

Margin call Illustration

By way of illustration.

Example

If you need any help
please call us on
+40 31 630 51 11.

Our office hours
09:00 – 17:30 (EET)
Monday to Friday

Moneycorp
Victoria Center
10th floor
145 Calea Victoriei
1st district
Bucharest
Postal code 010072
Romania

Client enters into a contract to sell RON 450,000 and purchase Euros at a rate of 4.5000 (i.e. €100,000-)



In accordance with Clause 6.1.1 the client places Margin with Moneycorp in an amount of RON 45,000



At a point in time ahead of the value date the market rate is 4.1355



The reduced market value of the contract is RON 36,449.97
i.e. (450,000@4.1355 = 108,813.92)
less (450,000@4.5 = 100,000) = €8,813.92 x 4.1355



Margin held RON 45,000 less Reduced Market Value 36,449.97
= RON 8,550.03



$\text{RON } 8,550.03 / \text{Contract amount of } 450,000 = 1.9\%$
As this is less than 2% an event has been triggered in accordance with Clause 6.2 whereby the Client is required to pay further Margin.



The further margin amount to be paid by the Client is RON 13,950 taking the total margin held to RON 58,950 satisfying the formula in Clause 6.2
i.e. RON 58,950 less RON 36,449.97 = RON 22,500.03 = 5% of the contract value