The forced ladder: calls, liquidation and limit days

> **THE FORCED LADDER**
>
> The machinery's escalation on an under-cashed book: variation drains headroom nightly, the call demands cash on the clearing house's clock, liquidation closes positions at the market's price - and, in some physical families, limit days can lock the market so that no exit exists at any price until the next session. The ladder is survivable at every rung except by those who arrive at it surprised.

Three tracks have taught the forced exit. Futures add two properties: velocity - the daily mark climbs the ladder in cash, fast - and the locked market, which no other asset class on this platform can produce.

The rungs, in order

The drain: adverse variation, nightly - not a rung so much as the slope toward them; lesson 4's days metric measures the descent rate for free.The call: maintenance breached, cash demanded on a deadline - the machinery noticing what the floor already knew. The commodities verdict stands: meeting one means the sizing was wrong at entry, and topping up defends the error at larger stake.Liquidation: positions closed at market, at the machinery's moment - into whatever depth that moment holds, per every slippage lesson on the platform.

The locked market

Some physical families trade with daily price limits: a move to the limit can halt price discovery - limit-up or limit-down - and a position on the wrong side may find no exit at any price until the next session, while marks and margin continue against the limit price. It is rare, it is family-specific - the spec names each family's limit rules - and it is the one scenario on this platform where every exit tool fails simultaneously: no stop, no market order, no spread trade out. The defence is entirely upstream: family choice, event awareness, and sizes that survive a limit sequence - which is why the worked ladder is read beside the spec's limit rows, not instead of them.

The ladder, priced and refused

Work the example: the rungs are percentages of an ordinary week in the leveraged families, and the cash at the bottom is most of the account. Then the module's point, assembled: the ladder is entirely predictable - the drain rate is lesson 4's arithmetic, the call threshold is on the broker's page, the limit rules are on the spec - and a book run at the floor, sized by the division, flat through the minutes, never meets any of it. The machinery is not the risk. Arriving at it surprised is.

Worked example - figures in USD

A $12,000 account holding $24,000 of index futures exposure at 5:1. Illustrative figures.

1. A $12,000 account holds $24,000 of futures exposure at 5:1, with $4,800 posted. The ladder's rungs: a 30.00% adverse move brings the call, 40.00% the forced close.
2. At the bottom rung, $9,600 is gone - and on a daily-settled book the descent is not gradual: variation drains headroom in cash each night before any call prints.
3. Lesson 4's floor exists so this ladder is never climbed: the call is the machinery noticing what the headroom metric said days earlier, for free.

Check your understanding

1. What makes a limit-locked market unique among this platform's risk scenarios?

a. Its losses are unlimited

b. Every exit tool fails at once - no stop, no market order fills - while marks continue against the limit price; the defence is entirely upstream in family choice and sizing

c. It only occurs at expiry

Answer: b. Halted price discovery with continuing settlement is the one scenario without an exit. The spec's limit rows are the warning label; sizes that survive a limit sequence are the seatbelt.

2. Why is the futures forced ladder 'survivable except by the surprised'?

a. Clearing houses forgive first offences

b. Every rung is predictable in advance: the drain rate, the call threshold and the limit rules are all published arithmetic - the floor and the division refuse the climb before it starts

c. Liquidation prices are guaranteed

Answer: b. The machinery runs on published numbers. A book at the headroom floor, sized honestly, flat through the minutes, never meets the ladder - the module's whole argument, assembled.