Margin Calculation Assumptions and Limitations

This document outlines the primary assumptions and limitations involved in the calculation of margin within the context of financial products and trading activities.

Assumptions

- All asset price data used in margin calculation are accurate and timely, based on reputable market sources.
- Customer account positions are updated in real-time and reflect all recent trades, deposits, and withdrawals.
- Market volatility levels are consistent with specified parameters in the risk models.
- Haircuts and collateral valuations are determined according to predefined firm policies and regulatory guidelines.
- Interest rates, fees, and related inputs are held constant unless specifically stated otherwise.
- All counterparties are assumed creditworthy, with no imminent risk of default unless alerted.

Limitations

- Margin requirements may change in response to unexpected market movements, regulatory actions, or technical issues.
- Extreme market conditions, including rapid price swings or liquidity shortages, may render margin calculations less effective.
- Historical data and statistical models may not accurately predict future volatility or risk events.
- Assumptions regarding collateral quality and liquidity may not hold in stressed scenarios.
- Operational errors, data lags, or system outages may impact the accuracy of calculations.
- The document does not account for all possible legal, tax, or accounting implications.

Important Notes:

- This document is for informational purposes and does not constitute legal or investment advice.
- Assumptions and limitations should be reviewed periodically and updated as necessary.
- Users should consult with risk management and compliance teams regarding specific applications.
- Margin policies may be subject to change at the discretion of the firm or regulatory authorities.