

Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties (Text with EEA relevance)

CHAPTER XII

**REVIEW OF MODELS, STRESS TESTING AND BACK TESTING**

**(Article 49 Regulation (EU) No 648/2012)**

*SECTION 2*

***Back testing***

*Article 49*

**Back testing procedure**

- 1 A CCP shall assess its margin coverage by performing an *ex-post* comparison of observed outcomes with expected outcomes derived from the use of margin models. Such back testing analysis shall be performed each day in order to evaluate whether there are any testing exceptions to margin coverage. Coverage shall be evaluated on current positions for financial instruments, clearing members and take into account possible effects from portfolio margining and, where appropriate, interoperable CCPs.
- 2 A CCP shall consider the appropriate historical time horizons for its back testing programme to ensure that the observation window used is sufficient enough to mitigate any detrimental effect on the statistical significance.
- 3 A CCP shall consider in its back testing programme, at least, clear statistical tests, and performance criteria to be defined by CCPs for the assessment of back testing results.
- 4 A CCP shall periodically report its back testing results and analysis in a form that does not breach confidentiality to the risk committee in order to seek their advice in the review of its margin model.
- 5 Back testing results and analysis shall be made available to all clearing members and, where known to the CCP, clients. For all other clients back testing results and analysis shall be made available by the relevant clearing members on request. Such information shall be aggregated in a form that does not breach confidentiality and clearing members and clients shall only have access to detailed back testing results and analysis for their own portfolios.
- 6 A CCP shall define the procedures to detail the actions it could take given the results of back testing analysis.

**Changes to legislation:**

There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 153/2013, SECTION 2.

EUR 2013 No. 153 may be subject to amendment by EU Exit Instruments made by the [Bank of England](#) under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 ([S.I. 2018/1115](#)), regs. 2, 3, Sch. Pt. 3. These amendments are not currently available on [legislation.gov.uk](#). Details of relevant amending instruments can be found on their website/s.