CCPs to share with clearing members subject to a margin override, a supporting qualitative explanation of the reasons for the override. We strongly support this requirement. However, we are concerned that, as drafted, the obligation runs exclusively from the CCP to the clearing member. Where an override affects positions held by clients of that clearing member, there is no corresponding obligation for that information to reach those clients. This risks creating a right to information for clearing members but not for clients which remain dependent entirely on the clearing member's own policies and commercial incentives to access this kind of information.

- **We recommend confirming in the final text that the definition in footnote 24 is intended to serve as the reference definition across all related provisions, including those in Annex 1, to ensure consistent interpretation by CCPs, participants and supervisors.**
- **We recommend clarifying that CCPs shall share override explanations with clearing members in terms that are sufficiently detailed to allow them to be passed on to affected clients.**

2. **Disclosure and feedback mechanism for reviewing the margin system and stress-testing Framework (paragraphs 2.2.22, 2.2.23 and Annex I)**

Energy Traders Europe welcomes the strengthened disclosure and feedback requirements in Section 2, including the expanded minimum disclosure list in paragraph 2.2.22. The explicit inclusion of add-on charge methodology and anti-procyclicality tool information in the minimum disclosure list is a material improvement.

We note that paragraph 2.2.22 refers to disclosures provided to participants and *other relevant stakeholders*. Our understanding is that the definition of relevant stakeholders in the guidance is broad enough to encompass clients of CMs.

As we have highlighted previously, active communication and engagement among all participants in the clearing chain is essential to ensuring a resilient and efficient clearing system. We therefore welcome the statement in Annex I that CCPs should seek input from market participants, including through risk committees where appropriate, when designing or implementing material changes to their frameworks.

- **We suggest clarifying in paragraph 2.2.22, for example in a footnote, that where feasible this information should also reach clients of CMs. Without such clarification, the current drafting may be interpreted as limiting disclosure obligations to direct participants only.**

3. Measuring and addressing procyclicality in the CCP's margin system (paragraph 5.2.42., footnote and Annex I)

We strongly support the requirement for CCPs to establish an internal analytical and governance framework for assessing margin model responsiveness within the broader context of margin coverage and cost.

Energy market participants can be particularly exposed to the procyclical effects of margin model recalibration during stress periods, and especially during the 2022 crisis, they had direct experience of sudden, large margin calls during commodity price spikes that were not adequately signalled by prior CCP communications.

We therefore welcome the public disclosure requirement for APC tools and model responsiveness components. However, we observe that the description at a high-level standard set for these disclosures may be insufficient to allow market participants to form a meaningful view of how their margin requirements will behave. A description that confirms the existence of a floor or buffer without quantifying it, or that identifies a responsiveness component without explaining how it is calibrated, has limited predictive value.

- **The public disclosure of APC tools should include, at a minimum, a description of each tool, the trigger conditions under which it activates, the magnitude of its effect on margin requirements, and any caps or floors it imposes. This level of detail is necessary for participants to**

incorporate CCP margin behaviour into their own liquidity risk management frameworks.

4. General feedback on Annex I

We had already welcomed the positive developments IOSCO and other bodies have been taking in the past years, such as for instance the requirement for CCPs to consider making margin simulation tools available to all clearing members and, where feasible, their clients. However, as expressed in the past, we believe that the obligation is framed as requiring CCPs to consider making simulators available to clients, rather than requiring them to do so. This introduces a level of discretion that risks becoming a barrier to proper information sharing. The phrase where feasible, applied to client access, lacks any criteria against which feasibility is to be assessed. Without such criteria, CCPs may decline to provide client access on broad feasibility grounds without meaningful accountability.

We also wish to underline the importance of the simulator's minimum functionality requirements. The requirement to include both baseline initial margin and main add-on charges that are systematically required across clearing members is essential. Our members have consistently reported that the inability to predict add-on charges is one of the most significant sources of margin uncertainty they face. A simulator that reflects only the baseline model is of limited value if the add-on charges applied in practice are not also reflected.

- **We recommend that the final text strengthen the client access provision from a requirement to consider to a positive obligation to provide, subject only to the completion of appropriate non-disclosure agreements. The feasibility caveat should be replaced with a requirement on CCPs to report to their relevant authority, on request, on any practical barriers to client access and the steps being taken to address them.**
- **Additionally, the minimum functionality requirements for simulators should be confirmed as mandatory, and CCPs should be required to document and disclose any material components of their margin methodology that are not reflected in the simulator, together with an explanation of why those components cannot be incorporated.**

Response to Public Quantitative Disclosure Standards for CCPs (May 2026)

Margin (Principle 6)

Item 6.1: We welcome the addition of a requirement to disclose total initial margin required, split between core initial margin and margin add-ons, for each clearing service on a quarterly basis. This is a disclosure that we have consistently advocated for in previous consultation responses. The inability to distinguish the contribution of add-on charges to total margin requirements has been a persistent barrier to understanding margin drivers and predicting margin calls.

- **We recommend confirming this in the final text.**

Item 6.5: We welcome the proposed addition of product-level disclosures for back-testing results, as this should provide market participants with greater transparency than disclosures limited to the clearing service or initial margin model level.

- **We recommend clarifying the criteria used to identify the "most relevant products" for disclosure purposes. This could be based on objective and measurable indicators such as open interest, trading volumes, margin contribution, number of participants, or a combination thereof. Providing greater clarity on the selection methodology would promote more harmonised and meaningful disclosures across CCPs.**

Item 6.6: We welcome the introduction of disclosures on variation margin flows and initial margin calls, including the requirement to report variation margin data by clearing service and currency. However, it is not entirely clear whether the proposed disclosures will provide sufficient information to assess the distribution and concentration of liquidity flows within a clearing service.

- **We recommend that CPMI-IOSCO consider whether additional information on the concentration of variation margin flows and related liquidity exposures could be disclosed in an appropriately aggregated form that preserves participant confidentiality. This could provide market participants with a better understanding of liquidity dynamics and concentration risks within clearing services while avoiding the disclosure of commercially sensitive information.**

Item 6.9: Energy Traders Europe considers item 6.9 and its associated Annex 1 technical specification to be among the most substantive and consequential additions in the May 2026 update to the Public Quantitative Disclosure Standards. The introduction of a standardised, publicly disclosed measure of initial margin responsiveness, grounded in a defined statistical methodology, represents a significant step forward. It transforms margin responsiveness from a qualitative concept into a quantifiable, comparable metric that market participants can use to assess and anticipate the behaviour of CCP margin models during periods of stress.

We particularly welcome the dual-window approach, requiring disclosure of both the largest single-business-day and largest 20-business-day calls over both three-month and twelve-month observation periods. This structure allows users to distinguish between acute margin shocks and more sustained increases, both of which are relevant to liquidity risk management.

We have the following specific comments and recommendations.

- **The disclosure obligation in item 6.9 applies to the most relevant products per clearing service. This phrase introduces a degree of CCP discretion that, if not constrained, could significantly reduce the comparability of disclosures across CCPs and the coverage of the metric for energy market participants.**
- **CPMI-IOSCO should provide explicit criteria for the selection of most relevant products as outlined in more detail under 6.5.**
- **The explanatory notes to item 6.9 correctly require CCPs to explain when the margin responsiveness measure is affected by factors other than the model's response to increased volatility.**
- **CCPs should be required to accompany each quarterly disclosure of item 6.9 with a brief standardised narrative explaining the key drivers of the largest margin call identified during the observation period, including whether the call was driven by market volatility, model recalibration, parameter changes, or structural factors such as contract rolls. This should support promoting a common understanding since all involved parties face ultimately the same market reality.**
- **As with the qualitative model disclosures in Annex 1, we note that the margin responsiveness metric in item 6.9, being a public quantitative disclosure, will in principle be accessible to all market participants, including clients of clearing members. This is a significant improvement over bilateral disclosures that run only to CMs.**

- **We encourage CPMI-IOSCO to ensure that the standardised template for these disclosures is published in a format that allows clients to process and compare data across CCPs without manual intervention.**

Closing Remarks

Energy Traders Europe is broadly supportive of the May 2026 updates to both consultation documents. The reforms address genuine and long-standing gaps in the transparency of CCP margin practices and represent a meaningful step towards a more level playing field between direct and indirect participants in centrally cleared markets.

Our recommendations aim to ensure that the transparency gains achieved in the CCP-to-clearing member relationship are carried through to the client level, so that the ultimate beneficiaries of improved disclosure are the market participants whose liquidity and risk management decisions are most directly affected by CCP margin behaviour.

We remain available to provide further input, including technical input on the practical implications of specific provisions for energy market participants, and would welcome the opportunity to discuss our recommendations with CPMI-IOSCO staff at the appropriate stage of the consultation process.

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About Energy Traders Europe

Energy Traders Europe is the voice of Europe’s energy traders. We represent more than 180 member companies from across the continent, working to promote the role of energy traders in the European energy market.