



Client Information Sheet re Foreign Exchange Transactions

How we transact Foreign Exchange

IQ-EQ has entered into an agreement with eWealthGlobal Group (**eFX**) to execute foreign exchange transactions for our clients.

The main rationale for the relationship with a specialist FX third-party provider is to address pricing inconsistencies by banks and to reduce operational execution risk.

Client Entities benefit because:

- / Each FX trade is priced from a fixed, tiered, consistent and competitive pricing matrix, direct from the live InterBank FX market which brings certainty and transparency to every transaction. The FX Rate Matrix is available on request.
- / The internal process for booking a trade is executed through an electronic platform, which allows more efficient access to indication rates, booking a rate and the onward payment process.
- / The process reduces the risk of human error and allows live market pricing at very competitive margins. The matrix is tiered to transaction size, meaning that larger FX deals get appropriate finer pricing.
- / eFX allows IQ-EQ to book FX rates before seeing sight of funds, which reduces foreign exchange risk and avoids the difficult process of trying to obtain fair indication rates from other banks.

IQ-EQ benefits because:

- / The Group is more efficient using eFX's system and has the ability to demonstrate 'best execution'.
- / There is no necessity to call various banks to check prices and the system's permissions will allow greater control and lower risk.

IQ-EQ participates in a revenue share with eFX and full details of any part of any relevant transaction are available on request.

Please ask your usual IQ-EQ contact if you have any queries or if you would like any further information.

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Risks and Other Information

Counterparty Risk – is defined as the risk of a counterparty to a contract or transaction defaulting on its obligations.

eFX is IQ-EQ's counterparty to each transaction and so, in the context of the foreign exchange trades we place, "counterparty risk" is the risk that eFX does not deliver the bought currency.

Settlement Risk – is the risk that a party does not deliver a security or cash as per an agreement, after the other counterparty (or counterparties) has already delivered security or cash as per the trade agreement.

The Process

All client funds transmitted to eFX are received into a settlement account, held at the Jersey operation of Barclays Bank Plc, one of the world's largest banks and are identified through a client trade reference code unique to each client transaction. The settlement accounts are titled "eFX Solutions Settlement Account", specifically segregating the accounts from any accounts containing money belonging to eFX. These accounts are in place solely to enable the electronic settlement of currency exchange transactions and so function purely as a "flow through" for near instantaneous outward payments in settlement of the currency exchanges under automated straight through settlement processing.

The funds of various eFX clients, which are clearly identifiable by way of the unique client trade reference code, are pooled together during the brief time that funds are held on settlement accounts until the trade is completed. As eFX does not carry out trust company business activities (as defined under the Financial Services (Jersey) law 1998) it is unable to avail itself of the safeguards provided under the Financial Services (Trust Company business (Assets – Customer Money)) (Jersey) Order 2000, which require banks to provide an undertaking that they will not seek to recover a debt from one customer from assets held in a pooled account on behalf of another.

Due diligence undertaken on eFX indicates that eFX has implemented a 'zero market risk policy' and does not act as a market maker, nor take foreign exchange trading positions on its own behalf. eFX does not buy or sell currency in the market as all client trades are fully auto-matched at the time the client executes an order over the eFX platform. By adopting this strict execution policy eFX is confident it is not putting either client funds or its own capital at risk.

Regulation

As at the date of this information sheet the carrying out of Foreign Exchange transactions is not regulated business in Jersey. eFX is registered with the Jersey Financial Services Commission in respect of anti-money laundering and countering the financing of terrorism.

eFX Solutions is a trading name of eWealthGlobal Group Limited and its partner The Currency Cloud Limited (**TCC**). TCC, whose technology eFX are licensed to use to make onward payments of the bought currency, is authorised by the Financial Conduct Authority under the Electronic Money Regulations 2011 and the Payment Services Regulations for the issuing of electronic money and the provision of payment services (FCA register number 900199).

Various companies within IQ-EQ are regulated in a number of jurisdictions, including Jersey and further details can be obtained from the group website:

www.iqeq.com/legal-and-compliance