



## Press release

9 January 2020

# ESRB publishes report on mitigating the procyclicality of margins and haircuts in derivatives markets and securities financing transactions

The European Systemic Risk Board (ESRB) has today published a [report](#) on mitigating the procyclicality of margins and haircuts in derivatives markets and securities financing transactions. The report expands on the work of a previous [ESRB report published in 2017](#) by providing new analysis and setting out possible policy options to address systemic risks arising from the procyclicality associated with margin and haircut practices.

The policy options in consideration are as follows: the pass-through by central counterparties of any intraday variation margin collected in the course of the same day; the introduction of initial margin floors in both centrally and non-centrally cleared derivatives markets; the reduction of risks of procyclicality in client clearing by limiting the discretion of client clearing service providers towards their clients; the introduction of adequate notice periods to changes in collateral haircuts and eligibility; the introduction of a cash collateral buffer for market participants active in centrally and non-centrally cleared derivatives markets; and the mandatory use of initial and variation margins as risk mitigation techniques in non-centrally cleared securities financing transaction markets.

In setting out these policy options, the ESRB is mindful that their implementation would require further work and engagement with market participants and international fora.

These policy options should not be understood as formal ESRB warnings or recommendations, as defined by Article 16 of the ESRB Regulation.

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