

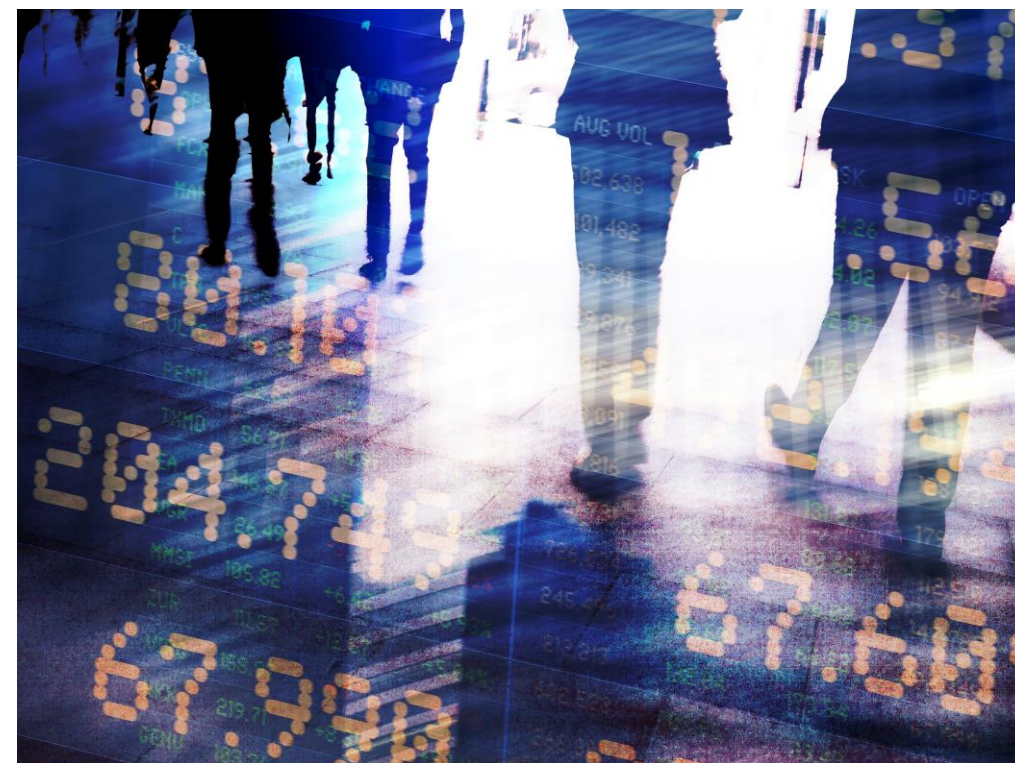


Blades International, Inc.

Foreign Exchange and Innovations in Pricing Efficiency and Integrity

CURRENT EVENTS IN PRICING TRANSPARENCY & INTEGRITY

- **Real Page.** Justice Department Sues RealPage for Algorithmic Pricing Scheme Harming Apartment Renters.
- **Mark Cuban Cost Plus Drugs.** Pricing Medicine Direct to the Consumer at 15% Markups.
- **Visa Sued for Monopoly.** Department of Justice sues Visa, Alleges the Card Issuer Monopolizes Market.
- **Real Estate Brokers Commission Structure.** Large Antitrust Settlement due to anticompetitive practices to pay inflated rates.
- **Robinhood Brokerage.** Robinhood is Free! But, How Wide Are the Spreads? Free Trading Isn't Really Free.



FX PROVIDERS ARE OFTEN OVERCHARGING CUSTOMERS

Dealers systematically and consistently overcharge clients who don't have currency trading expertise...



Harald Hau,
University of Geneva
School of Economics

Rates can be 25 times higher [for smaller corporate clients] than for bigger, more sophisticated customers.



Eva Szalay,
Financial Times

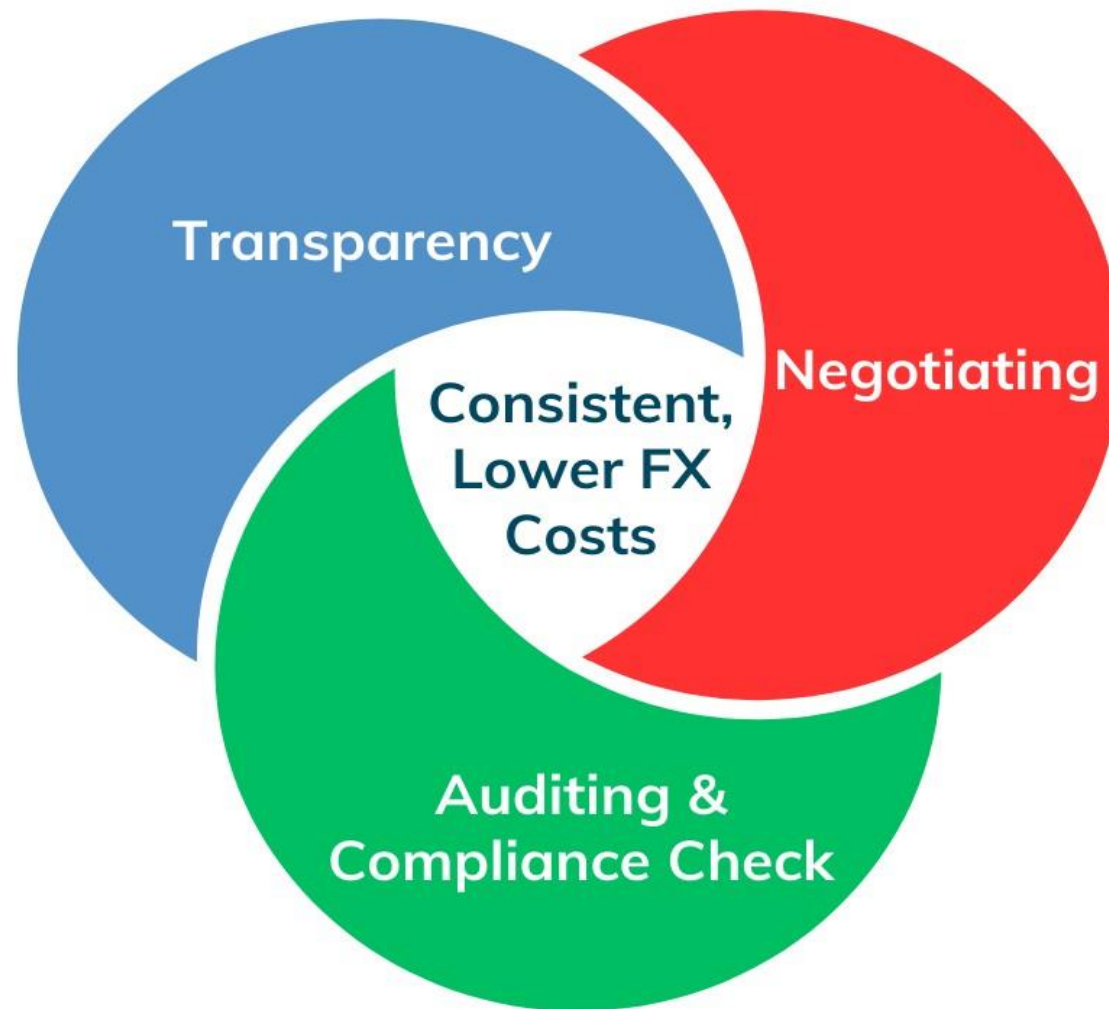
TREASURY PROFESSIONALS DISCUSS GETTING THE BEST RATES ON FX

The AFP APAC Treasury Advisory Council shares FX Best Practices, as written by the AFP staff in an October 2022 Article

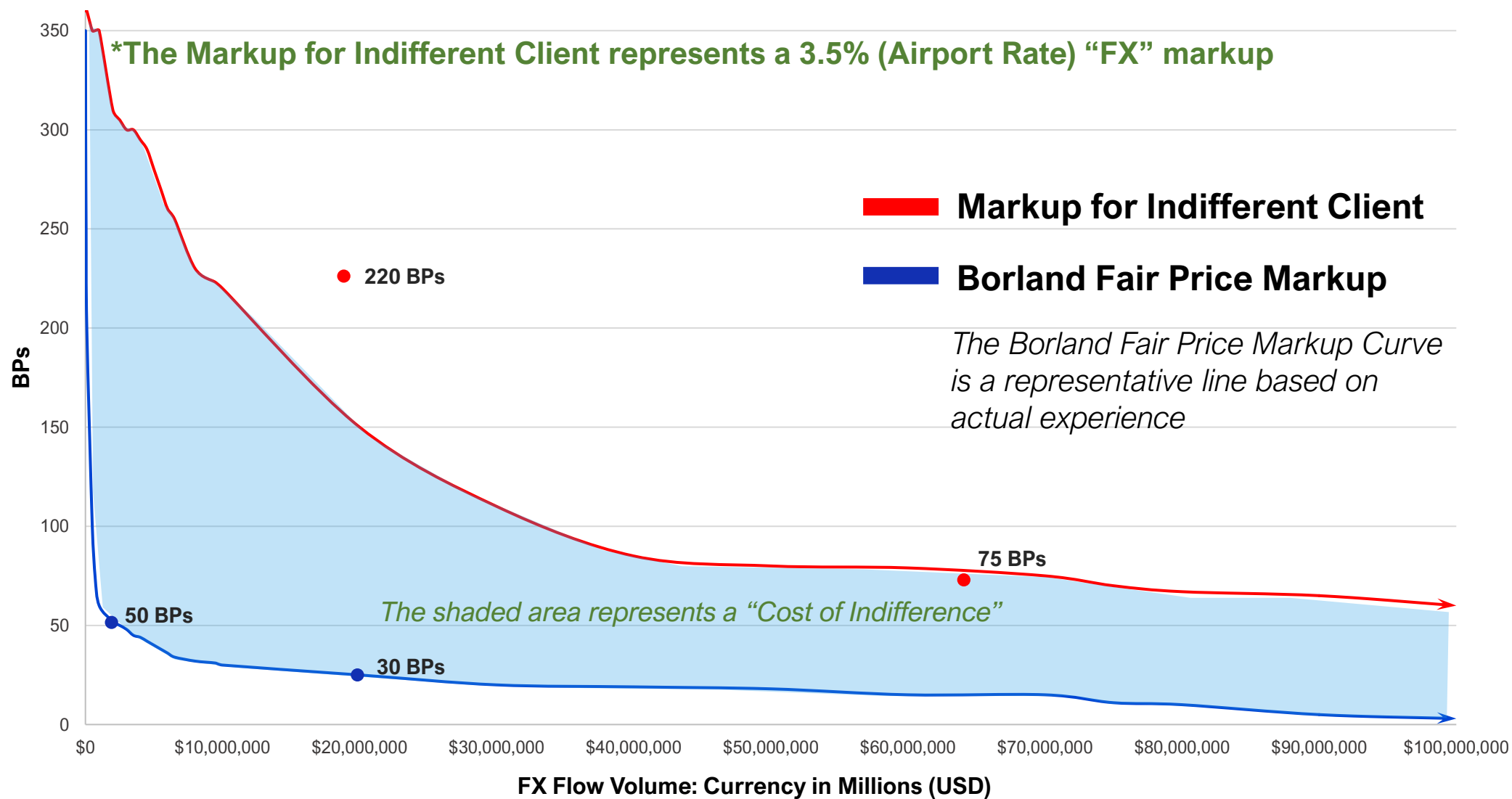
1. **Have predetermined pricing for select currencies** and “**thresholds**” established with your bank with an agreed-upon pricing benchmark.
2. **Utilize a transparent third-party reference tool** (This enables transparency and visibility to the true interbank market rate).
3. **Timestamp each trade** for pricing reconciliation.
4. **Reconcile pricing** to be within an allowable, established pricing range, and if it's not, follow-up.
5. **Conduct a relationship review** with banks/providers that participate in FX pricing.
6. **Review your process** on a regular basis for maximum efficiency, keep tabs on exception processing and address it accordingly.



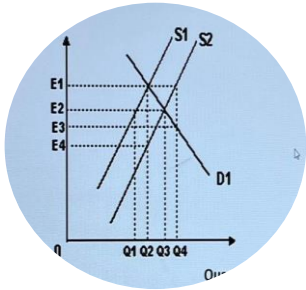
FX PRICING BEST PRACTICES



TRANSPARENCY: THE BORLAND CURVE



BORLAND CURVE AXIOMS



1. Size & Trade Number



2. Currency



3. Credit Issues



4. Operations



5. Off Hours Trading



6. Trade Methods



7. Relationship Issues



8. Competitive Bid Issues

TRANSPARENCY: THE IMPORTANCE OF TIMESTAMPS

A **Time Stamp** is client data. It is a “stamp” of the exact date and time an FX deal was done. FX Providers should provide this information or make it readily available—if your provider is resistant to making this data available, it is a **Red Flag**.

Time Stamp

SAMPLE					
Deal Date	Pay CCY	Bank Sell (Client Buy)	Recv CCY	Bank Buy (Client Sell)	All In Spot Rate
Mar 13, 2012 10:51 AM	GBP	2,635.20	USD	4,160.82	1.578900000
Mar 21, 2012 11:01 AM	GBP	17,078.39	USD	27,147.52	1.589600000
Mar 28, 2012 3:36 PM	EUR	918.00	USD	1,226.65	1.336200000
Jan 6, 2012 12:40 PM	JPY	1,635,200.00	USD	21,287.68	76.820000000
Apr 23, 2012 9:21 AM	MXN	658,863.90	USD	50,000.00	13.180700000
Apr 13, 2012 10:04 AM	GBP	350.00	USD	557.70	1.593400000
Jun 1, 2012 11:15 AM	EUR	475.00	USD	591.53	1.245300000
Jun 7, 2012 3:17 PM	EUR	1,304.00	USD	1,643.92	1.260700000
Jan 9, 2012 5:48 PM	MXN	2,600.00	USD	190.53	13.648400000

Time Stamp Sample data from a client's internet banking system.

08/04/2015 11:49:54 AM CDT

FX Payments - Foreign Exchange Contract Reference		
Status: Confirm Completed	Ticket Number: 09:27:33 AM	Contract #:
Deal Date: June 19, 2015	Deal Time: CDT	Deal Type: Priced Payment
Acronym:		
Alias:		
Name:		
Value Date: June 19, 2015		
	Currency	Amount
Sell (Client Buy):	EUR	155.00
Buy (Client Sell):	USD	176.72
		Price: 1.1401270000
Pays EUR	Balance:	0.00
JPM Pays: 155.00	Type: SWIFT	Settlement #: S00000009
Swift Reference ID:		

One page confirm of trades.

NEGOTIATING



- Back testing and data analytics are key to being prepared and enable more sophisticated negotiating for new FX Markup Agreements.
- You can and should negotiate a Fair Markup Agreement. FX Flows are valuable to Banks, and they should always be willing to give their clients competitive FX arrangements.
- Get your new FX Markup Agreement in writing. There are ways to codify your new and improved FX Arrangement via email or formal written Agreement.

NEGOTIATING: FX WRITTEN AGREEMENTS

- With data, clients are confident to broach better FX arrangements in writing.

Suggestions for FX Agreements:

- Pre-agreed FX spreads
- What payment channels, locations, and subsidiaries
- Spread over the interbank mid-market rate to calculate true cost
- Require FX provider to advise if they will have variances to the agreement

AUDITING



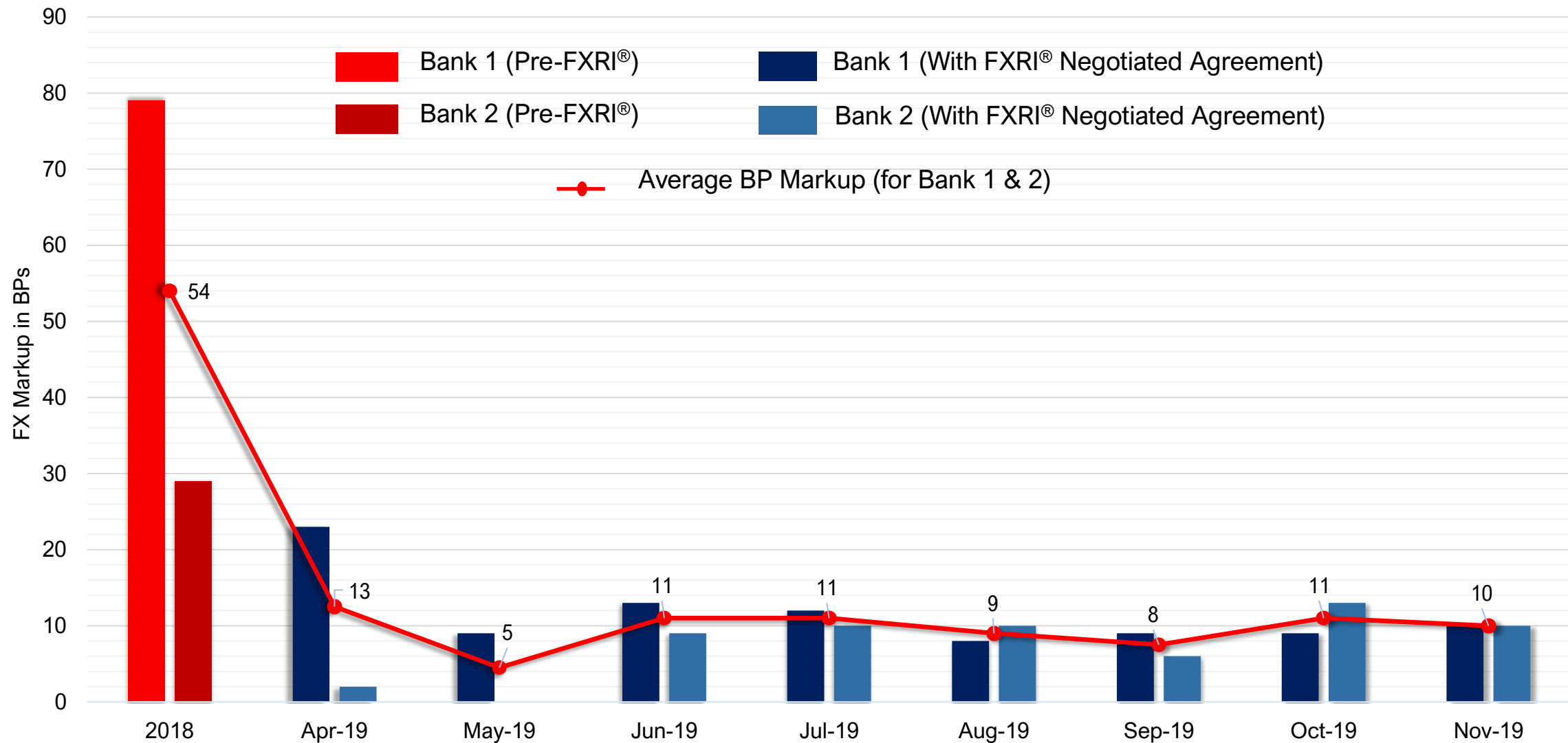
- One should closely monitor New FX Arrangements to maintain Rate Integrity.
- Following 1-year of the **Foreign Exchange Rate Integrity®** – Advisory service, it is beneficial to continue routinely Auditing FX costs.
- In order to maintain your FX Agreement and ensure the Agreed Markup, corporates should routinely monitor FX costs and be aware of any changes.
- The **Foreign Exchange Rate Integrity® – Audit Service** is a solution.



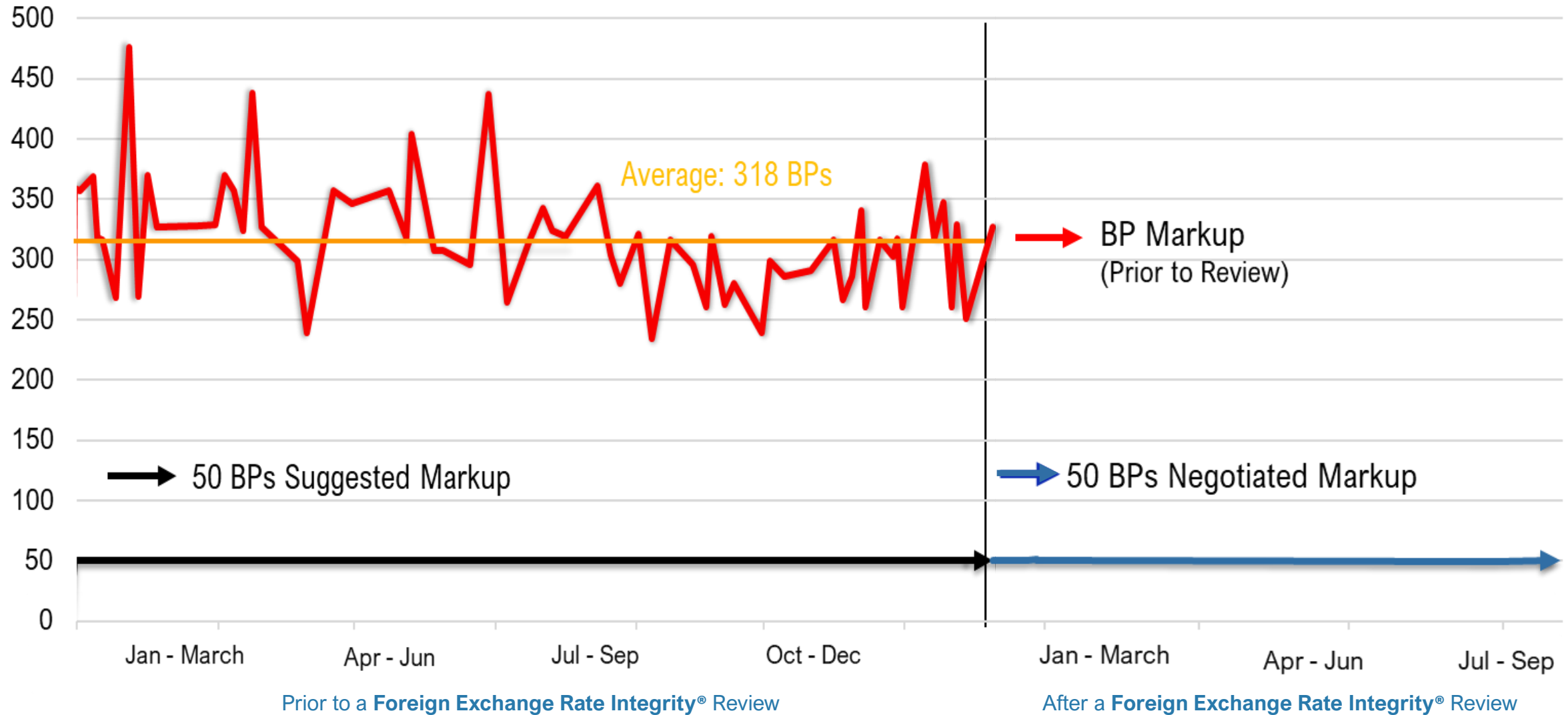
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CASE STUDIES

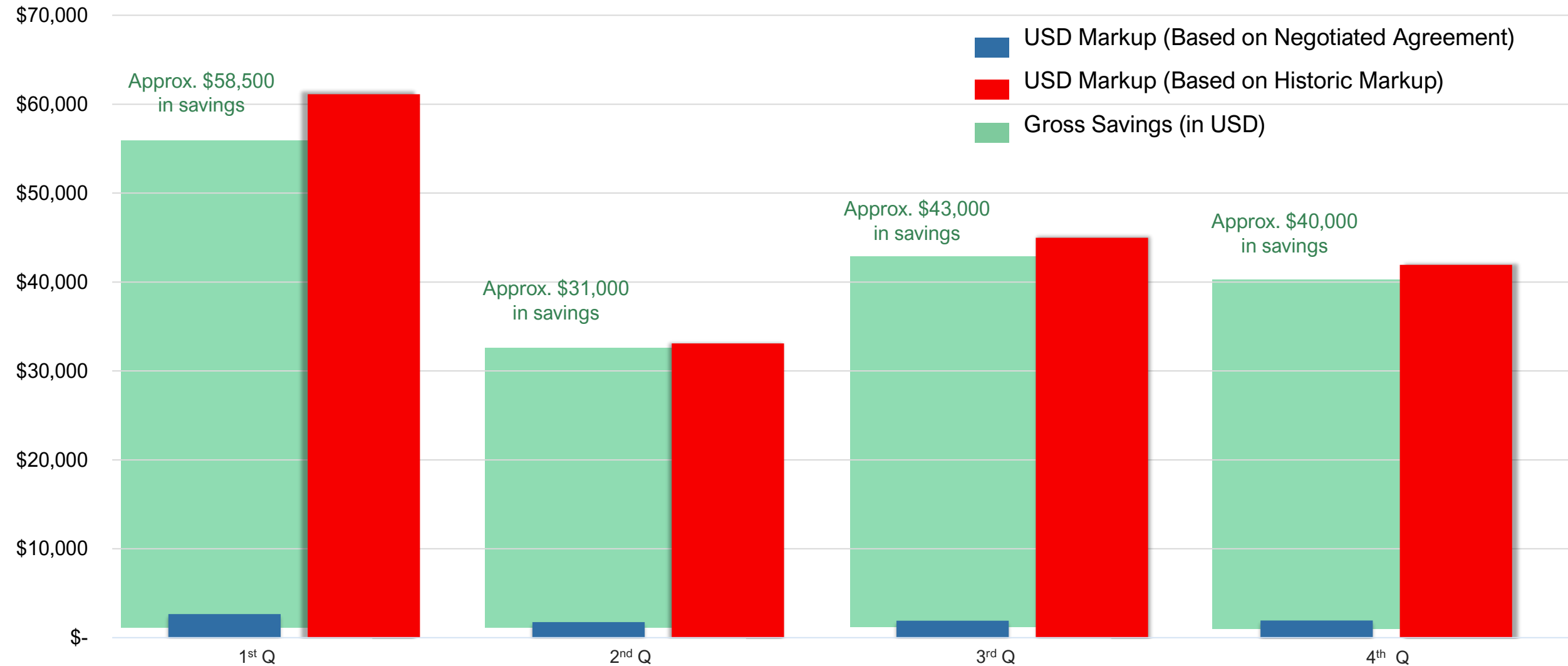
CASE STUDY 1 – GLOBAL ENGINEERING



CASE STUDY 2 – TRANSPORTATION COMPANY (MIDDLE MARKET)



CASE STUDY 3 – GLOBAL CHEMICAL (95% SAVE)



IN CONCLUSION....

We see FX Markups going lower, influenced by the following factors:

1. **Competition for FX Flows**
2. **Technology & Big Tech**
3. **Advances in Data Analytics**
4. **Innovations in Pricing**

“Microsoft will take a 4% stake in the London Stock Exchange’s corporate parent and help shift the exchange’s financial data and trading platforms to the cloud in a deal that reflects the growing use of data and tech in global finance.”

“This will revolutionize the way financial advisors provide advice to their clients”

[Wall Street Journal: Microsoft Buys Stake in London Stock Exchange](#)
[Josh Mitchell , December 2022](#)

