



**TOPICS:**  
EMIR, MARKET RISK, IMMV

**SOURCE:**  
 European Banking Authority

## EBA Consults on Draft Technical Standards on Initial Margin Model Validation under EMIR

### Draft Technical Standards

- The EBA launched, in cooperation with ESMA and EIOPA, a public consultation on its draft **RTS on Initial Margin Model Validation (IMMV) under the European Markets Infrastructure Regulation (EMIR)**.
- The **consultation runs until 4 February 2022**.
- It has been proposed a **dual process** on IMMV:
  - i. the **most significant market participants** would apply a “standard” validation process very similar to the standard internal model approval process for market risk;
  - ii. the **smaller counterparties** would apply a “simplified” validation process in the scope of these requirements.
- **How to validate an IM model when this is outsourced** (in terms of design or implementation) to external providers.
- **How to structure a transitional framework** (two years since the application of the new rules) for these model validations: it is proposed that the application of the IMMV requirements is phased in with respect to the size of the counterparties and that there are transitional provisions designed to smooth the effect of the validation process.

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