Illustration

Investor A places $5,000 cash collaterals for trading of 5,000 ABC.ES.0903.
Customer Asset Value (CAV) = $5,000

Assumption:
Valuation Price = Underlying Price
SGX margin rate for ABC = 15%

Scenario:

	CAV	Net CAV *	Maintenance Margin (MM) (based on SGX margin rate of 15%)	60% of MM	Initial Margin (IM) (based on SGX margin rate + 5%, ie. 20%)	Amount to top up to IM	Remarks
Investor A buys 5,000 ABC.ES.0903 at $5.00	$5,000	$5,000	($5.00 x 5,000) x 15% = $3,750	$3,750 x 60% = $2,250	($5.00 x 5,000) x (15% + 5%) = $5,000	-	No Margin Call as Net CAV > MM
Valuation Price is $4.75 (price drop of 5%)	$5,000	$5,000 - (0.25 x 5,000) = $3,750	($4.75 x 5,000) x 15% = $3,563	$3,563 x 60% = $2,138	($4.75 x 5,000) x (15% + 5%) = $4,750	-	No Margin Call as Net CAV > MM
Valuation Price is $4.50 (price drop of 10%)	$5,000	$5,000 - (0.50 x 5,000) = $2,500	($4.50 x 5,000) x 15% = $3,375	$3,375 x 60% = $2,025	($4.50 x 5,000) x (15% + 5%) = $4,500	$4,500 - $2,500 = $2,000	Margin call as Net CAV < MM but > 60% of MM
Valuation Price is $4.25 (price drop of 15%)	$5,000	$5,000 - (0.75 x 5,000) = $1,250	($4.25 x 5,000) x 15% = $3,188	$3,188 x 60% = $1,913	($4.25 x 5,000) x (15% + 5%) = $4,250	$4,250 - $1,250 = $3,000	Margin sell out as Net CAV < 60% of MM
LTS close off 4,000 ABC.ES.0903 at $4.25	$5,000	$5,000 - (0.75 x 5,000) = $1,250	($4.25 x 1,000) x 15% = $638	$638 x 60% = $383	($4.25 x 1,000) x (15% + 5%) = $850	-	Net CAV > IM

* Net CAV = CAV +/- (Realised + Unrealised) Profit/Loss