

Client Information Sheet re Foreign Exchange Transactions

How we transact Foreign Exchange

IQ-EQ has entered into an agreement with AFEX Offshore Limited (“**AOL**”), 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.
- AFEX 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 AFEX’s online platform and has the ability to demonstrate ‘best execution’.
- It is not necessary 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 AFEX, 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.

Risks and Other Information

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

AFEX 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 AFEX 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 AFEX are received into an operational account, held at Standard Bank Jersey and are identified through a unique AFEX account number for each client transaction. AFEX will apply the incoming amount to the specific IQ-EQ client account with AFEX Offshore Limited and will release the onward payment.

Regulation

AFEX Offshore Limited (“AOL”) is a Jersey company authorised and regulated by the Jersey Financial Services Commission (registered no.117732). They are fully regulated and supervised both as a Money Service and Investment Business provider under the Financial Services (Jersey) Law 1998.

As a regulated business, AFEX segregate client money under the Financial Services (Investment Business (Client Assets)) (Jersey) Order 2001 and with their Money Service Business activities covered by the Channel Islands’ Ombudsman Scheme.

Companies in the IQ-EQ Group are regulated in several jurisdictions, including Jersey and further details can be obtained from the group website:

www.iqeq.com/legal-and-compliance