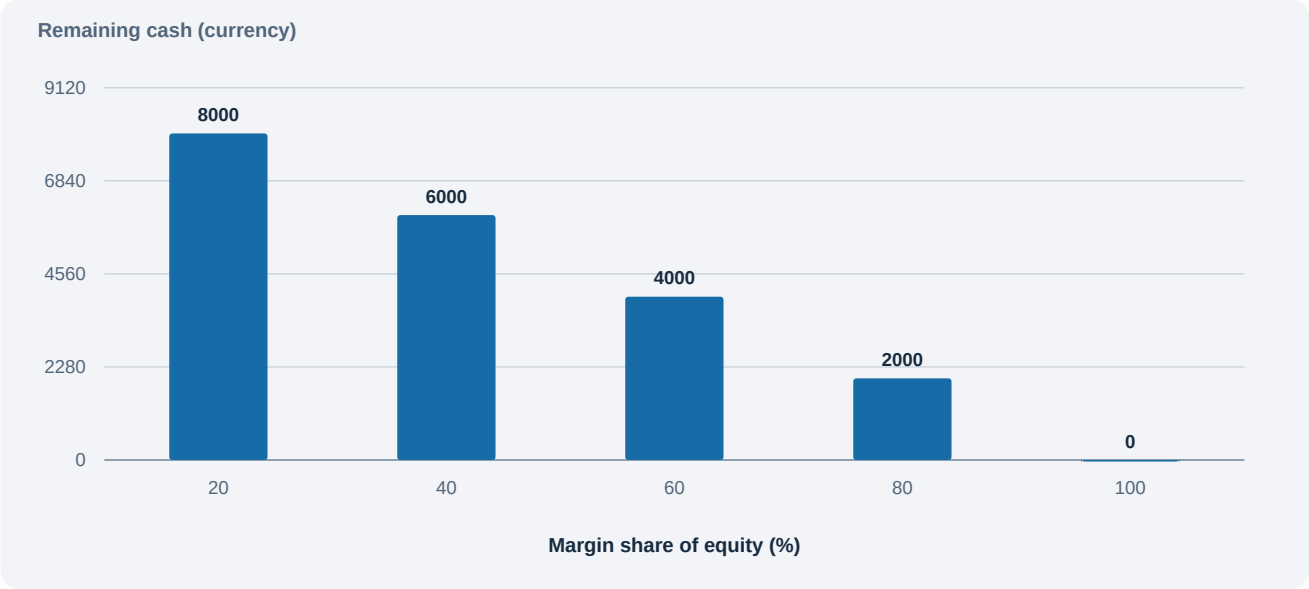
Cash buffer after margin

Risk and sizing | Original synthetic example | Edition 2026-11-26

The cash left after an assumed margin requirement provides a simple liquidity buffer. Margin requirements can change and an initial buffer is not a full loss forecast.

FORMULA Buffer = cash equity - assumed margin

SCENARIO 01: Cash equity 10000; vary assumed margin use



WORKED EXAMPLE

At 60% margin use, 4000 cash remains. Higher requirements can consume the buffer.

COMMON MISTAKE

Deploying every available unit of cash leaves no room for variation margin, fees or changing requirements.

BEFORE YOU USE THE CALCULATION

1. Separate cash from unrealized gains.
2. Test a higher margin assumption.
3. Account for other cash obligations.

COMPARE TWO MORE INPUT SETS

Scenario 05: Cash equity 30000; vary assumed margin use. At 60% margin use, 12,000 cash remains. Higher requirements can consume the buffer.

Scenario 10: Cash equity 55000; vary assumed margin use. At 60% margin use, 22,000 cash remains. Higher requirements can consume the buffer.

Synthetic values are not historical market data. Educational material; trading can result in substantial losses.