



An Introduction to Portfolio Margining

Published in *Futures and Derivatives Law Report* Volume 26, Number 11

December 2006

The goal of portfolio margining is to set levels of margin that more accurately reflect actual net risk. Customers benefit from portfolio margining because margin requirements calculated on the basis of net risk are generally lower than the amounts that would be required by strategy-based methodologies, thus providing more leverage in an account. Broker-dealers benefit because a highly correlated pair or group of positions is a better proxy for the risk associated with one or more of those leveraged positions than cash or other forms of collateral.

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.

©2025 Katten Muchin Rosenman LLP.

All rights reserved. Katten refers to Katten Muchin Rosenman LLP and the affiliated partnership as explained at katten.com/disclaimer.