

# Casco FX

## Foreign Exchange & Risk Management





## Introduction

**For companies and organisations that require effective management of their foreign currency exposure, Casco FX is the natural choice**

Casco FX provides foreign exchange services, risk management tools and international payments technology to multinational companies, organisations and individuals around the globe. Collectively our dedicated team of experts have over 100 years of experience in managing the strategies, processes and risks surrounding the foreign exchange market.

We combine the traditional virtues of outstanding customer service with a modern forward-thinking approach, supported by superior market intelligence and technology. Our Account Manager's not only provide a vital degree of visibility but are renowned for wide ranging expertise in navigating the world's most volatile financial markets. We formulated effective hedging and risk management solutions for thousands of clients last year, saving them millions in the process.

We're not just passionate about saving you money. We also pride ourselves on the fact that we're large enough to undertake the biggest transactions, yet small enough to care about each and every client who trusts us with their international payments.



1000's of happy clients, actively trading with us



Fully regulated by the Financial Conduct Authority and HM Revenue & Customs



Trade in over 40 currencies and pay to over 130 countries worldwide



In excess of £1 billion traded in FX turnover



Enhanced security features for added peace of mind

# The Foreign Exchange Market

Throughout 2016 we saw the unexpected prevail, producing a year like no other. Volatility in the foreign exchange market hit an all-time high, brought on by events such as the UK EU referendum, the US Presidential Election and the US Federal Reserve Bank interest rate hike. During this period, we have seen many of the major currency pairs trade at extreme highs and lows, with the average trading range across GBP/USD, EUR/USD and GBP/EUR hitting an unprecedented 25%; the highest level since the financial crisis. Many believe the heightened level of volatility seen throughout 2016 is set to continue, with markets continually trying to play catch up and digest the repercussions of these black swan events.

In reality, many UK businesses have been put under pricing pressures which they haven't seen in decades,

with the cost of importing products from the Far East and USA surging by over 20% and European imports increasing in cost by 17%. In financial terms, in 2016 a company spending \$1,000,000 overseas would have been paying out an additional \$170,000 compared to the average rate of 2015. The result; businesses across the UK have been forced to undertake multiple price increases, and in some cases have incurred notable losses as a result of not having a robust foreign exchange policy in place.

The bad news is the outlook is for this volatility to continue throughout 2017 and beyond, with central banks around the world struggling to maintain control over economic growth, inflation and employment. The good news is we can provide solutions to dramatically reduce the overall risk this poses to your business.

31  
YEAR LOW

The Pound hit a 31 year low against the US Dollar following the release of the UK EU Referendum result

10%

Following the Greek 'state bankruptcy' crisis, the Euro lost over 10% of its value vs. the US Dollar

60%

60% of businesses have no foreign exchange risk policy at all

\$3.75  
BILLION

In the fourth quarter of 2015, Apple lost a staggering \$3.75 billion in revenue due to a strong US Dollar

6%

Pfizer reduced revenues by 6% in Q3 of 2015 due to the 'unfavourable impact of exchange rate movements'



A simple forward contract is the first step to vastly reducing foreign exchange risk



# Product Options



## Same-Day & Spot Contracts

The quickest way to send money abroad

These are ideal when your business needs to make a one-off transfer. This type of transaction is quick, simple and perfect if you need to send or receive a payment within a short timeframe.

Once we have agreed an exchange rate and received your funds, we send the currency you have purchased direct to your chosen beneficiary.

***This is essentially a 'buy now, pay now' option.***



## Forward Contracts

Purchase currency at an exchange rate now for delivery in the future

This option is particularly useful for risk adverse clients who want certainty in their accounting practices in order to be able to protect their core profits. The exchange rate you agree on the day that you book your forward contract remains the same for the agreed term of the contract so that your business is not vulnerable to adverse exchange rate movements. Forwards can be booked up to a year in advance, allowing you to accurately forecast your cash flow and manage budgets with confidence.

***This is essentially a 'buy now, pay later' option.***



## Market (or Limit) Order

Achieve a specific rate to purchase your currency

Market orders help you execute a trade at your ideal rate when the time is right. Agree the amount of currency you need to transfer, and your target rate with us in advance. If the market moves to your desired rate, the trade is automatically executed on your behalf.

They are monitored around the clock and our expert team can help you establish the appropriate levels at which to set your orders if you require.

***This option can be used to purchase both spot and forward contracts and is useful if you don't need to secure your currency immediately.***



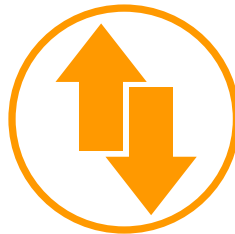
## Stop-Loss Order

Protect against adverse moves in exchange rates

A stop-loss order is essentially the opposite of a Market/Limit order, and protects you against unfavourable market movements. You agree the worst-case exchange rate that you are willing to accept for your trade and if the market price drops to this level then a trade is automatically executed at that rate (or next available price on a best endeavour basis).

These are monitored around the clock and they ensure that your business does not incur any further losses than you have budgeted for.

***Akin to Market Orders, this option can be used to purchase both spot and forward contracts.***



## Market & Stop-Loss Orders in Combination

Place a market order and stop-loss order simultaneously

Target the capture of your best case scenario along with protection for your worst case outcome at the same time. Placing orders in pairs allows you to take advantage of favourable market movements whilst knowing that your business is trading within an acceptable range.

When the orders are set up this is done on a one cancels the other (OCO) basis, so that if one of the orders is filled the other is automatically cancelled straight away.



## Multiple Payments

Simplify and streamline your international payment processes

Handling a large number of overseas payments to numerous beneficiaries can be time-consuming and costly. We make things easy by setting everything up for you, freeing up valuable time that you can spend on core business activities. You can either upload files from your ERP, AP or treasury management systems to your online account or send the information directly to us and we will do it for you.

Your Account Manager can keep you informed at every stage of the payment process as much or as little as you require, for full peace of mind.

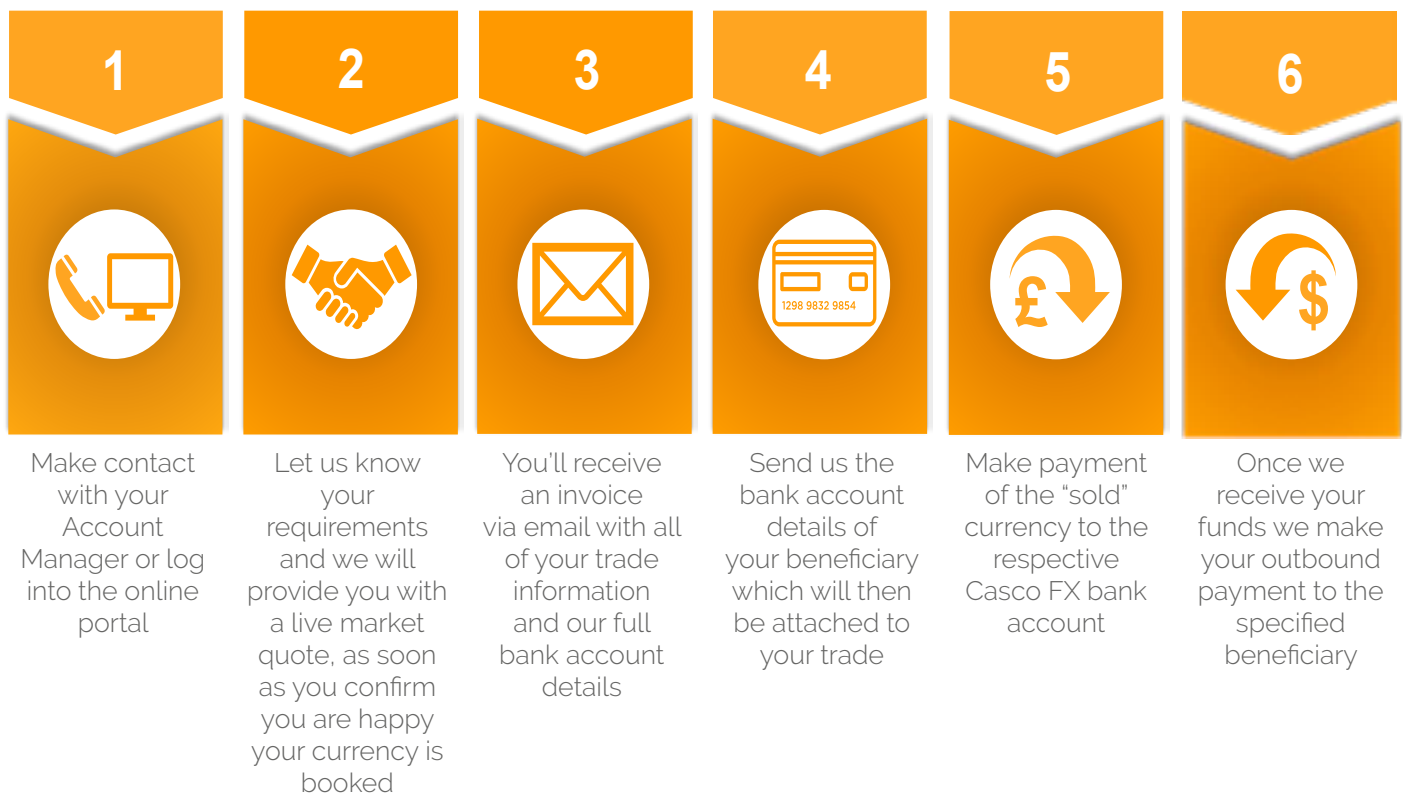
for more information and to choose the product option that best matches your own corporate circumstances, contact Casco FX today on: +44 (0)203 478 2190



# Account On Boarding Process



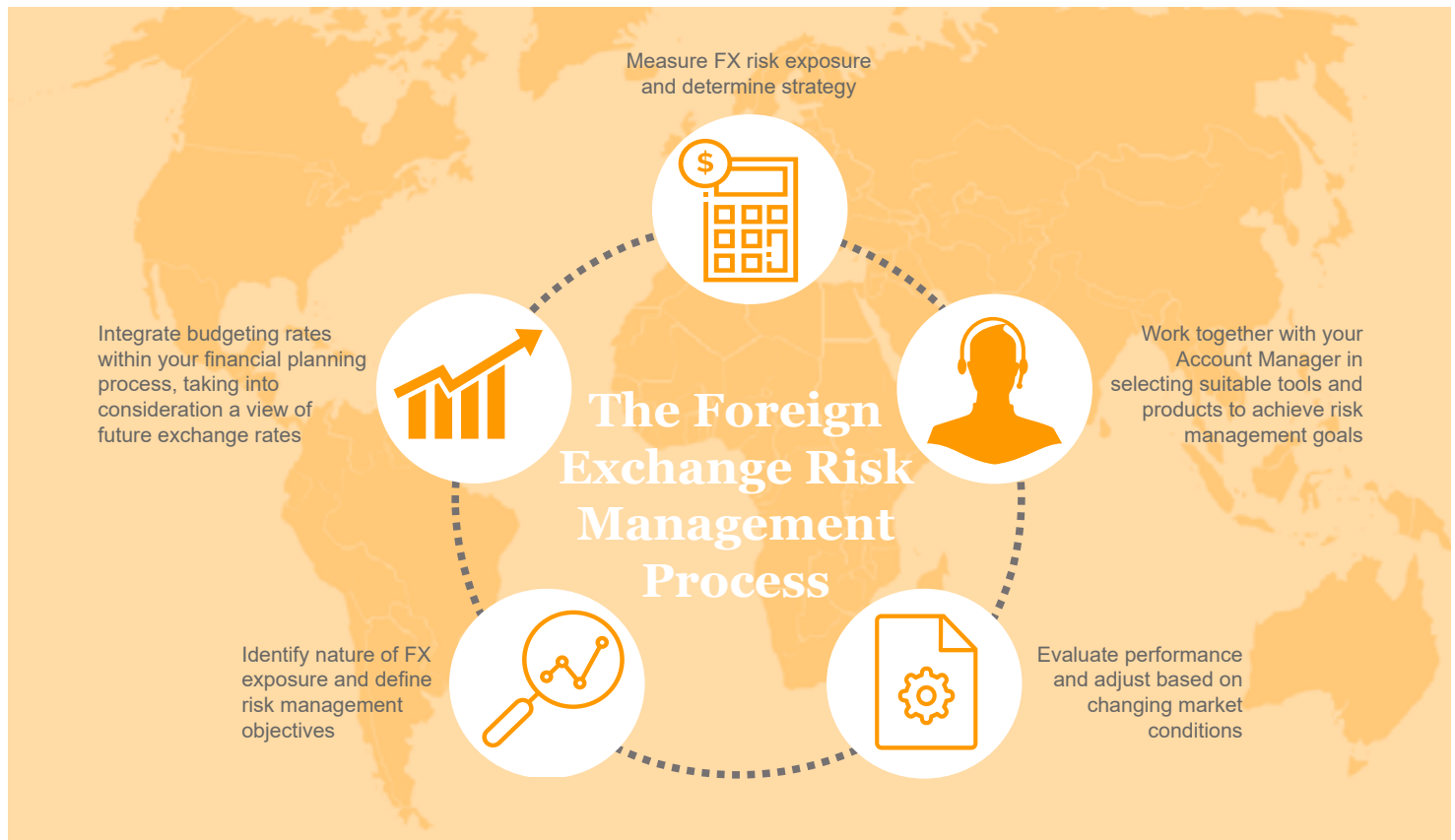
# Transaction Process



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# Foreign Exchange Risk Management

For executives of all levels, no matter the size of your business, we can help you overcome the challenges presented by volatile and uncertain currency markets that create risk for every company and organization carrying out business internationally



## Why does your company need a foreign exchange risk management strategy?

Recent surveys have shown that the vast majority of companies experience a negative material impact from foreign exchange. As reported in the Financial Times, some of the biggest companies in the world have issued warnings that adverse movement in exchange rates would significantly lower their annual earnings. These companies are examples of how difficult it can be to calculate accurate foreign exchange exposures from corporate accounting and ERP systems. Poor foreign exchange policies and strategies lead to volatile and difficult-to-explain hedging results. For companies without the requisite expertise, the job can be overwhelming and ultimately damaging to their bottom lines.

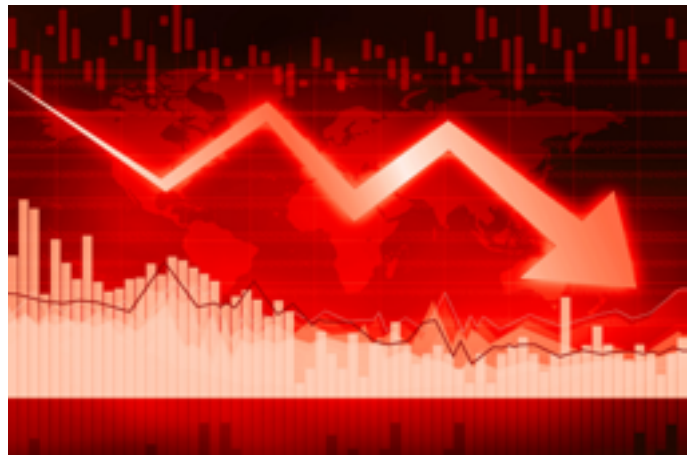
Every company doing business internationally has foreign exchange risk, whether on their balance sheet, or from expected future cash flows. Unhedged re-measurement risk and volatility of earnings can impact a company's valuation, or their ability to obtain financing. All companies need to implement an effective cash flow risk management program that works for them, making their money move effectively. Many foreign exchange service providers offer forwards and options as 'risk management solutions'. However, on their own these products are not sufficient to manage the risks associated with movements in the foreign currency markets. A lack of structure, poor balance sheet forecasting practices and inferior 'stress tests' can all exact their toll on revenues and profit margins.

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## How certain is your profit?

Casco FX can help you to mitigate the risk of international transactions. When making and receiving foreign currency transfers your costs will fluctuate and profits become unpredictable. Our industry experts are dedicated to helping companies manage their foreign exchange risk in an efficient and cost-effective way. We can offer assistance and support with establishing a foreign exchange hedging policy, setting foreign exchange accounting rates, reducing trading costs, establishing hedge program performance benchmarks and much more.

Your dedicated Account Manager will invest time in developing a deep understanding of your business operations, ascertaining your attitude to risk, identifying the exact financial risks facing your business and clarifying the goals you want to achieve. The result is a fully tailored FX risk management strategy with clear practical



Market volatility exposes your cash flow to unexpected currency movements and puts your profit at risk

advice, enabling your business to make highly informed hedging decisions which will enable you to generate greater revenue and ultimately protect your bottom line.

## Proactive Analysis

With fewer clients to cater for than our competitors and a genuine focus on outstanding service, we can provide you with timely domestic, international, and special economic reports as little or often as you require. You can rely upon our vastly experienced team to stay up to date with rapidly changing market conditions, so your trading decisions are always based on the most accurate market intelligence.



At Casco FX your Account Manager acts as your eyes and ears in the foreign currency market and they will provide you with up-to-the-minute insight into the current state of the market which allows you to:

- Make better informed trading decisions in real time
- Maintain the ability to take advantage of favourable market movements and react immediately to unfavourable moves
- Mitigate the currency risks to your business from exchange rate fluctuation
- Protect your core profit margins and cash flow by trading at the most appropriate times for your business

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# Casco FX Online

If your business undertakes frequent foreign currency transactions and multiple payments to different beneficiaries overseas, our online system is perfect for you. Combining up-to-the-minute information with user-friendly technology our online facility is the fastest, smartest way to buy and sell currency; saving you time, money and allowing you to streamline your payment processes, all at the click of a button.

## Why use Casco FX Online?

Registering for an account is completely free and once this has been activated, you can access our on-line facility on your desktop, mobile or tablet straight away. Upon account activation you will be assigned a dedicated Account Manager who will walk you through the ins and outs of how to utilise the platform to its full potential. Removing the need for any phone calls and email conversations if you so wish, from this point onward your Account Manager will be readily available on a direct dial basis and will always be happy to assist you with any extra ordinary requests that you may have. Your fully encrypted online account gives you the ability to:

- Trade spot or forward up to 12 months in advance
- Access more than 40 currencies for conversion purposes
- Book a conversion of any size you require, with no minimum transfer amounts
- Understand the cost of your transfer straight away, with transparent pricing and no hidden charges

## Other features and benefits include:



### Easy Click to Buy

A simple click to quote process means you can buy or sell currency in just a few seconds. Our banking prices feed directly into the system and update every second, so you always receive the most recent rate. You can even request forward prices through the system giving you full control over your foreign currency exposure.



### Beneficiary Management

Through the system you have complete control over where you wish to send funds. Payee details are securely stored and payments can be remitted to over 130 countries worldwide. You can create new payees, edit existing beneficiary details and assign payees to previously purchased currency all from the one portal.



### Reporting & Payment Tracking

The system provides up to date transaction information meaning you are able to track and monitor the status of each and every payment you send. The search facility allows you to look back through previous payments using various criteria giving you full visibility over your transaction history.



### File Upload Facility

With our file upload facility we can even integrate our platform with your internal finance package to create a completely streamlined payment solution. The perfect tool and far more efficient if you are making hundreds of payments and want to avoid the headache of manual entry.

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# Security and Compliance

Casco FX is the trading name of Casco Financial Services Limited, incorporated in England & Wales - Registration No. 07131446. As a company we are committed to the highest standards of business practice and ethical conduct at all times. It is important to delineate between an institution like Casco FX and other foreign exchange providers. Through the enhanced security procedures and compliance processes deployed at Casco FX, we strive to constantly improve the levels of protection we offer to our clients.



## How are we regulated and what does it mean for our clients?

### Financial Conduct Authority (FCA)

Casco FX is an FCA Authorised Payments Institution (API), registered under the Payment Services Regulations Act 2009 for the provision of payment services. The firm's reference number (FRN) is 671508.

As an API, it is a regulatory requirement for Casco FX to hold all client money in designated segregated client accounts with our UK banking partner, NatWest Bank PLC. Under the Payment Services Regulations Act, all client funds received into these accounts in settlement of an underlying foreign exchange trade remain legally independent from Casco FX's own business funds at all times.

### Her Majesty's Revenue & Customs (HMRC)

Casco FX is registered with and licensed by HMRC as a Money Services Business (MSB). Our registration number is 12594438. To achieve and maintain MSB status we must adhere to strict Anti-Money Laundering (AML) guidelines under the Money Laundering Regulations 2007, along with other associated legislation, and are regularly spot checked to ensure adherence.

In addition, we have put in place our own rigorous internal Know Your Customer (KYC) and Compliance policies to give you an added level of protection.



## How do we protect our clients' information?

Our stringent focus on security includes an uncompromising approach towards data protection. We operate a fully encrypted server and all company devices are protected to the highest possible standard by the full McAfee LiveSafe product suite. All information and transactions on our online platform are processed over a 128-bit encrypted network.

Casco FX are fully compliant with the Data Protection Act 1998, which protects clients against the misuse of personal data held across both manual and electronic records. We will also comply with our requirements under the new Data Protection Bill, once ratified by the UK government later in 2017. Casco FX review the nature of the information being collected and held on a regular basis to ensure there is a sound business reason for requiring the information to be retained.

## What are we insured against?

Casco FX holds the following insurances with Nexus Underwriting Management Ltd, a Nexus Group company, brokered through Arthur J. Gallagher (UK) Limited:

- Civil Liability Insurance
- Professional Indemnity Insurance
- Directors and Officers Liability Insurance (Financial)
- Crime Insurance: Property Loss and Electronics Computer Crime Insurance

for more information call us on: +44 (0)203 478 2190



# Contact Us

For more information about how Casco FX can help you, speak to a member of our team today:



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