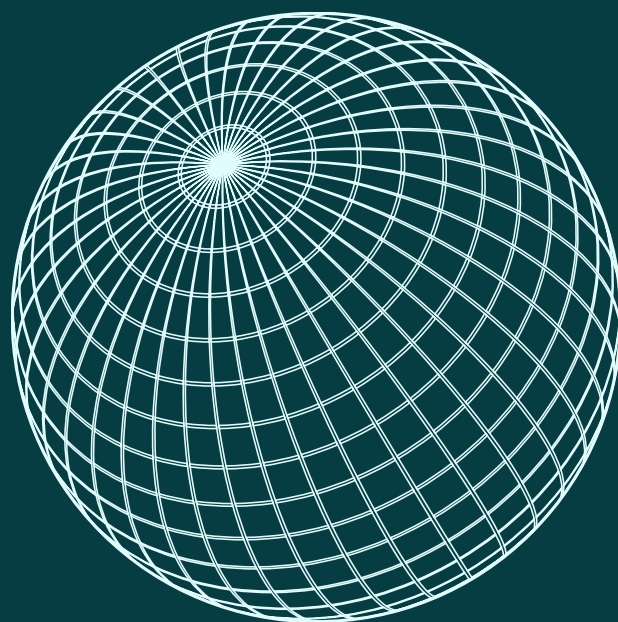




# New limits, credit and collateral functionalities in Alt21

2024



# What will be changing in alt21?

To support the new facility structure - we will be improving on how we present information related to your Margin Credit Facility (MCF), Initial Margin (IM) requirements and trading limits, as well as how you view, post and withdraw your margin collateral.

Changes will be made to the following screens, under the 'Risk Management' tab of the 'Hedging' section in X-Hedge:

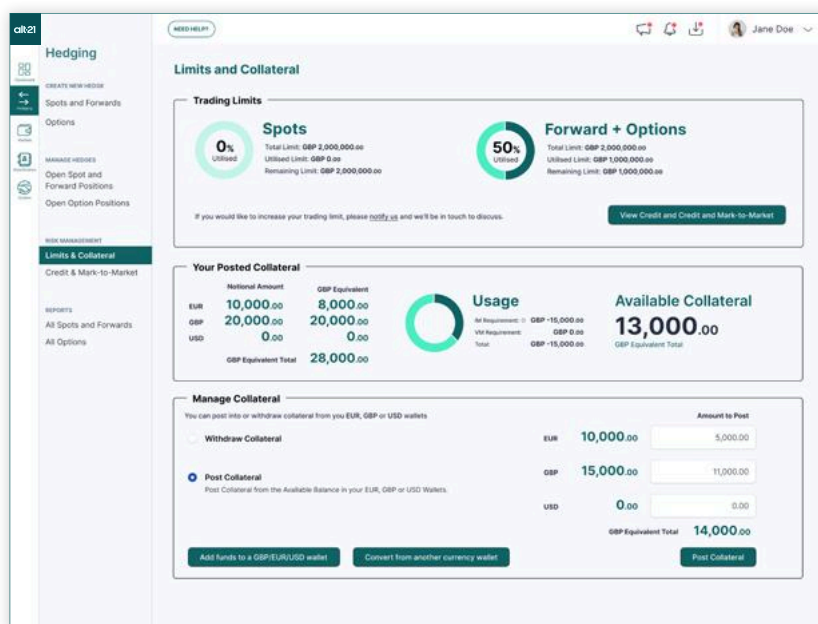
## **Collateral Management**

You will be able to perform actions related to your collateral account and view your current IM usage under the new Limits and Collateral screen. Utilisation of your MCF can be viewed under the new Credit and Mark-to-market screen.

## **Position Limits**

Your existing trading limits and utilisation will be available at the top of the Limits and Collateral screen.

# Limits and Collateral Screen



The new Limits and Collateral screen provides with a single location where you can:

- View your total trading limits and the amount already utilised, with the ability to request for increased limits where necessary
- Confirm the balance in your margin collateral account and ascertain the amount of free collateral available for future trades, after and IM and VM usage
- View, post and withdraw balance

## Trading Limits

Trading Limits section details the total maximum open exposure limit for Spots and Forwards/Options and provides you with a view on your current utilisation of the current limit, expressed in GBP equivalent. Trading facilities are maintained by ALT 21 and are specific to Spots or Futures/Options.

If an increased trading limit is required, you will be able to make this request by clicking on 'Notify us' and a member of the trading team will be in touch to discuss your requirements.

## Your Posted Collateral

This section details the amount of collateral you have posted to your margin collateral account in GBP, EUR and USD, respectively. The total amount of collateral you have posted is represented in GBP equivalent total.

The total amount of free collateral available for future trades is calculated by deducting your current collateral usage (through IM and Variation Margin requirements) from the total amount of posted in your margin collateral account.

## Manage Collateral

Your ability to view, post and withdraw collateral remains largely unchanged. Should there be insufficient funds in your wallet(s) - you will be prompted to add or convert funds in order to post collateral.

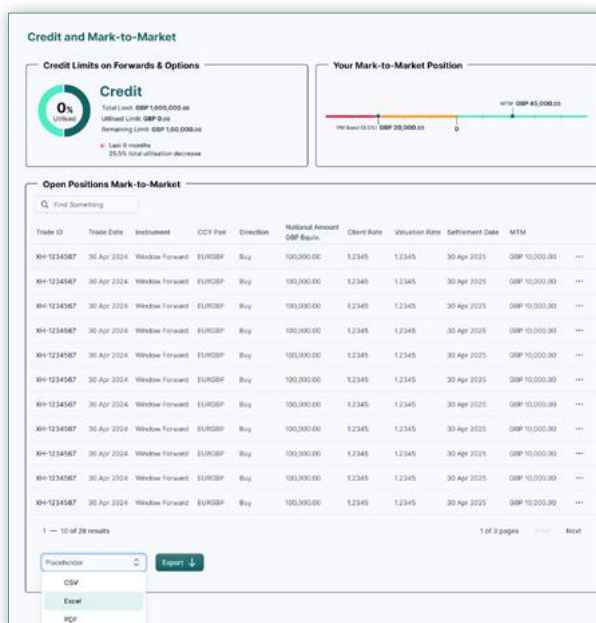
# Credit and Mark-to-Market

Within the new Credit and Mark-to-Market (MTM) screen, you will be able to:

- View your current MCF limits and the amount already utilised
- Assess the current MTM value of your open contracts, and how this compare against your Variation Margin Limit (VML)
- Obtain a broken down view of your open contracts and how they contribute to your total MTM value

## Credit Limit

Credit Limit section details the total credit limit allocated to you as part of your MCF and provides you with a view of your current utilisation of this limit, expressed in GBP equivalent.



## Your Mark-to-Market Position

Your MTM position visualises the current Mark-to-Market value of your open contracts against your VML. The graph also provides you with the status of your MTM, and provides you with the notification should there be a risk of a Margin Call.

## Your Variation Margin Limit (VML) marker

Your VML is denoted as a marker your Mark-to-Market position chart and represents the maximum amount the MTM value of your open contracts can be negative before a Margin Call is issued and you are required to post additional collateral.

The VML is expressed as a percentage of the total notional amount of open contracts in GBP equivalent.

# Credit and Mark-to-Market

## Your Mark-to-Market (MTM) marker

Your MTM marker represents the overall MTM of your open contracts, represented in GBP equivalent. For a breakdown of your MTM value, refer to the open positions Mark-to-Market table to review the MTM of individual trades.

## Status of your MTM vs VML

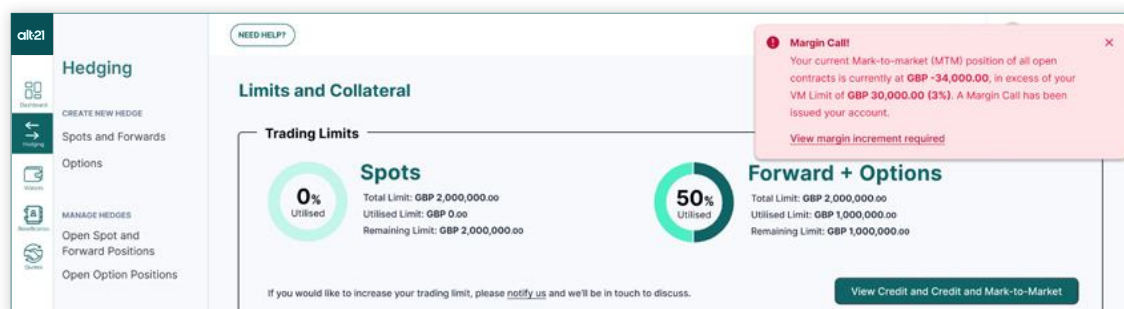
Depending on the value of your MTM - your MTM position chart will indicate the relative position of your MTM against your VML as follows:

- MTM value is positive - your MTM position chart will be displayed as normal. No action is required
- MTM value is negative but still within your VML - an amber warning will be displayed on the chart
- MTM value is negative and exceeds your VML - a red warning will be displayed on the chart, along with a notification to inform you that a Margin Call has been issued on your account and an immediate action is required

# Margin Call

In the event that your negative MTM value exceeds your VML. A Margin Call will be issued on your account and you will be restricted from booking new trades until you have posted sufficient collateral to settle your Margin Transfer Amount.

Trading functionalities will be temporarily disabled until Margin Transfer Amount is settled:



## Settling Margin Transfer Amount

To fulfil the Margin Transfer Amount. You will be required to navigate to the Limits and Collateral page where you will be advised of the variation margin amount you are required to post.



## Variation Margin Increment

Variation Margin increment refers to the additional margin collateral you are required to post to address the negative MTM in excess of your VML. Your Variation Margin Increment is expressed as a percentage of the notional amount of open contracts.

In the event that your MTM value exceeds your VML, you will be in Variation Margin Limit Deficit - the deficit amount to your VML determines the number of VM increments necessary. Upon the VM Limit deficit amount breaching each VM increment amount, an additional VM increment will be required. Refer to scenario examples below:

### For all scenarios:

Exposure of current open FX contracts: GBP 1,000,000  
 VM Limit (3%): GBP 30,000  
 VM Increment (1.5%): GBP 15,000

# Margin Call

Scenario	MTM (GBP)	VM Limit Deficit (GBP)	VM Increment Required	VM Amount Required (GBP)	Collateral Posted	Note
Scenario 1	-35,000	5,000	1	15,000	0	VM Limit excess is below the upper threshold of first increment
Scenario 2	-45,500	15,500	2	30,000	0	VM Limit excess is above the upper threshold of first increment, but below the upper threshold of second increment
Scenario 3	-59,900	29,900	2	30,000	0	VM Limit excess is above the upper threshold of the second increment, but below the upper threshold of second increment
Scenario 4	-60,100	30,100	3	45,000	0	VM Limit excess is above the lower limit of the third threshold
Scenario 5	-60,100	30,100	3	45,000	50,000	Collateral posted beyond the VM Amount required. Margin call is no longer active.

## Post Collateral

To settle the Margin Transfer Amount - you will be required to post sufficient collateral to as per the Variation Margin amount indicated in your Margin Call.

The following actions will be required:

1. Should there be insufficient funds in your wallet - deposit additional funds into your wallet. This can be done directly on X-Hedge through the 'Wallet' section. Alternatively, click on 'Add funds to wallet' within the 'Manage Collateral' section.
2. Select 'Post Collateral' and select from which currency wallet you would like to post collateral from. Please note that collateral posted in USD or EUR will be converted to the GBP Equivalent total.

# Notifications

You will receive a notification via the platform and email if you will be required to deposit additional funds to your collateral account to meet a Margin Transfer Amount. This will be driven by your current credit utilisation percentage.

## Credit Utilisation

Credit utilisation refers to your net equity after collateral (your MTM value and your posted collateral less any IM requirements) expressed as a percentage of your current VM Limit.

## Utilisation Threshold

Once your credit utilisation has reached the following thresholds, you will be provided with the following notifications:

### Credit utilisation of 80%

You will receive a notification stating you are approaching full utilisation of your Variation Margin Limit, you may need to fund your account soon to meet a Margin Transfer Amount. You will be unable to withdraw any posted collateral until your credit utilisation is below 80%

### Credit utilisation of 90%

You will receive a notification stating that you will be required to deposit funds in your margin collateral account to avoid a margin call.

### Credit utilisation of 100%

A Margin Call is active on your account and you will be restricted from placing new trades. You will need to deposit funds in your margin collateral account immediately.



## About Alt21

Alt21's mission is to make hedging solutions simple, accessible and affordable.

Its end-to-end platform for FX hedging and payments solutions for SMEs, offered as a SaaS and managed service, allows financial and non-financial institutions to provide hedging services and cross-currency solutions that are simple to understand, low-cost, and self-service, significantly increasing adoption among SMEs.

BankHedge™ is a purposely-built platform that enables banks to offer rich yet transparent and affordable FX hedging solutions to businesses when and where they need it, via a simple, guided self-service user-experience, accessible 24/7.

Since 2017, Alt21 Software Limited has been specializing in creating advanced technology solutions primarily for its subsidiary, a regulated entity overseen by the UK's Financial Conduct Authority. The company has focused on developing and servicing sophisticated multi-currency and FX hedging solutions tailored for SMEs and brokers. In a bid to dramatically increase the mass-adoption of FX hedging solutions by SMEs, the company has built a dedicated banking software division focused on providing cutting-edge technology for banks to improve their end-to-end FX operations and services.

Our partners work with us because we are:

- 100% focused on FX hedging
- Solidly backed by investors: €21m raised in 2023, we're here to stay
- Tech-obsessed: passionate about using tech to help banks serve clients even better
- Tried and tested by the market: SMEs love the BankHedge experience
- Committed to simplicity: everything we do is to make hedging simpler
- Low cost and low risk implementation and go-to-market
- Regulated by the FCA, not just a tech BaaS provider
- Flexible with commercial terms

To learn more about Alt21 visit [www.Alt21.com](http://www.Alt21.com)

or contact us:

London  
ALT 21 Limited  
45 Eagle Street  
London WC1R 4FS  
+44 20 8068 7318

Dublin  
ALT 21 Software Limited  
Century House, Harold's Cross Road,  
Dublin 6W, Dublin, Ireland  
+353 1691 8846

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