

Spot Initial Margin Parameter Update

Summary

ECC plans to adjust the parameters for the Initial Margin Spot Market (IMSM) as of 26 July 2021 as follows:

The new parameters applicable will be:

Parameter	Current	New
α (multiplier for statistical component)	3,1	2,8
β (multiplier for maximum component)	1,4	1,5
d (lookback period for maximum component)	20	30

All other IMSM model parameters remain unchanged.

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Adjustment Process

The new value for the multipliers α and β applied on the maximum and the statistical component of the Initial Margin Spot Market (IMSM) will be used for the first time in the IMSM calculation on 23 July 2021 coming into effect the following Monday 26 July 2021.¹

The parameter d for the look-back period in the short-term maximum component will be increased from 20 to 30 exposure days. To avoid sudden margin increases, the lookback period will be increased stepwise as follows:

Calculation Date	Effective Date	α	β	d
...	...	3.1	1.4	20
23.07.2021	26.07.2021	2.8	1.5	20
26.07.2021	27.07.2021	2.8	1.5	21
27.07.2021	28.07.2021	2.8	1.5	22
28.07.2021	29.07.2021	2.8	1.5	23
29.07.2021	30.07.2021	2.8	1.5	24
30.07.2021	02.08.2021	2.8	1.5	25
02.08.2021	03.08.2021	2.8	1.5	26
03.08.2021	04.08.2021	2.8	1.5	27
04.08.2021	05.08.2021	2.8	1.5	28
05.08.2021	06.08.2021	2.8	1.5	29
06.08.2021	09.08.2021	2.8	1.5	30
...	...	2.8	1.5	30

Information

Members impact in IMSM requirements can be calculated using the Initial Margin Spot Market Sample Calculator on the ECC Website. Members who want to calculate the IMSM using the Initial Margin Spot Market Sample Calculator have to use a correct parameter configuration in the parameter sheet in the calculator for the respective calculation day according to the table above. For assistance, please contact clearing@ecc.de.

¹ Calculation Details of the Initial Margin Spot Market (IMSM) can be found in the ECC Spot Market Margining Document available for download on the ECC website.

The calculator as well as the ECC Risk Parameters file on the ECC Website will be replaced containing the final parameters on 23 July 2021.

Clearing Members are reminded to check whether defined Emergency Member Stop Limits and deposited collaterals are set sufficiently to cover a possible margin increase.