



FAQs on Initial Margin model approvals under EMIR 3

FAQ 1. Which banks are affected by the [no action letter on the application of the European Market Infrastructure Regulation \(EMIR\)](#) published on 17 December 2024 by the European Banking Authority (EBA)?

All significant institutions (SIs) that are subject to initial margin (IM) requirements in accordance with Article 11 of EMIR and Article 36 of the Regulatory Technical Standard (RTS) 2016/2251 and that are currently using a model to calculate IMs or that intend to use such a model in the future.

FAQ 2. In light of the [EBA opinion on the application of EMIR 3](#), what will the ECB interim approach be, until the EBA RTS/guidelines become applicable?

The ECB will pause the processing of any IM model applications submitted by SIs until they have been updated to comply with the requirements specified by the forthcoming RTS/guidelines on IM model validation.

FAQ 3. What if an SI is already using an IM model before the entry into force of EMIR 3?

SIs must seek new authorisation for existing IM models as soon as they implement any model change, regardless of its materiality. Recalibrations are also considered model changes in the absence of specific guidance in EMIR 3.

FAQ 4. When should an SI apply if it intends to use an IM model for the first time after the entry into force of EMIR 3?

For IM models that were not being used prior to the entry into force of EMIR 3, SIs should submit applications before those models are used for the first time. SIs can use such IM models immediately after submitting those applications, after which the approach described in FAQ 2 applies.

FAQ 5. What if multiple entities in the group are using or plan to use an IM model?

If more than one legal entity in a banking group is using an IM model (or intends to use an IM model), the parent institution should submit a joint application covering all the legal entities of the group using that IM model (or willing to use that IM model). This applies to both the initial adoption of IM models and any subsequent model changes that affect more than one legal entity.

FAQ 6. What happens when the EBA establishes its central validation function?

SIs that have submitted a pro-forma model application (e.g. the International Swaps and Derivatives Association's Standard IM Model) must also submit it to the EBA, as it will be directed by the EBA.

FAQ 7. What happens when the EBA RTS/guidelines become applicable?

When the EBA RTS/guidelines become applicable, SIs should update their applications based on the requirements in those acts.

FAQ 8. How long will the approval process take?

The ECB will grant or refuse an authorisation within six months for a first-time adoption of a model and within three months for model changes. These time frames will only start from the date on which the application is completed according to the forthcoming EBA RTS/guidelines.

FAQ 9. What information should be submitted to the ECB when applying for IM model approval for the first time?

All the information that SIs are required to submit is included in the relevant Annex of the EBA Opinion (page 5).

FAQ 10. What happens if the information on which the application is based has changed?

Until the entry into force of the EBA RTS/guidelines, the ECB expects information on subsequent changes to IM models to be notified to the ECB on a yearly basis, as described in the Annex of the EBA Opinion (page 6). The updated information should be submitted every year by 31 March.

FAQ 11. To whom should the applications be addressed?

All IM model applications should be submitted to the relevant Joint Supervisory Team. After the establishment of the EBA central validation function (see FAQ 6), applications of pro-forma models should be submitted to both the relevant Joint Supervisory Team and EBA. Following the establishment of the European Securities and Markets Authority's central database, such applications and relevant updates are only expected to be submitted via this database.

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For specific terminology please refer to the [ECB glossary](#) (available in English only).

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