

**Reduction in Claims for Shortfall Due to Sovereign Action**

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

**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 .....	\$120.00	.....	\$120
B .....	80.00	.....	80
C .....	40.00	.....	40
D .....	160.00	0	160
Total .....	400.00	0	400

*Example 4.* Shortfall in funds held outside the U.S., or in a currency other than U.S. dollars, due to sovereign action.

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

Location	Actual asset balance
U.S. ....	\$150
U.K. ....	100
Germany .....	100

Notice: Conversion Rates: 1 = \$1; ¥1= \$0.01, £1= \$1.5.

**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 .....	\$50	1.0	\$50
B .....	50	1.0	50
C .....	50	1.0	50
D .....	\$100	1.0	100
D .....	100	1.0	100
Total .....	.....	.....	350.00

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. ....	\$150	1.0	\$150	.....	.....	\$150
U.K. ....	100	1.0	100	.....	.....	100
Germany .....	100	1.0	100	50%	50	50
Total .....	.....	.....	350.00	.....	50.00	300.00

Determine the percentage of shortfall that is not attributable to sovereign action: Shortfall Percentage =  $(1 - 350/350) = (1 - 100\%) = 0\%$ .

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 .....	\$50	0	\$50.00
B .....	50	0	50.00
C .....	50	0	50.00