



Blades International, Inc.

BLUE FOLDER

The following document is what we call our “Blue Folder”—this contains important resources that explain our services. For more information, [visit our website](#) or use the contact information provided throughout the document.

Foreign Exchange Rate Integrity®

The following documents explain our innovative Foreign Exchange Rate Integrity® service which helps corporate clients reduce their FX costs. Blades International, Inc. (BI) uses an FX Cost Analysis process to advise a client on how to diplomatically negotiate a fair FX Pricing Arrangement.

- **Foreign Exchange Rate Integrity® Ad**
- **The Borland Curve**
 - The Borland Curve helps further explain the price discrimination between a well-negotiated FX arrangement and the FX Markup for an indifferent client. You may have seen the Borland Curve featured in our presentation: “The Future of Integrity and Data Analytics”.
- **The Foreign Exchange Rate Integrity® Process & Standard Worksheet**
 - These two documents explain each step of the FXRI® process as well as show what information is needed to complete a report.
- **Foreign Exchange Rate Integrity® - Auto Audit and & FiXRI Cloud**
 - Auto Audit is our latest initiative, combining the power of data analytics and automation. The FiXRI Cloud – Auto Audit project makes it easier for clients to retrieve and send data to Blades International, Inc. The included documents further explain the initiative.

Foreign Exchange Rate Integrity®

FX Rate Integrity® Worksheet

To Be Provided By Company

To Be Completed by BII

Timezone	Date	Sold Currency	Amount	Bought Currency	Amount	Exchange Rate	Interbank Market Rate	Dollar Markup Cost	Cost in BP	Fee	Dollar Markup + Fee	Cost in BP + Fee	%
CST	2/6/2019	USD	\$ 89,250.00	PNG	\$ 300,000.00	0.298	0.297	\$ 150.00	17	10.00	\$ 160.00	27	0.27
CDT	3/28/2019	USD	\$ 19,019.97	EUR	\$ 16,871.83	1.127321	1.122	\$ 83.00	44	10.00	\$ 93.00	54	0.54
EDT	4/9/2019	USD	\$ 42,655.00	CAD	\$ 56,918.83	1.3344	1.332	\$ 102.54	24	10.00	\$ 112.54	34	0.34
EDT	4/18/2019	COP	\$ 101,921,718.00	USD	\$ 34,283.77	2972.885	3153.560	\$ 1,964.20	608	10.00	\$ 1,974.20	618	6.18
CDT	4/19/2019	USD	\$ 107,221.94	CNY	\$ 715,451.25	6.673	6.704	\$ 506.66	47	10.00	\$ 516.66	57	0.57
CDT	4/24/2019	USD	\$ 219,152.93	GBP	\$168,492.86	1.301	1.294	\$ 1,089.47	50	10.00	\$ 1,099.47	60	0.60
									Weighted			Weighted BPs	
								Total Markup	BPs Avg			Avg + Fee	
								\$ 3,895.87	605			615	
			Total Amount Sold										
			\$ 102,399,017.84										

Sample FXRI® Client Graph
Represents a 95% Savings



Leading FX Transaction Cost Analysis Team

Free FX Markup Analysis!

Most Organizations do not truly understand how much they can save through diligent monitoring of their banks FX Fee Markups. **With the daily fluctuations in the currency markets, and need to control costs, can you afford to be “Indifferent”?**

With Blades International’s **Foreign Exchange Rate Integrity®** you can track your foreign exchange costs and your ForEx providers’ profitability with our FX Transaction Cost Analysis service. If you purchase more than \$500,000/year in foreign exchange, give us 15 minutes, and a little bit of information in a worksheet, and **we’ll evaluate your current activities, assess your volume and banking relationships for free.**

For a FREE evaluation of your ForEx profitability, please ask for Sharon Martin, Marisa Licon Lara, Paola Gasca, Mike Ryan, Jack Borland, Sherry Mama, Tom Spellman, or Bob Blades.

Contact us today at +1 713 977 7400 www.bladesintl.com



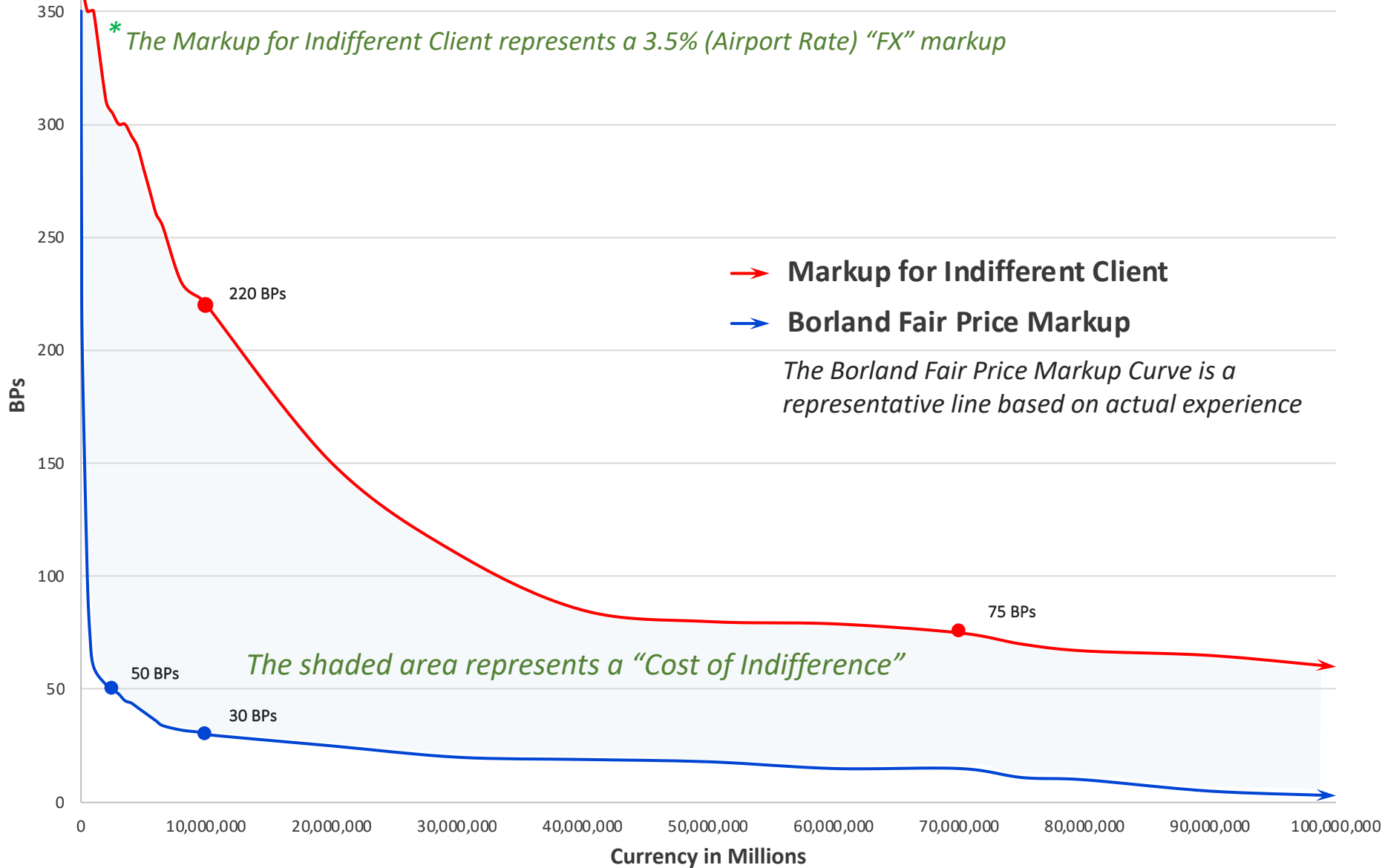
Blades International, Inc.

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Each Trade represent, on average, a \$3 million Forward FX Hedging Transaction. The red bar reflects the old markup while the blue bar reflects the new Markup. The green bar shows the significant savings.

BORLAND CURVE

Annual FX Flow in Millions of U.S. Dollars





Blades International, Inc.

From the Desk of Jack Borland

FX Rate Integrity® Process

Blades International has helped many clients minimize the Foreign Exchange transaction costs attributed to their banks' FX spreads through our Foreign Exchange Rate Integrity® service.

The first step is to determine the current spreads charged by their banks in basis points. To accomplish this Blades needs historical transaction information including the debit and credit currency amounts, the date and time of each transaction and the time zone applied by the bank. The time zone is important since bank records may reflect something other than the local time of the transaction. For example, many bank systems in the US are set to the Eastern time zone or to the UTC regardless of local time.

To determine the banks current spread, Blades prefers six months of historical data, but we can work with less if collecting the data is an onerous task. This data should be readily available from the bank's records, but it is often difficult to persuade the bank to comply. We consider extreme reluctance on their part as a red flag. The data should include all transactions including those smaller transactions that might be done through a bank's treasury/cash management systems. Experience has shown that those deals are usually done at very high margins and may represent a substantial cost.

Blades International reviews all transactions in relation to the inter-bank FX market at the time of the deal using data provided by Bloomberg Financial Services. We will then provide a detailed report of the pricing matrices applied by your banks. If your banks spreads, given the ABC Company's volumes are fair in our eyes, we will say so. And there is no charge by Blades International.

If the banks spreads are too high, we will help the ABC Company negotiate spreads that are appropriate to your volume. We will also provide suggestions as to the most cost-effective means to achieve these reduced spreads. Once the reduced spreads are agreed and in force by your banks, Blades International will review your transactions monthly to determine the savings the ABC Company has achieved. Blades international will charge a monthly fee equal to a percentage, usually 33%, of these savings during the following calendar year. The ABC Company will pay nothing unless Blades has achieved a cash savings for the company.

Following the first year, Blades provides a service called Foreign Exchange Rate Integrity® Audit. This program ensures that there is no back-sliding by the bank. Blades International charges a minimal amount for this service based on the number of transactions.

Foreign Exchange Rate Integrity® Worksheet

Deal Date	Timezone	Deal Time "Time Stamp"	Delivery Date	Sold Currency	Amount Sold	Bought Currency	Amount Bought	Exchange Rate	Interbank Market Rate	Dollar Markup Cost	Costs in Basis Points	Fee	Dollar Markup + Fee	Costs in Basis Points+ fee	%
10/15/2017	CST	14:57:01		USD	1,000,000.00	AUD	1,360,544.22	0.7350	0.7326	\$ 3,265.00	33	\$ 10.00	\$ 3,275.00	35	0.0035
10/18/2017	MT	14:50:00		USD	500,000.00	EURO	435,767.82	1.1474	.11374	\$ 4,358.00	87	\$ 10.00	\$ 4,368.00	89	0.0089
11/1/2017	CST	14:40:00		USD	50,000.00	CAN	63,004.00	0.7936	0.7783	\$ 964.00	193	\$ 10.00	\$ 974.00	195	0.0195

To Be Provided By Company

To Be Completed by BII

Deal Date	Timezone	Deal Time "Time Stamp"	Delivery Date (Forwards)	Sold Currency	Amount Sold	Bought Currency	Amount Bought	Exchange Rate	Interbank Market Rate	USD at Market Rate	Dollar Markup Cost	Costs in Basis Points	Fee	Dollar Markup + Fee	Costs in Basis Points+ fee	%
														0.00		0
														0		0
														0		0
														0		0
														0		0
Total Amount Sold																
											Total Markup	Weighted BPS Avg	Weighted BPS Avg with fee	Avg %		

FOOTNOTES:

To Be Provided by Client/Company:

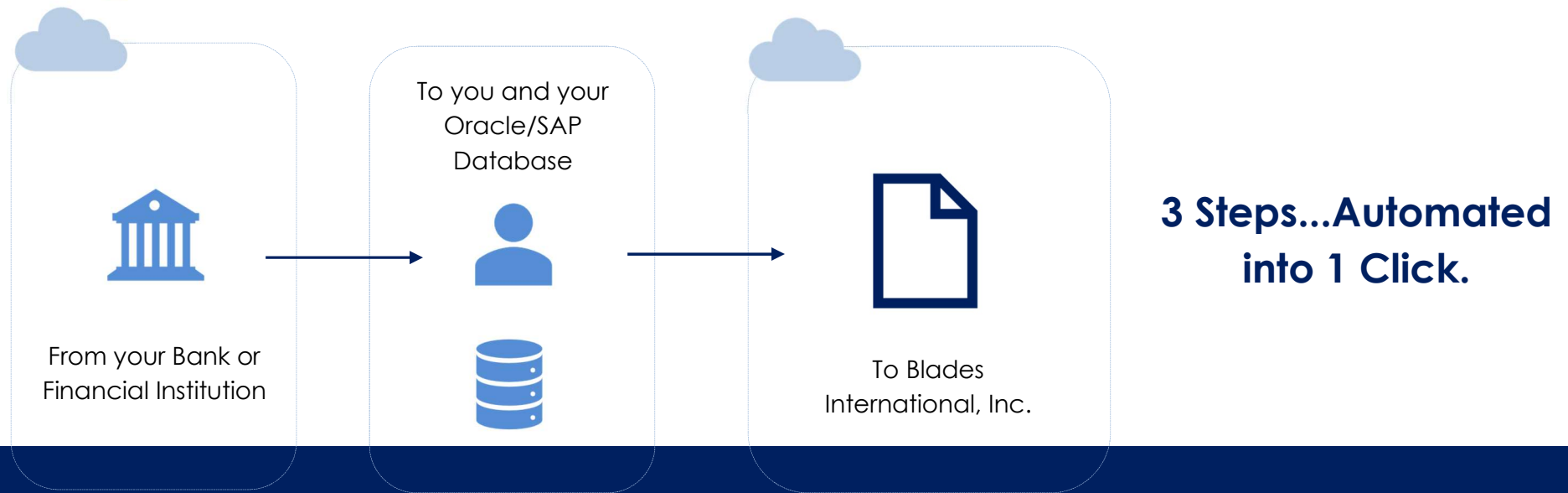
- Deal Date:** The date a trade was completed. This is the date a rate and trade were approved.
- Time Zone (EST or CST):** It is important to be mindful of the differences in time zones between a client, the financial institution through which the trade was completed, and the default time zone of BII's system. A client must specify the time zone in which a trade took place, so that we can account for the time difference when checking the interbank market rate. For example, the interbank market rate of a euro at 11:00am PST will be different from the interbank market rate of a euro at 11:00am CST.
- Deal Time, or "time stamp":** The exact time a rate was approved and trade was completed. The time stamp indicates the exact time a trade was processed and completed. The "Time Stamp" helps identify exactly where the interbank market was at the time a trade was completed, helping identify the price a client should have paid. A time stamp often includes the hour and minute a trade was completed—more accurate time stamps include the second a trade was completed.
- Delivery Date (Forwards):** In spot trades, or simple purchases, the delivery date is not necessary as delivery is in one or two days. However, the delivery date is important when a forward transaction is done. It is important to know when the currency bought will be delivered.
- Sold Currency:** The currency a client sold to their bank or financial institution in exchange for another currency. For example, if a client exchanged U.S. Dollars for Euros, USD would be identified as the sold currency.
- Amount Sold:** The amount sold specifies the exact amount of a currency that was exchanged for another currency. The amount sold is given in terms of the sold currency. For example, if a client exchanged \$10,000, the "amount sold" would be \$10,000.
- Bought Currency:** The currency received by a client in exchange for their sold currency. For example, if a client exchanged U.S. Dollars for Euros, the Euro would be identified as the bought currency (or the currency received).
- Amount Bought:** This is the amount of a currency received by a client in exchange for their sold currency. Typically, this amount is determined by a client's given exchange rate, but it is possible for the client to request a specific amount of a bought currency which then determines how much they will pay for it.
- Exchange Rate:** This is the rate given to a client by their bank or financial institution. Often, exchange rates are calculated by **computer-generated algorithms** which determine how much a client will be marked up (in terms of basis points). A client's exchange rate can be influenced by various factors: their bank relationship, the type of currency and amount exchanged, the size of the client, and their level of sophistication.

To Be Completed by BII:

- Interbank Market Rate:** The interbank market rate indicates the position of the interbank market at the exact date and time a client's transaction took place. This historical rate is then compared to a client's given exchange rate to determine their markup.
- USD at Market Rate:** The USD at Market Rate reflects the amount, in US Dollars, a client would have paid if a trade was completed using the interbank market rate.
- Dollar Markup Cost:** The Dollar Markup Cost calculates, in US Dollars, the difference between what a client paid to exchange a currency
- Cost in Basis Points:** The cost in basis points a measurement which is calculated based on a client's given exchange rate and the historical Interbank Market Rate. The cost in basis points reflects the markup. NOTE: a basis point is one one-hundredth of one percent, or 0.01%.
- Fee:** Clients often pay a wire transfer or foreign exchange fee. If a commercial client has a significant Flow of Foreign Exchange this fee should be waived. In order to have a precise assessment of FX costs, it is important for the client to brief BII on Fee Arrangements.

Some fill out our **FX Rate Integrity®** excel worksheet, and some people simply cut their own **Excel printout from their Bank internet system** for Foreign Wires in FX. Either way, if you share the FX data we will aim to have some definitive comments on Markups within a few business days.

Foreign Exchange Rate Integrity[®] – Auto Audit



“Efficiently maintain the remarkable FX Savings you have come to expect”

Blades International, Inc. has begun implementing our **Foreign Exchange Rate Integrity[®] - Auto Audit** initiative. The initiative seeks to increase efficiency via automation. **Foreign Exchange Rate Integrity[®] - Auto Audit** enables clients to more readily, easily, and efficiently send their FX Data to BII via a secure API.

The following is an introduction letter which further explains the **Foreign Exchange Rate Integrity[®] - Auto Audit** initiative, in collaboration with Indigo Beam.

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Sherry Mama
Tom Spellman
Mike Ryan
Marisa Licon Lara
Sharon Martin
Paola Gasca
Ginger Vaughn

August 2020

Mr. John Smith
Vice President
ABC Company
1234 Main Street
Houston, TX 77002

Re: FiXRI – Cloud Auto Audit

Dear Mr. Smith,

We are pleased to advise that we have mandated a software technology firm, Indigo Beam, LLC, to develop software to implement our **FiXRI - Cloud Auto Audit** initiative. We hope your technology colleagues understand that by transferring FX rate data to ABC Company's Oracle ERD (or SAP), we could use software to pull the data to BII. We propose collaboration with your team to deliver an Oracle Database Trigger solution to ABC Company, the Cooperating Client, that implements an event-based notification of new FX transactions. With the use of Robotic Process Automation, and APIs, FX data can be securely transferred from ABC Company's Oracle ERD to Blades International, Inc.

Indigo Beam, LLC

Indigo Beam is a technology firm that has been in business for over 30 years and originated from Bluware, Inc. Focusing on information management for energy and local government sectors, Indigo Beam has deep roots in creating valuable technology solutions and integrations for customers. Indigo Beam provides a common-sense approach to solving business problems through technology. Indigo Beam believes that for a technology solution to be sustainable, it must be congruent with the business processes it serves, indigenously maintainable, and cognizant of the unique traits of the organization which it calls home. Their long history with Blades International, Inc. and the relevant technologies makes them well qualified to deliver this project successfully.

Jim McConn is Indigo Beam's lead contact and Todd Buehlman is their software specialist.

Jim McConn – (713) 598-2644 – jim.mcconn@indigobeam.com

Todd Buehlman – (713) 806-1190 – todd.buehlman@logicsolutionsgroup.com

Scope & Plans

Indigo Beam has created a Microsoft Azure SFTP Site through which clients can send and receive data. Each client will receive a unique User ID, Password, and Cloud Address. The SFTP Cloud Site will host a secure and private Client File which will aid in the transmission of data (either automatically or manually). Ideally, clients can set up an automated SFTP connection using Python or other technologies. However, clients will also have the ability to manually upload and retrieve their data if they so choose. This will expedite the data retrieval process and alleviate the need for email submission of data. Indigo Beam and BII are happy to work with a client's Tech Team to help find and create an ideal solution for automatic data transmission. The information collected will *only* include the following key data: 1) Date, 2) Time Stamp (and Value Date, if a Forward), 2) Currency Sold and Amount, 4) Currency Bought and Amount and 5) Exchange Rate. Once an automatic SFTP connection is set up, there will be a database "trigger" created to aid in data submission. The database trigger will listen for FX changes which will be sent to a Table or View. Each time there is a change in the View, the data from the View will be automatically sent to BII for evaluation. The trigger will eliminate the need for human data direction from ABC Company; BII will automatically receive new FX transaction data. This will be a secure connection for the submission of FX data. After evaluation, the ABC Company will receive **FX Rate Integrity®** reports via email from BII, however we will also store completed reports in the FiXRI Cloud under the client's file.

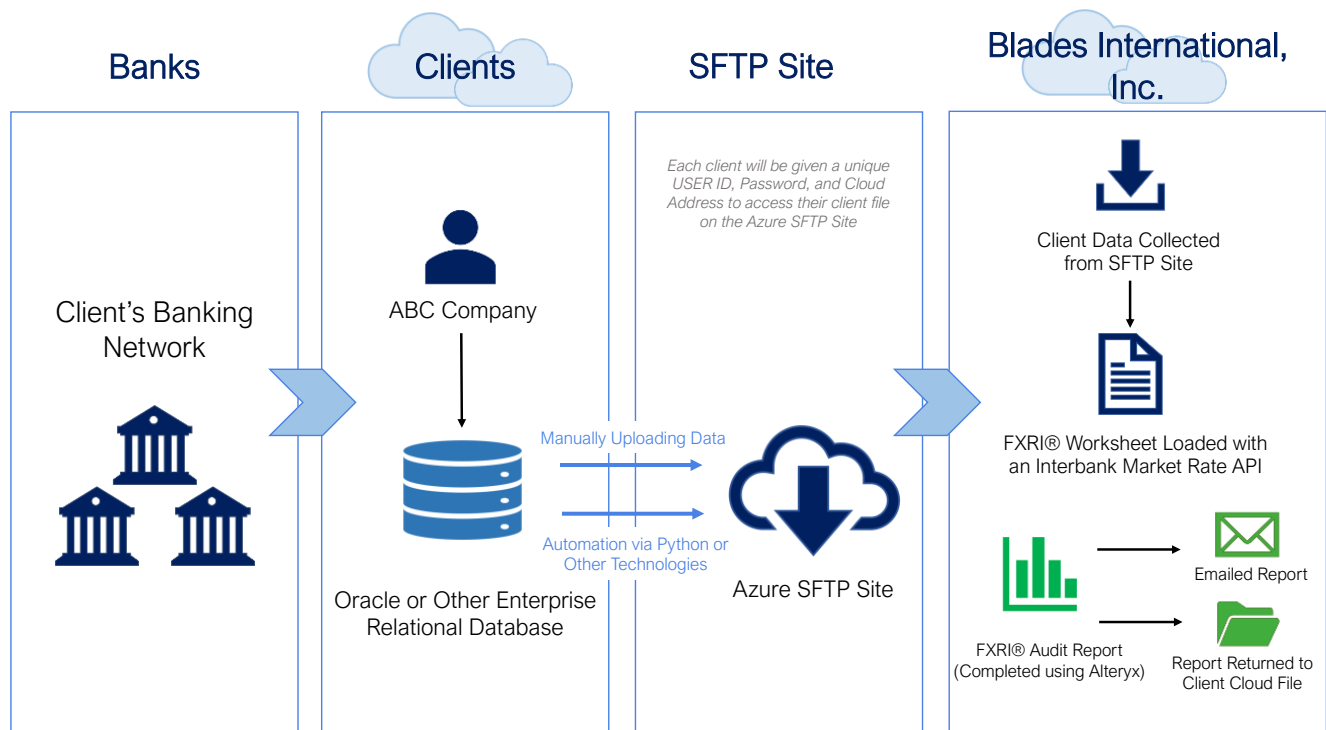


Figure 1: BII Real Time FX Integrity Monitoring Architecture

Next Steps

As a next step we would like to schedule a call on you and your technology colleagues to share our software plans and move forward in what we see as a mutually beneficial collaboration.

Sincerely,

Bob Blades

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GLOSSARY OF TERMS:

- 1. Oracle ERD (Entity Relationship Diagram):** Entity Relationship Diagrams present data in an organized “graphical form”; this makes it easier for a software to locate and obtain the proper data. Programs developed to work with Oracle or SAP databases use ERDs.
- 2. Oracle Database Trigger:** The trigger will be commanded to automatically collect new data whenever the Cooperating Client’s Oracle Database is updated with new information. Frequency of collection will depend on how often the Cooperating Client’s Oracle is updated with transaction information. This data will be sent to a secure Azure SFTP Site, only accessible by BII and the Client.
- 3. Robotic Process Automation (RPA):** RPA allows programmers to develop a computer software meant to automatically mimic human action in order to more efficiently execute computer business processes. In this initiative, RPA allows BII and Indigo Beam to mimic the action of a Cooperating Client going into their Online Banking System, downloading, and sending their FX data to BII—all into a single, secure, and automatic step.
- 4. Application Programming Interface (API):** An API serves as a “channel” between two existing software or platforms. In this case, the API will be the channel through which a Cooperating Client’s FX data travels through from their Oracle platform to BII’s Cloud Folder.
- 5. Interbank FX Market Rate Source:** In order to complete a Foreign Exchange Rate Integrity® report, BII uses an Interbank FX Market Rate Source to obtain the “Interbank Market Rate”—which is then compared to the Cooperating Client’s bank-given exchange rate. Various platforms can serve as an Interbank FX Market Rate Source: Bloomberg, Reuters, etc.

Letters of Credit and Range of Trade Finance

In addition to Foreign Exchange Rate Integrity[®], Blades International, Inc. also provides L/C and International Banking services. The following documents include information on BII's L/C service as well as contact information for Mike Ryan, our L/C expert.



Blades International, Inc.
www.bladesintl.com

LETTER OF CREDIT BROKERAGE

- Diplomatically reduces export letter of credit and trade finance fees significantly.
- Builds relationships with the top strategic International Trade Finance Banks by allowing them to quote on Letter of Credit activity.
- Reviews export letters of credit and provides expert advice on wording and credit issues.

CALL: Mike Ryan @ 832.215.8202, Sherry Mama @ 281.224.3228 or Marisa Lara @ 713.408.8097

Blades International, Inc. is the leader in Letter of Credit brokerage for “Export letter of credit transactions”, helping Banks and various steel, energy service, equipment, and commodity exporters arrange the most competitive trade finance terms. Clients diplomatically enhance their relationships with the major International Trade Finance Banks and obtain the most competitive export letter of credit terms.





Blades International, Inc.

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RANGE OF TRADE FINANCE

Enhance Your International Sales with the Right Trade & Project Finance

