

Update for the add-on parameter applied to the liquidation period of freight products

In the SPAN Initial Margin model¹ for the derivatives market, single margin parameters (SMPs) and volatility scan range parameters (VSRs) are calculated to quantify the price change risk and volatility change risk over the liquidation period of a product. Hereby, an add-on in days is applied to the liquidation period within the calculation in case of insufficient data history.

This add-on parameter is currently only used for freight products and is set to one for those contracts. As result of a regular parameter review, ECC adjusts this parameter as follows:

Parameter	Current	New
Add-on to liquidation period for Freight products	1 day	0 day

All other margin parameters remain unchanged.

The parameter update will be used for the first time in the SPAN calculation on 12 February 2025, coming into effect the following day 13 February 2025.

In general, this change will lead to a reduction in margin parameters for freight contracts by roughly 18%.

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¹ Calculation Details of the SPAN Initial Margin model can be found in the [ECC Derivative Market Margining](#) document available for download on the [Margining](#) ECC Website.