

Margin Calculations for Commodities

Your Universal Account has two account segments: one for securities and one for commodities (futures, single-stock futures and futures options). Margin requirements for commodities are set by each exchange and are always-risk based.

We apply margin calculations to commodities as follows:

1. [At the time of a trade.](#)
2. [In real-time throughout the trading day.](#)
3. [Real-time liquidation.](#)
4. [50% margin benefit.](#)

You can monitor most of the values used in the calculations described on this page in real time in the Account Window in CCG Trader

1. Time of Trade Margin Calculations

When you open a new position, we apply the following:

- Initial Minimum Equity Requirement
- Time of Trade Initial Margin Calculation

Initial Minimum Equity Requirement

You are required to have a minimum of \$2,000 or USD equivalent of commodities Net Liquidation Value to open a new position.

In a commodities account, you can satisfy this requirement with assets in currencies other than your base currency. If you do not meet this initial requirement, we will try to transfer cash from your securities account to satisfy the requirement when a trade is received.

If you do not have the minimum of \$2,000 or USD equivalent of commodities Net Liquidation Value, or if you cannot satisfy the initial minimum equity requirement with assets in another currency, or if there is not enough cash in your securities account to satisfy the requirement, you will be unable to open the new position in your commodities account.

Time of Trade Initial Margin Calculation

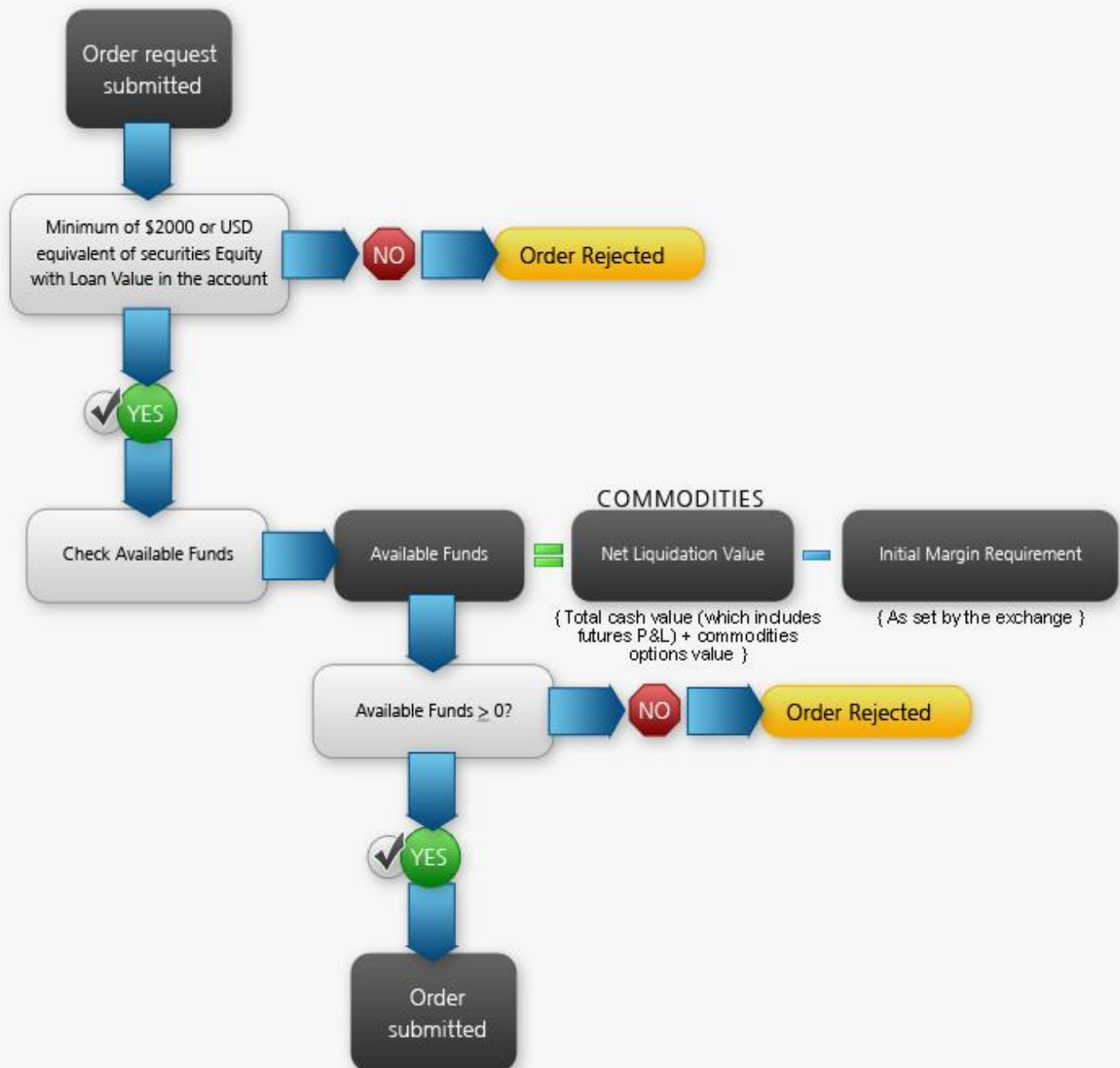
Upon submission of an order, a check is made against real-time available funds. If available funds, after the order request, would be greater than or equal to zero, the order is accepted; if available funds would be negative, the order is rejected.

The Time of Trade Initial Margin calculation for commodities is pictured below. The initial margin used in this calculation is set by the individual exchanges and listed on the Futures & FOPs Margin page.

Example: Commodities Time of Trade Initial Margin Calculation

Available Funds > 0
(Available Funds = Commodities Net Liquidation Value - Initial Margin Requirement^s as set by the exchange)

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2. Real-Time Margin Calculations

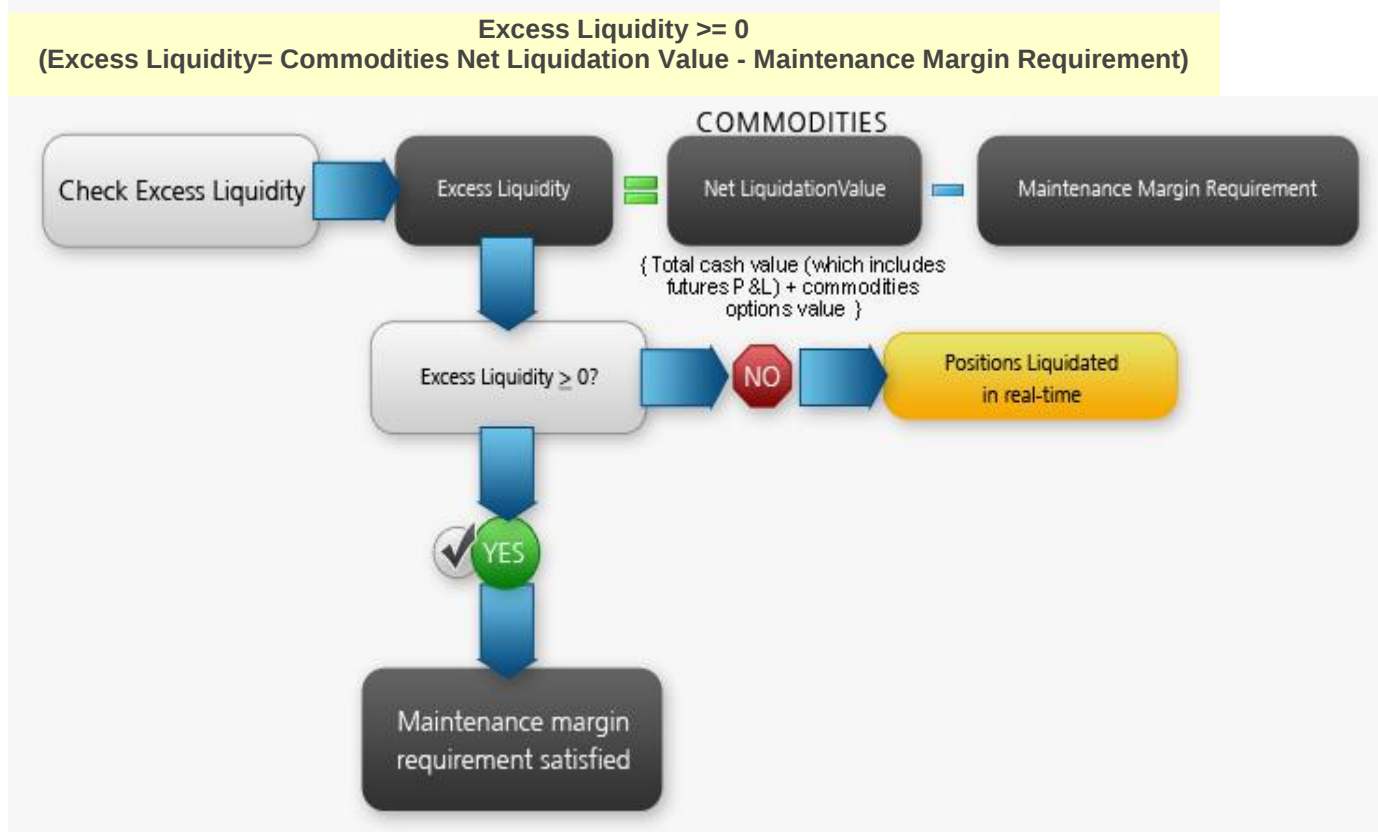
Throughout the trading day, we apply the following calculations to your securities account in real-time:

- Real-Time Maintenance Margin Calculation
- Soft-Edge Margining

Real-Time Maintenance Margin Calculation

Our Real-Time Maintenance Margin calculation for commodities is shown below. The maintenance margin used in this calculation is set by the individual exchanges and listed on the Futures & FOPs Margin page. In the calculations below, "Excess Liquidity" refers to excess maintenance margin equity.

Example: Commodities Real-Time Maintenance Margin Calculation



In addition, any account that has a negative cash balance on a trade date or settlement date basis will be liquidated. It should be noted whereas futures settle each night, futures options are generally treated on a premium style basis, which means that they will not settle until the options are sold or expire. Therefore, for certain combination futures and futures options positions, there may be a mismatch in cash flows which could cause cash to go negative even though Net Liquidation Value is positive. In addition, there are a handful of options where local custom is to cash settle the option each night at the clearing house (e.g. HKFE HSI Options), but we may choose to margin these options on a premium style basis.

Soft Edge Margining

We will automatically liquidate when an account falls below the minimum margin requirement. However, to allow a customer the ability to manage risk prior to a liquidation, we calculate Soft Edge Margin (SEM) during the trading day. From the start of the trading day until 15 minutes before the close of the trading day, Soft Edge Margin allows for an account's margin deficit to be within a specified percentage of the

account's Net Liquidation Value, currently 10%. When SEM ends, the full maintenance requirement must be met. When SEM is not applicable, the account must meet 100% of maintenance margin.

Soft Edge Margin start time of a contract is the latest of:

- the market open, or the latest open time if listed on multiple exchanges;
- or the start of liquidation hours, which are based on trading currency, asset category, exchange and product.

Soft Edge Margin end time of a contract is the earliest of:

- 15 minutes before market close, or the earliest close time if listed on multiple exchanges;
- or 15 minutes before the end of liquidation hours.

If an account falls below the minimum maintenance margin, it will not be automatically liquidated until it falls below the Soft Edge Margin. This allows a customer's account to be in margin violation for a short period of time. Soft Edge Margin is not displayed in Trader Workstation. Once the account falls below SEM however, it is then required to meet full maintenance margin.

Please note that we reserve the right to restrict soft edge access on any given day, and may eliminate SEM completely in times of heightened volatility.

3. Real-Time Liquidation

Real-time liquidation occurs when your commodity account does not meet the maintenance margin requirement. Before we liquidate, however, we do the following:

- We transfer excess cash from your equity account to your commodity account so that the maintenance margin requirement is met.
- To help you stay on top of your margin requirements, we provide pop-up messages and color-coded account information to notify you that you are approaching a serious margin deficiency. CCG TRADER will highlight the row in the Account Window whose value is in the distress state.

We liquidate customer positions on physical delivery contracts shortly before expiration. Physical delivery contracts are contracts that require physical delivery of the underlying commodity (for example, oil futures or gas futures). Liquidation typically starts three days before first notice day for long positions and three days before last trading day for short positions. Certain contracts have different schedules.

4. 50% Margin Benefit

Some futures products are margined at 50% of the normal margin requirements during normal liquid trading hours for each product type. Each day at 15 minutes before the close of the normal trading session for a product, margin requirements will revert back to the 100% requirement until the opening of normal trading hours the next day. Margin requirements will always be applied at 100% for all spread transactions.

For a complete list of products that we margin at 50%, see the [Futures - Intraday Margin Requirements](#) page under the Futures & FOPs tab above.

Disclosures

1. All liquidations are subject to the normal [commission schedule](#). Advisor clients will not be subject to advisor fees for any liquidating transaction.
 2. Calculated at the end of the day under US margin rules.
 3. Initial margin requirements calculated under US Regulation T rules. You can find these requirements by using our [Contract Search](#) feature to find a specific symbol, then drilling down to the details.
 4. Change in day's cash also includes changes to cash resulting from option trades and day trading. Changes in cash resulting from other trades are *not* included.
 5. Except for those futures margined at 50% of the normal margin requirements during normal liquid trading hours, as described in the section **4. 50% Margin Benefit** above.
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- Note that the credit check for order entry always considers the initial margin of existing positions. Therefore, although an account may be holding an existing position at 35%, for example, it is the initial margin requirement of that position that is used in the credit check calculation for order acceptance.