

## Claims After Reductions

| Customer    | Claim in U.S. dollars after allocated non-sovereign shortfall | Allocation of shortfall due to sovereign action | Claim after all reductions |
|-------------|---|---|----------------------------|
| A .....     | \$80  | .....   | \$80.00                    |
| B .....     | 40  | .....   | 40.00                      |
| C .....     | 80  | .....   | 80.00                      |
| Total ..... | 200.00  | 0   | 200.00                     |

Example 3. Shortfall in funds held outside the U.S., or in a currency other than U.S. dollars, not due to sovereign action.

| Customer | Claim | Location(s) customer has consented to having funds held |
|----------|-------|---|
| A .....  | \$150 | U.S.  |
| B .....  | 100   | U.K.  |
| C .....  | 50    | Germany   |
| D .....  | \$100 | U.S.  |
| D .....  | 100   | U.K. or Germany   |

| Location      | Actual asset balance |
|---------------|----------------------|
| U.S. ....     | \$250                |
| U.K. ....     | 50                   |
| Germany ..... | 100                  |

Note: Conversion Rates: 1=\$1.

## Reduction in Claims for General Shortfall

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

| Customer    | Claim | Conversion rate | Claim in US\$ |
|-------------|-------|-----------------|---------------|
| A .....     | \$150 | 1.0             | \$150         |
| B .....     | 100   | 1.0             | 100           |
| C .....     | 50    | 1.0             | 50            |
| D .....     | \$100 | 1.0             | 100           |
| D .....     | 100   | 1.0             | 100           |
| Total ..... | ..... | .....           | 500.00        |

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. ....     | \$250  | 1.0             | \$250                  | .....  | .....                                    | \$250                     |
| U.K. ....     | 50     | 1.0             | 50                     | .....  | .....                                    | 50                        |
| Germany ..... | 100    | 1.0             | 100                    | .....  | .....                                    | 100                       |
| Total .....   | .....  | .....           | 400.00                 | .....  | 0  | 400.00                    |

Determine the percentage of shortfall that is not attributable to sovereign action: Shortfall Percentage =  $(1 - 400/500) = (1 - 80\%) = 20\%$ .

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 .....     | \$150         | \$30.00                             | 120.00  |
| B .....     | 100           | 20.00                               | 80.00   |
| C .....     | 50            | 10.00                               | 40.00   |
| D .....     | 200           | 40.00                               | 160.00  |
| Total ..... | 500.00        | 100.00                              | 400.00  |