



European Securities and
Markets Authority

Response Form to the Consultation Paper

Draft Guidelines for the methodology to value each contract prior to termination (Article 29(7) of the CCPRRR)



Responding to this paper

ESMA invites comments on all matters in this consultation paper and in particular on the specific questions summarised in Annex III. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **24 January 2022**.

All contributions should be submitted online at www.esma.europa.eu under the heading ‘Your input - Consultations’.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Please do not remove tags of the type <ESMA_QUESTION_VALPT_1>. Your response to each question has to be framed by the two tags corresponding to the question.
3. If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
4. When you have drafted your response, name your response form according to the following convention: ESMA_VALPT_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_VALPT_ABCD_RESPONSEFORM.
5. Upload the form containing your responses, in Word format, to ESMA’s website (www.esma.europa.eu under the heading “Your input – Open consultations” → “Consultation on the Methodology to value each contract prior to termination”).

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading [Legal Notice](#).

Who should read this paper?

All interested stakeholders are invited to respond to this consultation. In particular, this paper may be specifically of interest for EU central counterparties, clearing members and clients of clearing members.

General information about respondent

Name of the company / organisation	Eurex Clearing
Activity	Central Counterparty
Are you representing an association?	<input type="checkbox"/>
Country/Region	Germany

Introduction

Please make your introductory comments below, if any

<ESMA_COMMENT_VALPT_00>

Eurex Clearing is an EMIR-authorized central counterparty (CCP) and a subsidiary of the Deutsche Börse Group. Eurex Clearing provides clearing services for cash and derivatives markets in listed and over-the-counter (OTC) financial instruments.

Eurex Clearing appreciates the opportunity to provide feedback to ESMA's consultation regarding the draft Guidelines for the methodology to value each contract prior to termination. As indicated below, we generally agree with ESMA's analysis and proposals and trust that the draft Guidelines will improve the clarity of the CCP Recovery and Resolution framework with respect to the termination of contracts in the event of a resolution.

<ESMA_COMMENT_VALPT_00>

Questions

Q1 : Do you agree with the proposed analysis and the corresponding limitations on the use of market standard approaches? If not, please explain why? Have you identified other points not mentioned above.

<ESMA_QUESTION_VALPT_01>

We agree with ESMA's proposed analysis and the corresponding limitations on the use of market standard approaches.

<ESMA_QUESTION_VALPT_01>

Q2 : Do you agree with the proposed analysis on the scope of the methodology and the concept of "contracts"? If not, please explain why and provide your analysis.

<ESMA_QUESTION_VALPT_02>

We agree with the proposed analysis on the scope of the methodology and the concept of 'contracts'.

<ESMA_QUESTION_VALPT_02>

Q3 : Do you agree with the interpretation of what could be the resolution authority methodology i.e. the re-use of the valuation methodology of the CCP unless the resolution authority deems it necessary to use another appropriate price discovery method? If not, please explain why and provide your interpretation of methodology and sequencing.

<ESMA_QUESTION_VALPT_03>

We share ESMA's interpretation, i.e. that the resolution authority would re-use the existing CCP valuation methodology, unless it can justify the need to use an alternative price discovery method.

<ESMA_QUESTION_VALPT_03>

Q4 : Do you agree with the proposed analysis with regards to the valuation methodology? If not, please explain why and provide your analysis.

<ESMA_QUESTION_VALPT_04>

We agree with the proposed analysis, including the principles for the assessment of the CCP's methodology (paragraph 52) as well as the guidance on alternative price discovery methods (paragraph 57). Generally, we are of the opinion that the

settlement prices as calculated daily by the CCPs to settle variation margins (VM) are a good, reliable, transparent and consensual basis to determine the termination prices. These prices could potentially be modified on an ad-hoc basis, if specific circumstances require it, for the purpose of the resolution. We understand the ESMA guidance as allowing such methodology.

<ESMA_QUESTION_VALPT_04>

Q5 : Do you agree with the Option 2, if not please explain. Have you identified other benefits and costs not mentioned above associated to the proposed approach (Option 2)?

<ESMA_QUESTION_VALPT_05>

As per our answers to the previous questions, we agree with Option 2.

<ESMA_QUESTION_VALPT_05>

Q6 : If you advocated for a different approach, how would it impact the cost and benefit assessment? Please provide details.

<ESMA_QUESTION_VALPT_06>

As per our previous answer, no comment.

<ESMA_QUESTION_VALPT_06>