

## Securities Margin Example:

Day 1: Deposit \$10,000.00 Cash in Margin Account. After the deposit, account values look like this:

Cash=	10,000 \$	
Securities Market Value =	0.00 \$	
Equity with Loan Value (ELV) =	\$10,000.00	Total cash value + stock value + bond value + fund value + European & Asian options value
IB Initial Margin =	\$ 0.00	IM = 25% * Stock Value
Maintenance Margin (MM) =	\$ 0.00	MM = 25% * Stock Value
Available Funds =	\$10,000.00	ELV - IM
Excess Liquidity	\$10,000.00	ELV - MM

Day 1: End of Day

Reg T Margin =	0,00 \$	Reg T Margin = 50% * Stock Value
SMA =	\$ 10,000	(Prior Day SMA +/- Change in Day's Cash +/- Today's Trades Reg T Initial Margin) or (Equity with Loan Value - Reg T Margin) whichever is greater
<b>SMA &gt;= 0</b>	<b>SMA Requirement Satisfied, NO liquidation</b>	

Day 2: Customer BUYS 500 shares of ZZZ stock at \$40.00/share. Total Amount = \$20,000.00. After the trade, account values look like this:

Cash=	-\$ 10,000	
Securities Market Value =	\$ 20,000	
Equity with Loan Value (ELV) =	\$10,000.00	Total cash value + stock value + bond value + fund value + European & Asian options value
IB Initial Margin =	\$ 5,000.00	IM = 25% * Stock Value
Maintenance Margin (MM) =	\$ 5,000.00	MM = 25% * Stock Value
Available Funds =	\$5,000.00	ELV - IM
Excess Liquidity	\$5,000.00	ELV - MM

Day 2: End of Day

<b>Reg T Margin =</b>	\$ 10,000	Reg T Margin = 50% * Stock Value
<b>SMA =</b>	\$ 0.00	(\$10,000.00 – \$0.00 – \$10,000.00) or (\$10,000.00 – \$10,000.00) Whichever is greater
<b>SMA &gt;= 0</b>	<b>SMA Requirement Satisfied, NO liquidation</b>	

Day 3: First, the price of ZZZ rises to 45.00/share.

<b>Cash=</b>	-\$ 10,000	
<b>Securities Market Value =</b>	\$ 22,500	
<b>Equity with Loan Value (ELV) =</b>	\$12,500.	Total cash value + stock value + bond value + fund value + European & Asian options value
<b>IB Initial Margin =</b>	\$ 5,625	IM = 25% * Stock Value
<b>Maintenance Margin (MM) =</b>	\$ 5,625	MM = 25% * Stock Value
<b>Available Funds =</b>	\$ 6,875	ELV - IM
<b>Excess Liquidity</b>	\$ 6,875	ELV - MM Excess Liquidity >=0, so <b>NO LIQUIDATION</b> occurs.

Day 3: Then the price of ZZZ falls to \$35.00/share.

<b>Cash=</b>	-\$ 10,000	
<b>Securities Market Value =</b>	\$ 17,500	
<b>Equity with Loan Value (ELV) =</b>	\$7,500.	Total cash value + stock value + bond value + fund value + European & Asian options value
<b>IB Initial Margin =</b>	\$ 4,375	IM = 25% * Stock Value
<b>Maintenance Margin (MM) =</b>	\$ 4,375	MM = 25% * Stock Value
<b>Available Funds =</b>	\$ 6,875	ELV - IM
<b>Excess Liquidity</b>	\$ 3,125	ELV - MM

Day 3: End of Day		
Reg T Margin =	\$ 8,750	Reg T Margin = 50% * Stock Value
SMA =	\$ 0.00	(\$10,000.00 – \$0.00 – \$10,000.00) or (\$10,000.00 – \$10,000.00) Whichever is greater
SMA >= 0	<b>SMA Requirement Satisfied, NO liquidation</b>	

Day 4: Customer SELLS 500 shares of ZZZ at \$45.00/share. Total Amount = \$22,500.00. After the trade, account values look like this:		
Cash=	\$ 12,500	
Securities Market Value =	\$ 0.00	Positions no longer held.
Equity with Loan Value (ELV) =	\$ 12,500	Total cash value + stock value + bond value + fund value + European & Asian options value
IB Initial Margin =	\$ 0.00	IM = 25% * Stock Value
Maintenance Margin (MM) =	\$ 0.00	MM = 25% * Stock Value
Available Funds =	\$ 12,500	ELV - IM
Excess Liquidity	\$ 12,500	ELV - MM

Day 4: End of Day SMA Calculation		
Reg T Margin =	\$ 0.00	Reg T Margin = 50% * Stock Value
SMA =	\$ 12,500	(\$0.00 +/- \$0.00 + \$11,250.00) or (\$12,500.00 – \$0.00) Whichever is greater
SMA >= 0	<b>SMA Requirement Satisfied, NO liquidation</b>	

Day 5: Customer attempts to BUY 500 shares of ABC stock at \$101.00/share. Total Amount = \$50,500.00.		
Cash=	\$ 12,500	
Securities Market Value =	\$ 0.00	
Equity with Loan Value (ELV) =	\$12,500.	Total cash value + stock value + bond value + fund value + European & Asian options value
IB Initial Margin =	\$ 12,625.00	IM = 25% * Stock Value
Maintenance Margin (MM) =	\$ 12,625.00	MM = 25% * Stock Value
Available Funds =	-\$125	ELV - IM
Excess Liquidity	-\$125	ELV - MM Excess Liquidity >=0,

Available Funds $\leq 0$ ,	so the trade is Rejected.
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Day 5: Later on Day 5, the customer buys some stock. Customer BUYS 300 shares of ABC stock at \$100.00/share. Total Amount = \$30,000.00.		
Cash=	-\$ 70,500	
Securities Market Value =	\$ 30,000	
Equity with Loan Value (ELV) =	\$5000.	Total cash value + stock value + bond value + fund value + European & Asian options value
IB Initial Margin =	\$ 7500	IM = 25% * Stock Value
Maintenance Margin (MM) =	\$ 7500	MM = 25% * Stock Value
Available Funds =	\$ 5000	ELV - IM
Excess Liquidity	\$ 5000	ELV - MM
Day 5: End of Day		
Reg T Margin =	\$ 15,000	Reg T Margin = 50% * Stock Value
SMA =	-\$ 2500	(\$12,500.00 +/- \$0.00 - \$15,000.00) or (\$10,000.00 - \$12,500.00) Whichever is greater
SMA = - 2,500 which is $< 0$	<b>Shares are Liquidated.</b>	