

# FORWARD CONTRACT

Avoid the risk of future market fluctuations and stay in control with a fixed exchange rate.

DEALING DESK

+44 (0) 1737 231570



## PLAN AHEAD

By arranging a Forward Contract you can take advantage of securing an exchange rate today for a pre-determined point in the future, for a specific amount of currency, thus removing any risk from currency fluctuations that may occur.

## SECURE YOUR RATE

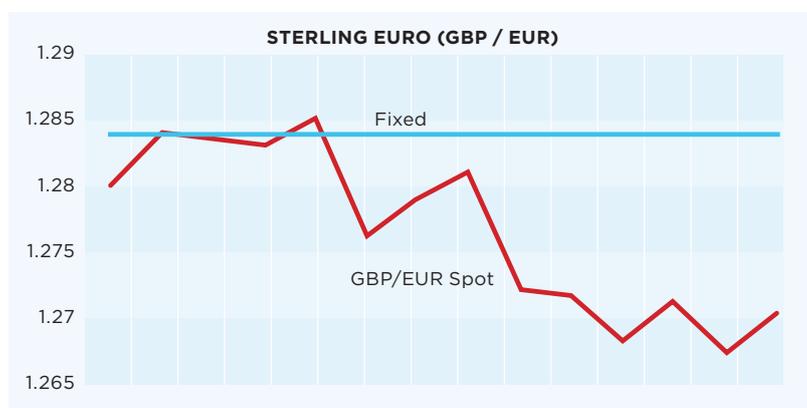
As currency values rise and fall, it can be tricky to achieve your optimum rate for a continuous period.

A Forward Contract enables you to agree a rate that you are happy with and arrange a contract to utilise the currency purchased at the agreed forward rate for anywhere from a week up to 12 months in the future.

## HOW IT WORKS IN PRACTICE

Your designated dealer will discuss your currency requirements, help you to secure a favourable exchange rate, and guide you through the payments process.

**EXAMPLE** Company ABC is a UK importer that has a requirement to purchase EUR 250,000.00 over a six month period in stage payments, with a costed level of GBP/EUR 1.2500.



## ARRANGE A FORWARD CONTRACT

Company ABC decides to protect against future currency fluctuations and hedge the FX rate for the contract using an Open Forward Contract at the current forward exchange rate:

Deal Date 18/05/2016  
+EUR 250,000.00 @ 1.2840\*  
-GBP 194,704.04  
Deposit 10%\*\*

Value Date 21/11/2016 (this is when the total amount of Euros needs to be used by)

\*rate as of 18/05/2016

\*\*Deposit amount may vary depending on the currencies involved, how far into the future you would like to fix a rate and your trading history with us. This can be discussed with your Dealer.

## DRAW DOWN

You can take delivery of all the foreign currency at once, or draw down smaller amounts as and when you need, up to the amount of the value of the contract.

In this example, Company ABC then has the ability to Draw Down at each stage payment. If a stage payment was due at any point for EUR 25,000.00, Company ABC would remit to us GBP 19,470.40, and NU Currencies would transfer EUR 25,000.00 to the beneficiary account.

After each Draw Down the balance on the Forward Contract would reduce by the amount Drawn.