

**Southern Manufacturing Exporter**

***Deserves***  
**FX Rate Integrity®**

# SME Deserves FX Rate Integrity<sup>®</sup>

- ❑ A Southern Manufacturing Exporter (SME) has some Canadian and European business which involved Foreign Exchange. They rely on their Large Bank to give them competitive FX Rates.

- ❑ Blades International, Inc. saw the Southern Manufacturing Exporter had some International business and asked about their FX pricing.



# Blades International, Inc.



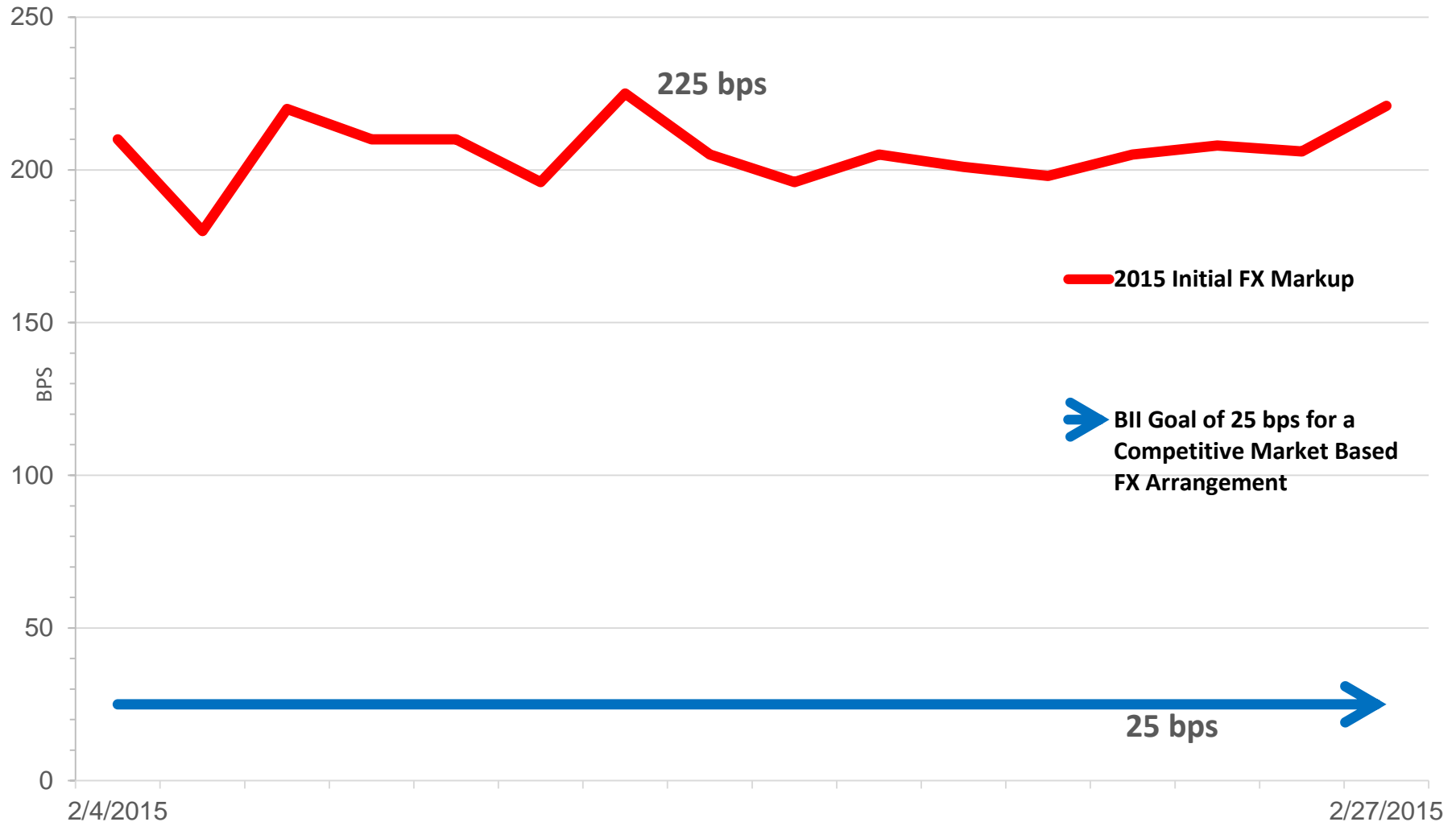
- ❑ Blades International, Inc. (BII) was established in 2009 and evolved into Brokers for competitive FX arrangements using its trademarked service called Foreign Exchange Rate Integrity<sup>®</sup>.
- ❑ BII also brokers and advises on various letter of credit and cross border transactions.
- ❑ The company comprises a team of former JPMorgan Chase, Halliburton, and Stewart & Stevenson executives and their backgrounds and an outline of the range of services can be found at [www.bladesintl.com](http://www.bladesintl.com)

# Blades International, Inc. Makes Initial Contact with SME

- ❑ BII initially made contact with the SME via a phone call. BII explained the concept of FX Rate Integrity<sup>®</sup> and the SME shared some sample FX trades with time stamps.
- ❑ Although not initially mandated, BII gave further information on the SME's situation. BII found the SME was paying 200 bps for FX. This was **very high** for their \$10 million annual flow. **This was an "Excessive Markup"**.
- ❑ After a phone consultation with BII, the SME spoke to their bank and another money center bank. The banks supposedly agreed to go to 25 bps. The SME believed they could get their FX Markups down to 25 bps.
- ❑ BII was not officially contracted for any further services at that time in 2015.



# SME Initial FX Markup (2015)



# BII Follows Up With SME

- ❑ BII reached out to the SME once again in 2017, around two years after their initial FX talks, to check up on the progress of reducing FX Markups.
- ❑ BII began to suspect the SME was no longer getting the competitive 25bps.
- ❑ BII asked the SME the following questions:
  1. *“Do you know for sure you pay 25 bps?”*
  2. *“Did you get your FX Arrangement in writing?”*
- ❑ The CFO responded to the above questions by saying he was not sure and he *did not* receive the FX arrangement in writing.

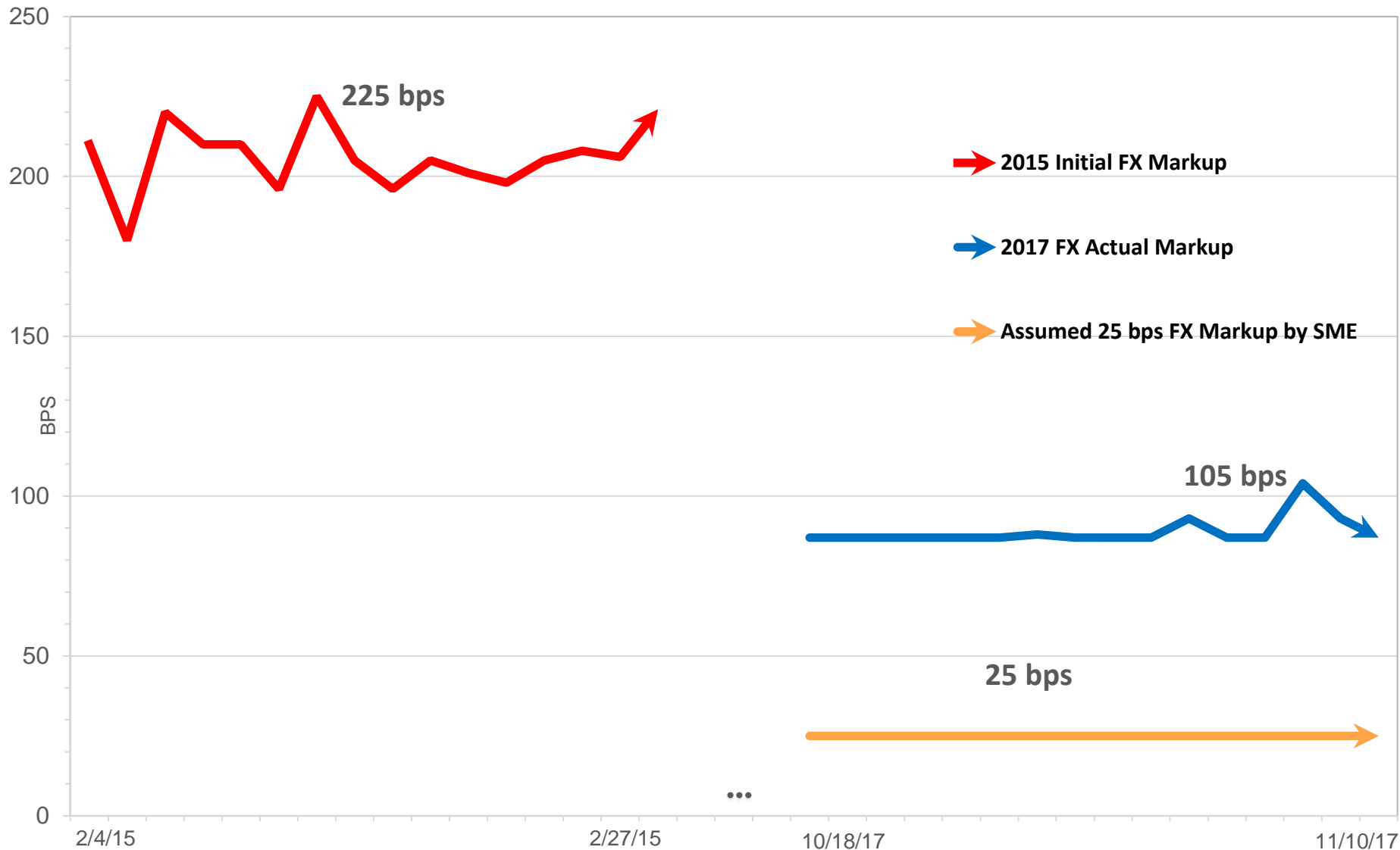


# The 2017 Re-Submission of FX Rates

- ❑ BII asked for a re-submission of FX rates and agreed, **for free**, to do a quick check.
- ❑ Upon re-submission of updated FX rates, BII's Jack Borland reviewed the data to find the **SME was actually at 105 bps**.
- ❑ It was assumed that the Bank likely went to 25 bps for a period of time. However, over the two year period at some point, or gradually, it **raised the FX Markups** unknown to the SME.

# SME 2017 Actual FX Markups

## 105 bps versus assumed 25 bps

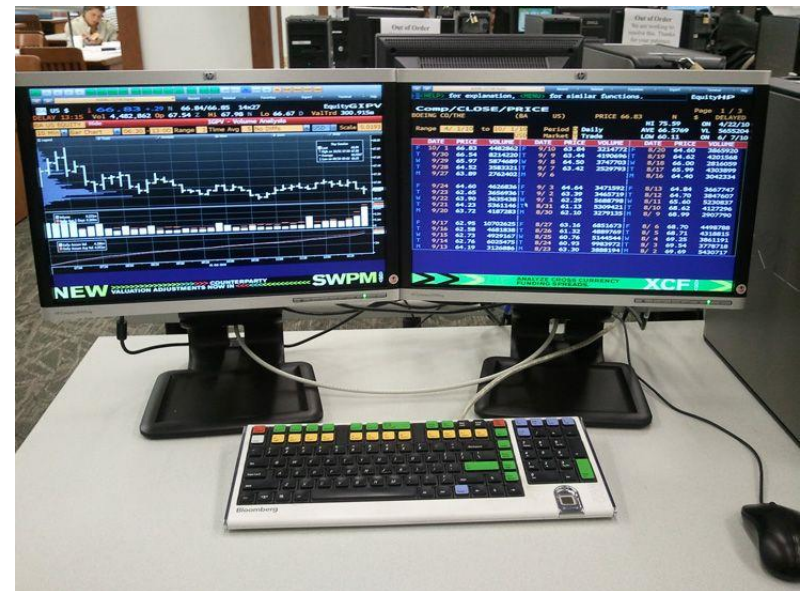




# BLOOMBERG TECHNOLOGY



Using their Bloomberg technology for historic FX Interbank market rates, BII was able to see that the SME was paying substantial markups.



# Confronting the Bank About High FX Rates

- ❑ After realizing their actual FX markup was 105 bps, the SME officially hired and mandated BII to assist with FX Rate Integrity<sup>®</sup>.
- ❑ Upon presentation of the facts by a Treasury Associate at the SME, the incumbent Bank was ready to go down to 50 bps.
- ❑ Initially, the SME was ready to accept this offer. However, BII stressed they should be down to 25 bps.
- ❑ BII then diplomatically coached the SME, helping them gather market information from a Fin Tech and competitive Bank. BII advised them on the FX market for their type of FX annual flow and that 25 bps was a fair markup.

# The SME Finally Obtains FX Rate Integrity<sup>®</sup>

- ❑ Once the data was collected and communicated to the Bank, the SME was able to finally get down to 25 bps--achieving FX Rate Integrity<sup>®</sup>.

The logo is an oval with a blue gradient background. It contains the text "FX Rate Integrity" in a blue serif font, with a registered trademark symbol (®) to the upper right. Below this, in a smaller, dark blue sans-serif font, is the phrase "A Business Priority".

*FX Rate Integrity*<sup>®</sup>

“A Business Priority”

- ❑ BII continued to monitor the FX Markups with monthly reviews for a one year period. The monthly reports gave the SME visibility and assurance they were getting FX Markups as agreed.

# BII Continues FXRI<sup>®</sup> Auditing

- ❑ In 2019, in order to maintain the appropriate FX Markups, the SME signed up for the ongoing review of FX rates which is FX Rate Integrity<sup>®</sup> —Auditing.
- ❑ This SME experience is a classic case of how middle market clients, that are indifferent to their FX Markups, often pay “Excessive FX Markups”.
- ❑ FX Rate Integrity<sup>®</sup> is a ready solution to getting fair FX Markups.

# FX Rate Integrity<sup>®</sup>

