

Margin Requirements (Stocks, Options and Combinations)

Stocks

Free Services Pack

Margin = Stock position value * 100%

Full Services Pack

Strategy	Initial Margin				Maintenance Margin
long stock	Margin = Stock position value * 25%				Margin = Stock position value * 25% (Intraday) Margin = Stock position value * 50% (Overnight)
short stock	Min Price, \$	Max Price, \$	Rate Type	Rate Value	The same as Initial Margin for short stock, except: Overnight Minimum Rate Value = 50%
	-	5,00	\$ per unit	\$ 2,50	
	-	5,00	%	100%	
	5,00		\$ per unit	\$ 5	
	5,00		%	30%	

Description:

- For short positions on stocks with a price lower than \$5, the margin required is 100% with a minimum of \$2.50 per share.
- For short positions on stocks with a price higher than \$5, the margin required is 30% with a minimum of \$5 per share.

Options

Strategy	Initial Margin	Maintenance Margin
long call	\$0	\$0
long put	\$0	\$0
short call	short option position_value + max ((<i>Percentage of Underlying (25%)</i> * notional_value – out_of_money_amount), (<i>Minimum Percentage (10%)</i> * notional_value))	Same as initial
short put	short option position_value + max ((<i>Percentage of Underlying (25%)</i> * notional_value – out_of_money_amount), (<i>Minimum Percentage (10%)</i> * exercise_value))	Same as initial

Combinations

1.1. Two Leg Option Spreads

Straddle (long/short): Call and put options with the same direction (long or short), equal quantity, same strike price, and expiration date.

Strangle (long/short): Call and put options with the same direction (long or short), equal quantity, the same expiration date, and different strike prices.

Put spread: Long and short put options with equal quantity if the long option expires on or after the short option.

Call spread: Long and short call options with equal quantity if the long option expires on or after the short option.

Strategy	Initial Margin	Maintenance Margin
short call and put (short straddle/strangle)	$\max(\text{short call Initial margin, short put Initial margin}) + \text{other option position_value}$	Same as initial
put spread (long side expires with or after the short side)	$\max(\text{short put exercise_value} - \text{long put exercise_value}, 0)$	Same as initial
call spread (long side expires with or after the short side)	$\max(\text{long call exercise_value} - \text{short call exercise_value}, 0)$	Same as initial

1.2. Other Option Spreads

Long Butterfly: Two short options of the same series (class, multiplier, strike price, expiration) offset by one long option of the same type (put or call) with a higher strike price and one long option of the same type with a lower strike price. All component options must have the same expiration and equal intervals between exercise prices.

Short Box: Long call and short put with the same exercise price ("buy side") coupled with a long put and short call with the same exercise price ("sell side"). Buy side exercise price is higher than the sell side exercise price. All component options must have the same expiration.

Short Iron Condor: Combination of

- short put vertical:
 - ◆ Sell a put, strike B
 - ◆ Buy a put, strike A
- short call vertical:
 - ◆ Sell a call, strike C
 - ◆ Buy a call, strike D

where $A < B < C < D$. All options have the same expiration date. (Distances between strikes are not necessarily equal.)

Strategy	Initial Margin	Maintenance Margin
long butterfly	\$0	\$0
short box	$(\text{long call exercise_value} - \text{short call exercise_value}) * 1.25$	Same as initial
short iron condor	$\max((\text{long call exercise_value} - \text{short call exercise_value}), (\text{long put exercise_value} - \text{short put exercise_value}))$	Same as initial

1.3. Hedging Strategies

Strategies listed in this section are permitted only for options on individual stocks:

- **Covered call** (short call and long underlying): Long equity and short call options.
- **Protective put** (long put and long underlying): Long equity and long put options.
- **Protective call** (long call and short underlying): Short equity and long call options.
- **Covered put** (short put and short underlying): Short equity and short put options.

Strategy	Initial Margin	Maintenance Margin
covered call (short call and long underlying)	long stock Initial margin + call in_the_money_amount	long stock Maintenance margin + call in_the_money_amount
covered put (short put and short underlying)	short stock Initial margin + put in_the_money_amount	short stock Maintenance margin + put in_the_money_amount
protective put (long put and long underlying)	long stock Initial margin	min ((option exercise_value * <i>Minimum Percentage (10%)</i> + out_of_money_amount), long stock Maintenance margin)
protective call (long call and short underlying)	short stock Initial margin	min ((option exercise_value * <i>Minimum Percentage (10%)</i> + out_of_money_amount), short stock Maintenance margin)

General Notice

- Freestoxx will always work on providing the best trading experience to its clients.
- It is important to understand that all margin requirements are set and can be changed at any time by Freestoxx.
- Reasons for these changes might be regulatory requests, market volatility, company risk assessment and others.
- In some cases this can mean that positions have to be reduced or fully closed immediately.
- As a client you acknowledge this and agree to immediately respect all changes in margin requirements.