

Customer	Claim in U.S. dollars after allocated non-sovereign shortfall	Allocation of shortfall due to sovereign action from Germany	Claim after all reductions
Total .....	900.00	150.00	750.00

*Example 6.* Shortfall in funds held outside the U.S., or in a currency other than U.S. dollars, due to sovereign action, shortfall in funds held outside the U.S., or in a currency other than U.S. dollars, not due to sovereign action, and a shortfall in funds held in the U.S.

Customer	Claim	Location(s) customer has consented to having funds held
A .....	\$50	U.S.
B .....	50	U.K.
C .....	\$20	U.S.
C .....	50	Germany
D .....	\$100.	U.S.
D .....	£300	U.K.
D .....	100	U.K., Germany, or Japan
E .....	\$80	U.S.
E .....	¥10,000	Japan

Location	Actual asset balance
U.S. ....	\$200
U.K. ....	£200
U.K. ....	100
Germany .....	50
Japan .....	¥10,000

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 .....	\$20	1.0	20
C .....	50	1.0	50
D .....	\$100.	1.0	100
D .....	300	1.5	450
D .....	£100	1.0	100
E .....	\$80	1.0	80
E .....	¥10,000	0.01	100
Total .....			1000.00

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. ....	\$200	1.0	\$200	.....	.....	\$200
U.K. ....	£200	1.5	300	.....	.....	300
U.K. ....	100	1.0	100	.....	.....	100
Germany .....	50	1.0	50	100%	\$50	0
Japan .....	¥10,000	0.01	100	50%	50	50
Total .....			750	.....	100.00	650.00

Determine the percentage of shortfall that is not attributable to sovereign action:

Shortfall Percentage =  $(1 - 750/1000) = (1 - 75\%) = 25\%$ .

Reduce each customer's claim by the shortfall percentage:

Customer	Claim in U.S.\$	Allocated shortfall (non-sovereign)	Claim in U.S. dollars after allocated shortfall
A .....	\$50	\$12.50	\$37.50