Example of computation of offsetting positions

Example: A hypothetical Index Q with constituent underlying stocks A & B have weight-ages as stated below. Based on the weight-ages the number of units required to be considered as a complete replica is computed as under:

Underlying	Weight%	Units Required
Index Q		50
Stock A	60	30
Stock B	40	20

The portfolio will be considered as a complete replica if the client has Long 50 units of Index Q Futures and Short positions in Stock A/Stock Futures A to extent of 30 units and short positions in Stock B/Stock Futures B to the extent of 20 units.

Assuming a client has the following positions in his portfolio. A (+) sign indicates a long position and (-) indicates a short position.

Underlying	Expiry / Month	Open Position
Index Q Futures	Jan 09	+50
	Feb 09	-75
Stock futures of A	Jan 09	-20
	Feb 09	+70
Stock futures of B	Jan 09	-60
	Feb 09	+10
Position in Stock A (CM Segment)		-50
Position in Stock B (CM Segment)		+30

The cross margin benefit shall be provided as under:

Index Futures to Constituent Stocks/Stock Futures positions

Underlying	Expiry Month	Benefit qty
Index Q Futures	Jan 09	50
Stock futures of A	Jan 09	-20
Position in Stock A (CM Segment)		-10
Stock futures of B	Jan 09	-20
Index Q Futures	Feb 09	-50
Stock futures of A	Feb 09	30
Stock futures of B	Feb 09	10
Position in Stock B (CM Segment)		10

Stock Futures to Stocks

Underlying	Expiry Month	Benefit qty
Stock futures of A	Feb 09	40
Position in Stock A (CM Segment)		-40
Stock futures of B	Jan 09	-20
Position in Stock B (CM Segment)		20