
Basket Weaver Factsheet:

Basket Weaver is an enhancement to the Risk Based Haircut (RBH) and Risk Based Margin (RBM) systems.

The system attempts to lower haircut/margin requirements by efficiently allocating stock among equity option positions as well as sector and broad-based baskets.

Weaver is designed to analyze the entire position of stocks, equity options, index options and eligible futures.

At the user's option:

- It will net stock positions before or after creating baskets
- It allocates stocks and single security futures to equity options to reduce charges and then, using the basket composition file provided by the user, constructs as many baskets as possible
- Both stocks and single security futures are utilized in constructing baskets
- The Basket Weaver helps users construct baskets with proper capitalization that are adequately hedged by options and futures