Annexure 2

Blocking of margins

Suppose the total available against various entities are as given below.

Entity	Collateral
CMTM Prop	1000
TM-1 Prop	500
TM-1 Cli-1	300
TM-1 Cli-2	300

Trade-1: TM-1 Cli-2 trades with margin requirement of $ 100. Blocking of margin shall be as follows:

Entity	Collateral	Blocking
CMTM Prop	1000	0
TM-1 Prop	500	0
TM-1 Cli-1	300	0
TM-1 Cli-2	300	100

Trade-2: TM-1 Cli-1 trades with margin requirement of $ 600. Blocking shall be as follows:

Entity	Collateral	Blocking
CMTM Prop	1000	0
TM-1 Prop	500	300
TM-1 Cli-1	300	300
TM-1 Cli-2	300	100

Trade-3: TM-1 Cli-2 trades with revised margin requirement for Cli-2 of $ 600. Blocking shall be as follows:

Entity	Collateral	Blocking
CMTM Prop	1000	100
TM-1 Prop	500	500
TM-1 Cli-1	300	300
TM-1 Cli-2	300	300

Trade-4: TM-1 Cli-2 trades with revised margin requirement for Cli-2 of $ 900. Blocking shall be as follows:

Entity	Collateral	Blocking
CMTM Prop	1000	400
TM-1 Prop	500	500
TM-1 Cli-1	300	300
TM-1 Cli-2	300	300

In the above examples, the collateral of $ 500 blocked from the TM1-Prop, and the collateral of $ 400 blocked from CMTM Prop, shall be deemed to be allocated to TM-1 Cli-1 and TM- 1 Cli-2. The deemed allocation would be as follows:

Client	Margin	Blocked from Client Collateral	Deemed allocation from TM-1 Prop	Deemed allocation from CMTM Prop to TM1-Prop
TM-1 Cli-1	600	300	300	400
TM-1 Cli-2	900	300	600	

To clarify, the deemed allocation from CMTM Prop to TM-1 Prop is $ 400, therefore the total TM-1 Prop collateral (including deemed allocated) would be $ 900 ($ 500 + $ 400). Out of this, the excess client margin would be considered to be deemed allocated to the respective client.