



Blades International, Inc.

**FX Pricing Efficiency,
Integrity, and
Innovations!**

THE IMPORTANCE OF CREDIT

“Creditors have better memories than debtors!”

“Remember credit is money!”

-Ben Franklin

“Borrowers learn credit is like oxygen. When either is abundant, its presence goes unnoticed. When either is missing, that’s all that is noticed.”

-Warren Buffet

“When you see one cockroach, there’s probably more!”

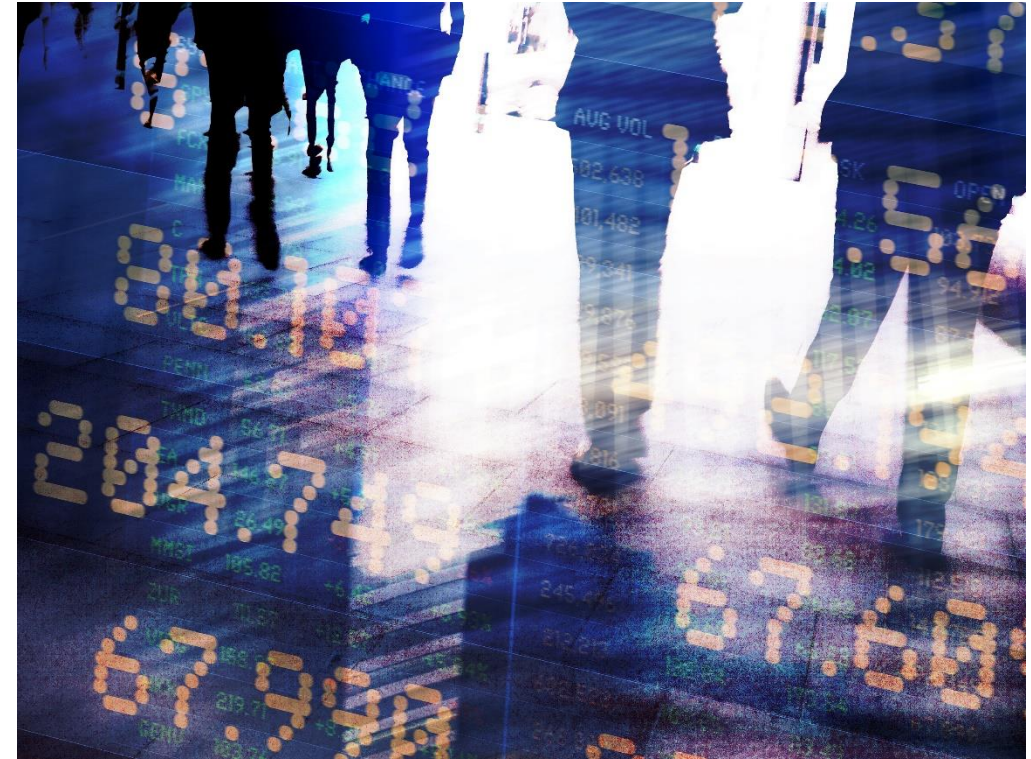
-Jamie Dimon

“Too many people spend money they haven’t earned, to buy things they don’t want, to impress people they don’t like!”

-Will Rogers

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 the Debit Card 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. Robinhood Gets Payments for Order Flow.



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

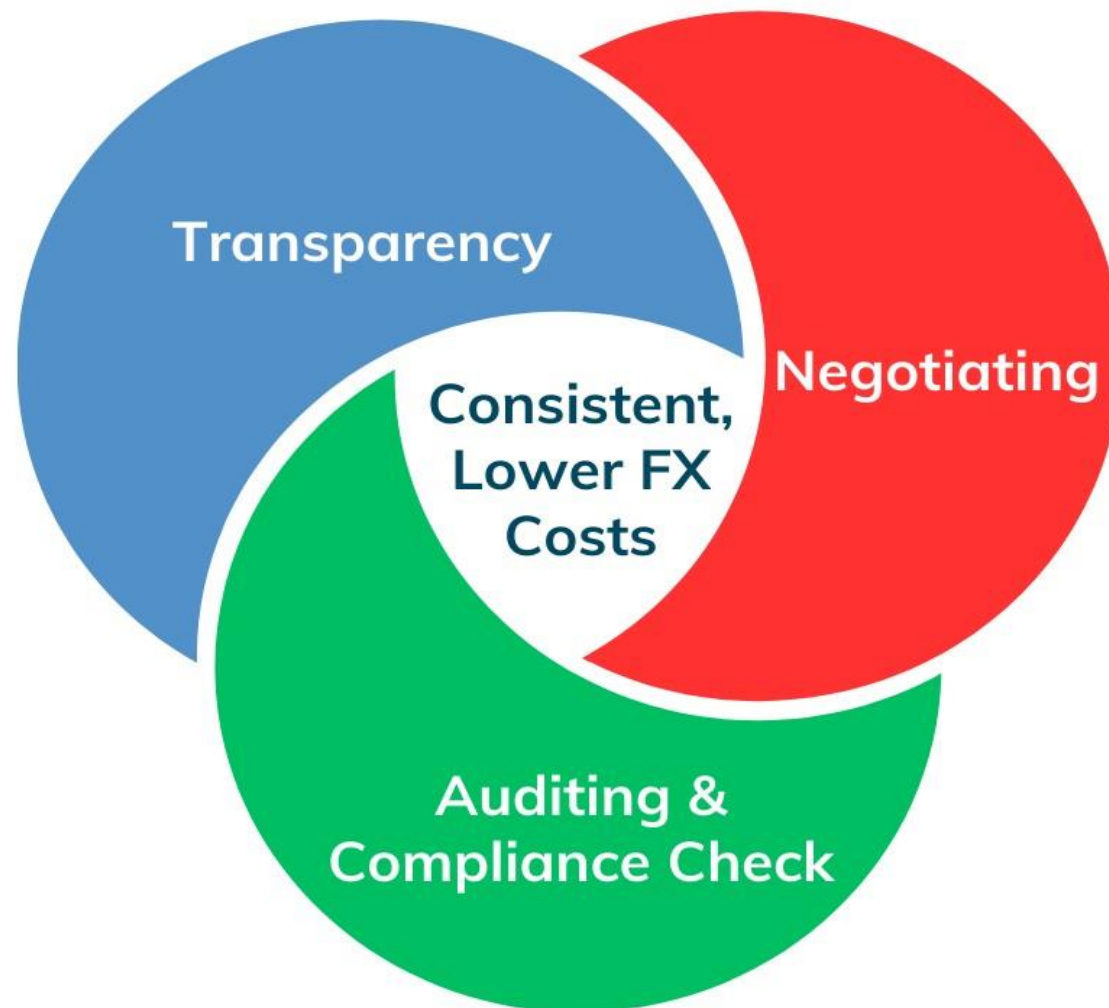
TREASURY PROFESSIONALS DISCUSS GETTING THE BEST RATES ON FX

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”
2. Utilize a transparent third-party reference tool
3. Timestamp each trade
4. Reconcile pricing
5. Conduct a relationship review
6. Review your process



FX PRICING BEST PRACTICES

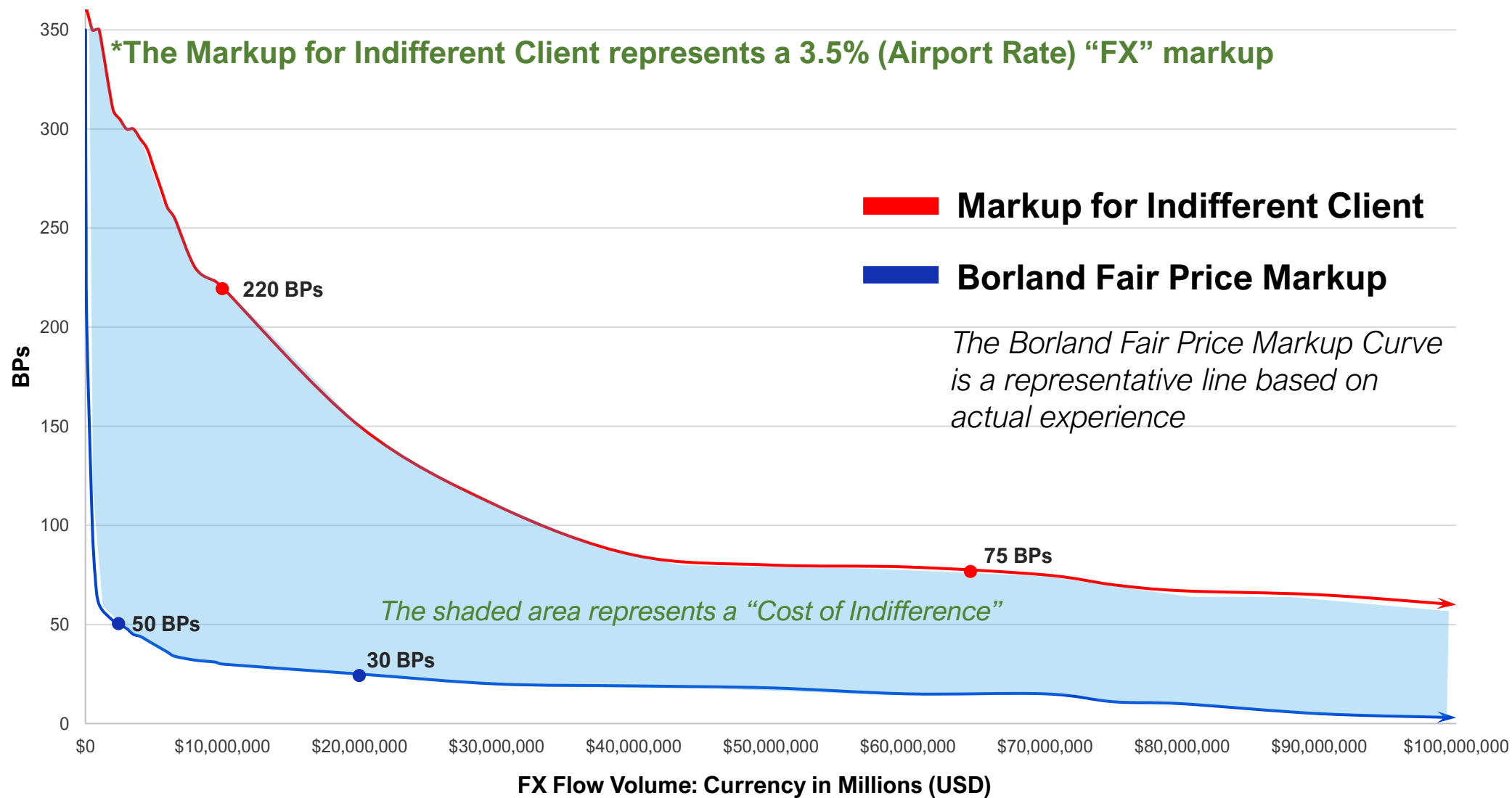


TRANSPARENCY



- “Back Test” and “Benchmark” your historic FX trades for true cost.
- Understand what you have paid relative to market costs.
- With FX data you can see if you deserve an FX pricing improvement.
- A key is accurate time stamps, which banks need to provide.

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

TimeStamp

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: Contract #:

Deal Date: June 19, 2015 09:27:33 AM 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 Keys to Being Prepared.
- Negotiate a Fair Markup Agreement as FX Flows are Valuable to Banks.
- Get Your New FX Markup Agreement in Writing.

NEGOTIATING: FX WRITTEN AGREEMENTS

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

Suggestions for FX Agreements:

- Pre-agreed FX spreads
- Outline the 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 & CHECK FOR COMPLIANCE



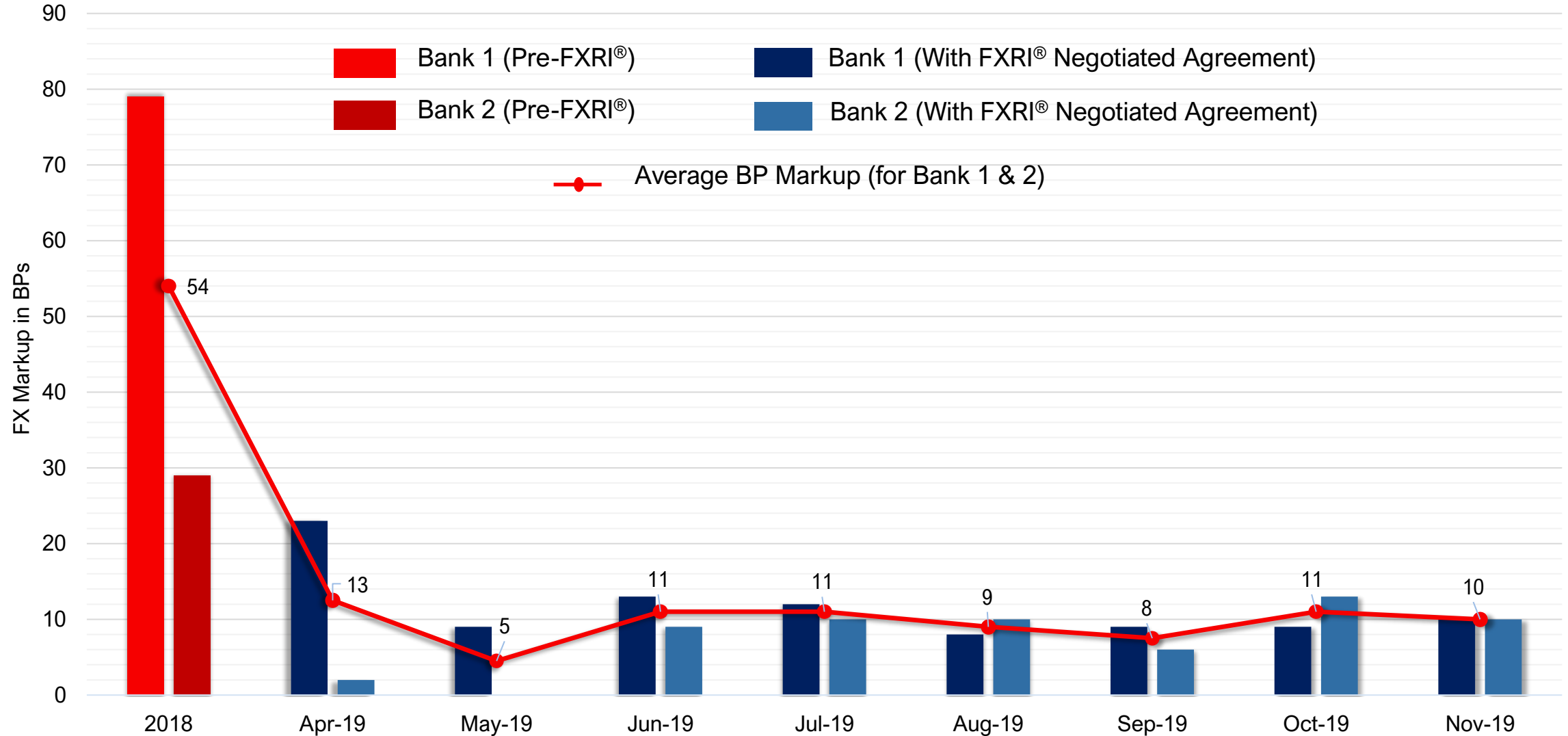
- Checks for Compliance to Maintain Rate Integrity by Monitoring New FX Arrangements.
- Regular **Foreign Exchange Rate Integrity**® reviews will highlight when a Bank or Fintech FX provider makes a mistake.
- Banks should be diplomatically confronted with the FX trading data if there are variances.
- Significant mistakes can warrant a refund.



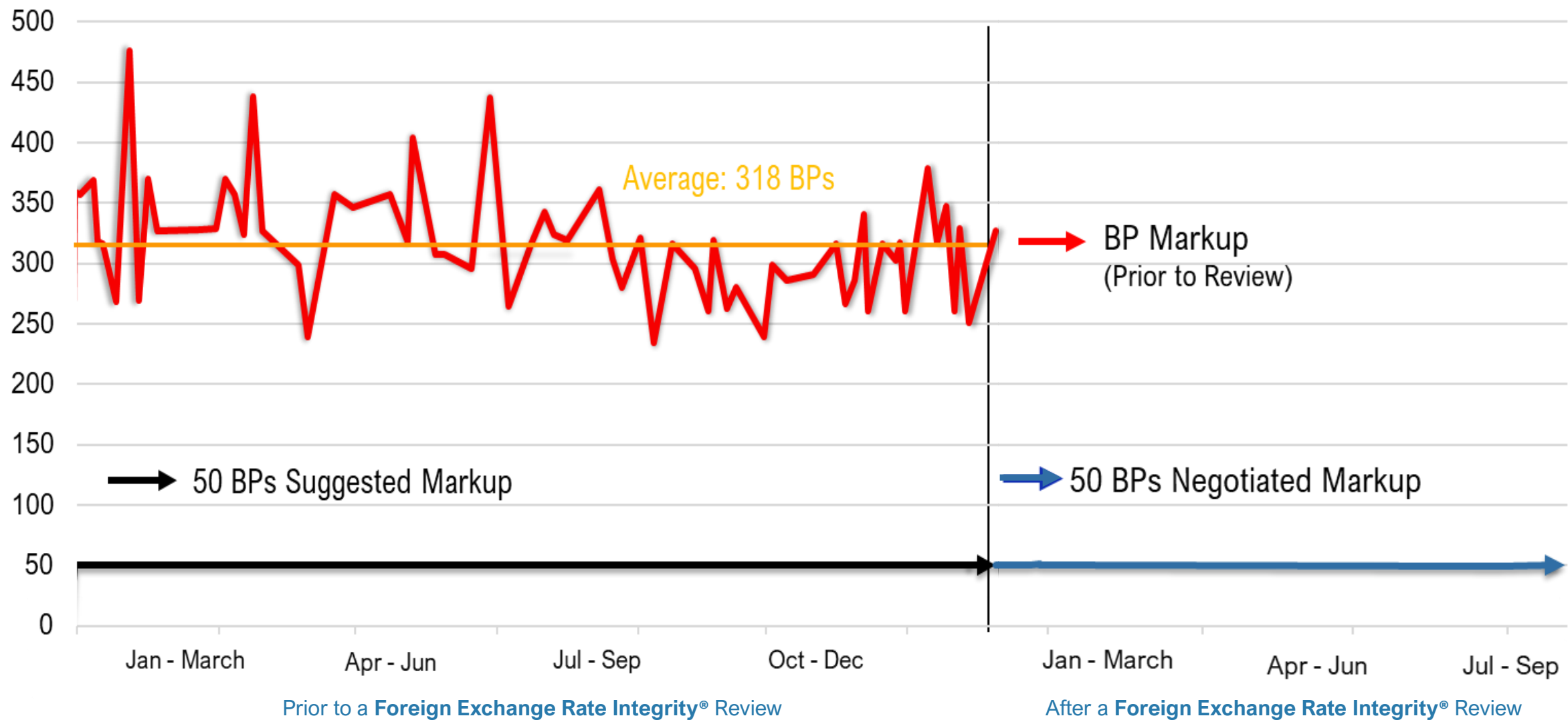
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CASE STUDIES

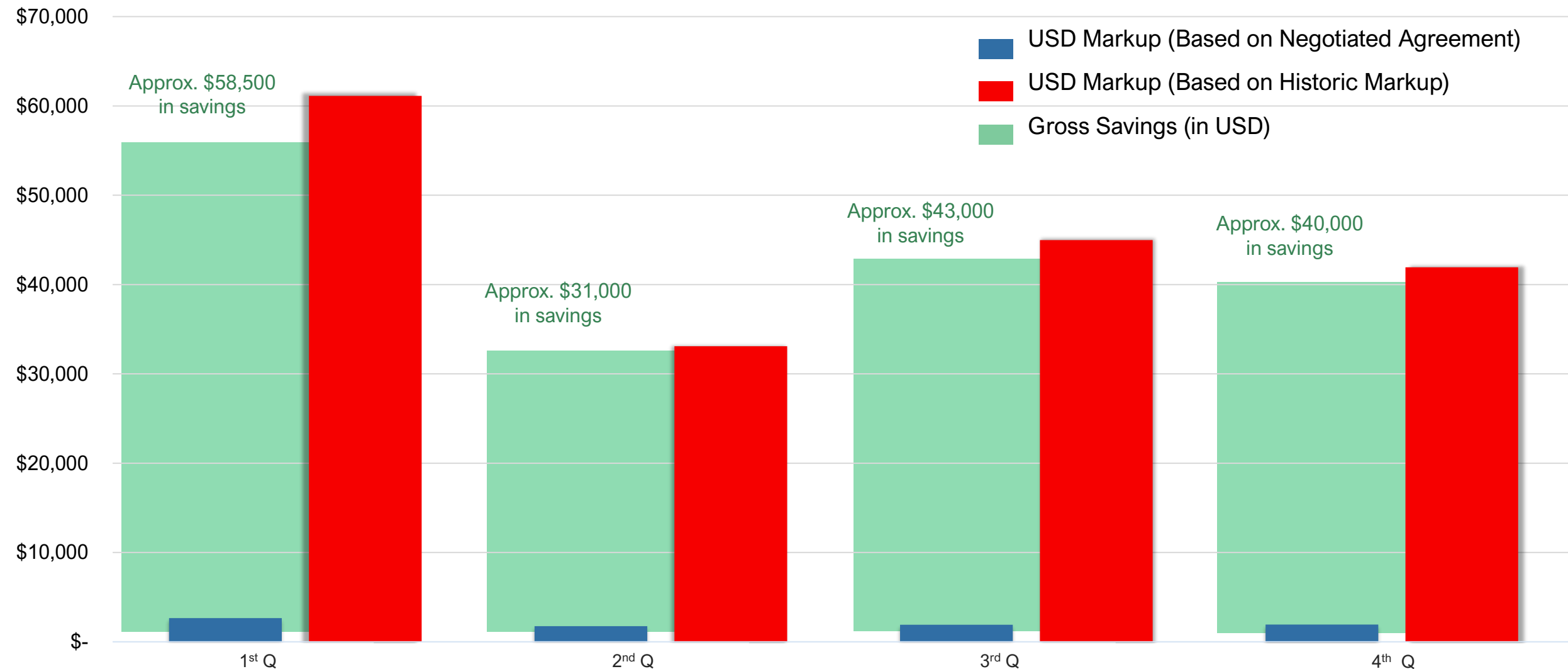
CASE STUDY 1 – GLOBAL ENGINEERING



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. Advances in Technology, Artificial Intelligence and Data Analytics
3. Innovations in Pricing such as Pre-Agreed Spreads, Integrity, and Compliance.

If you are involved in FX we believe you are wise to pursue **FX Rate Integrity®**

