Concentration limits focus on limiting buying power on a particular symbol rather than reducing overall account buying power with increased margin requirements.

Let's take a look at an example with the shorting of the symbol FCAP.

➔ **Account Equity**: $100,000
➔ **Buying Power**: $400,000

Scenario 1 - Increased Margin Requirement **(current process)**

The margin requirement approach has this name at a 100% requirement for day trading. With a $100,000 account, you can short $100,000 worth of FCAP at $28.10. $100,000 / $28.10 = 3,558 shares. **You would have $0 BP left after this trade.**

Scenario 2 - Concentration Requirement **(new process)**

The concentration requirement approach reduces the margin requirement to 25%. However, there is a Concentration Short Limit of 100% (ConcShrt). This means that the max position allowed will be your full equity value. With the $100,000 account, you can short $100,000 / $28.10 = 3,558 shares. However, unlike scenario 1, where you are left with $0 in BP, the margin requirement for this trade was only 25%. This trade only required a buying power of $28.10 * 3558 = ~ $100,000 from your original $400,000 start-of-day buying power. This leaves the trader with $300,000 in buying power after this trade.

FAQ

Does this mean I can't max out my buying power any more on one name?!

No, because most of the symbols don't have a concentration limit at all, you can still use your full buying power in one single name.

Yes, but with a positive caveat. With the previous margin requirement approach, you were able to use all of your buying power in one name; however, you had no buying power left. With the new approach, you will still be able to short the same amount of shares but be left with more buying power. Please see the FCAP example above.

This concentration calculation is extremely confusing, any easier way to understand it?

This is a different way to calculate your quantity entry limits, but actually, the math is a lot more simple. Take the value of your current equity and multiply it by the CONC limit on the level 2 montage. If it reads 10%, you can do up to 10% of your equity, or if you have a $100,000 account, you can do up to $10,000 worth of the stock value (stock price times shares = $10,000 or SHARES = $10,000 / stock price)

I don't see the concentration percentages on my Level 2 montage, why not?

Please update the DAS to the latest version by using the links below. Please make sure to save any hot keys and layouts by installing the folder into a different folder than your current DAS to avoid overwriting any files.

https://dastrader.net/download/5.7.8.6/CPST.5.7.8.6.exe (x86-bit)
https://dastrader.net/download/5.7.8.6/CPST.5.7.8.6_x64.exe (x64-bit)

Will all symbols now be a standard 25% margin requirement?

No, some names, such as Leveraged ETFs, will still have increased margin requirements.

How does this affect overnight requirements?

There will be no change in logic for the overnight requirements. You can view these requirements in the Level 2 Montage.