

Customer	Claim in U.S. dollars after allocated non-sovereign shortfall	Allocation of shortfall due to sovereign action	Claim after all reductions
B	50	0	50
C	50	0	50
D	450	0	450
Total	600.00	0.00	600.00

Example 2. Shortfall in funds held in the U.S.

Customer	Claim	Location(s) customer has consented to having funds held
A	\$100	U.S.
B	50	U.K.
C	100	U.K., Germany, or Japan

Location	Actual asset balance
U.S.	\$50
U.K.	100
Germany	50

Note: Conversion Rates: 1=\$1.

Reduction in Claims for General Shortfall

There is a shortfall in the funds held in the U.S. such that only $\frac{1}{2}$ of the funds are available.

Convert each customer's claim in each currency to U.S. Dollars:

Customer	Claim	Conversion rate	Claim in US\$
A	\$100	1.0	\$100
B	50	1.0	50
C	100	1.0	100
Total			250.00

Determine assets available for distribution to customers, converting to U.S. dollars:

Location	Assets	Conversion rate	Assets in U.S. dollars	Shortfall due to sovereign action percentage	Actual shortfall due to sovereign action	Amount actually available
U.S.	\$50	1.0	\$50.00	.....	.....	\$50
U.K.	100	1.0	100	.....	.....	100
Germany	50	1.0	50	.....	.....	\$50
Total			200.00	.....	.....	200.00

Determine the percentage of shortfall that is not attributable to sovereign action: Shortfall Percentage = $(1 - 200/250) = (1 - 80\%) = 20\%$.

Reduce each customer's claim by the Shortfall Percentage:

Customer	Claim in US\$	Allocated shortfall (non-sovereign)	Claim in U.S. dollars after allocated shortfall
A	\$100	\$20.00	\$80.00
B	50	10.00	40.00
C	100	20.00	80.00
Total	250.00	50.00	200.00

Reduction in Claims for Shortfall Due to Sovereign Action

There is no shortfall due to sovereign action. Accordingly, the customer claims will not be further reduced.