[ESMA clarifies CCPs’ portfolio margining under EIMR]

Under EMIR, CCPs can offset or reduce the required margin across instruments, which they clear if the price risk of one the instrument is significantly and reliably correlated to the price risk of other financial instruments. In those cases, CCPs may apply portfolio margining.

Given there is no specific definition of what constitutes the same product within EMIR and its implementing measures, ESMA’s opinion clarifies:

- as to when two contracts can or cannot be considered as the same instrument for the purpose of portfolio-margining – the opinion contains such clarification for all asset classes; and

- that CCPs have to limit the reduction in margin requirement when portfolio-margining different instruments.

ESMA’s opinion helps to build a common Union supervisory culture and consistent supervisory practices, as well as ensuring uniform procedures and consistent approaches throughout the Union.