



Schneider Foreign Exchange

2009

Understanding and managing currency exposure in times of volatility.

Helping to maximize returns through intelligent use of FX.



BBI Finance is an introductory broker of Schneider Foreign Exchange Ltd.

Schneider Group & Schneider Foreign Exchange

Schneider Group is a financial institution based in the City of London. It was founded in 1998 as a derivatives trading house to facilitate electronic market screen based trading of futures, options and equity CFDs for professional traders and corporate clients.

Since then, Schneider has grown steadily from its initial base of a few trading associates in London to become a global trading facilitation company serving nearly 500 traders across the world with offices in UK, Europe and Australasia. Schneider's economies of scale have allowed it to take an inclusive approach. By investing time and resources in its clients it has built business partnerships and relationships that have strengthened the entire association to the benefit of all.

Schneider Foreign Exchange - part of the Schneider Group - acts as an FX brokerage with lines into the institutional market makers and liquidity providers in London. Schneider Foreign Exchange transacts FX deals on behalf of other financial institutions in London as well as large corporate entities that range from the FTSE 100s downwards. They come to Schneider because we are able to provide them with more competitive pricing structures than they get from their existing banking relationships and other service providers.

Schneider is a relationship based business. We build long standing, mutually beneficial relationships built on a combination of trust, best execution, proactivity and service. In increasingly more unstable times in the financial markets many companies are looking to deal with specialist institutions, as opposed to banks, that are not exposed to other risks such as subprime securities. As a privately owned business with no shareholders to answer to and a business that is not involved in lending or credit markets you can be assured that security and confidentiality are an integral part of our success.

Although the FX markets are unregulated, Schneider has taken steps to become an Appointed Representative of Schneider Trading Associates, its FSA-regulated sister company, thus helping to ensure peace of mind for our client base. Schneider also goes to great lengths to understand the machinations of our client's FX exposures in order to provide them with a bespoke service. This includes research individually tailored to suit their needs, allowing them more transparency and a clearer understanding of how, when and if to go to market.

Schneider is also famed for offering professional trading mechanisms to our clients that are not typically offered by the banks. This allows our clients to capitalise on favourable market moves in overnight markets where thinner liquidity creates windows of opportunity they would otherwise not be able to capitalise on.

In short, Schneider is a full service outsourced treasury function that allows businesses to get on with what they do best and not worry about being affected by adverse movements in the currency markets.

Tailored Solutions, Proactivity, Exceptional Service and Value.

Risk

Risk is an entirely personal perception. This means that everybody is comfortable with different levels of risk and being able to tailor our service to your own individual requirements is a key part of the Schneider process. How can you fully mitigate currency risk? The honest answer is that you can't, or at least not fully. There are two weapons you have at your disposal that allow you to at least minimise it - information and trading mechanisms.

Proactivity

There are two ways in which an information flow may reach you, proactively and reactively. Typically many of the larger financial institutions, mainly because of their size, fall into the latter category. Schneider prides itself in being the former. A good example of this is that a bank will not concern itself with your FX requirements until such time as you pick up the phone, and at this point the usual response is, "that's the price, take it or leave it".

Our approach is completely different. We send out concise daily morning reports that brief you on the previous day's events in the FX markets and highlight the events likely to be of interest today. We do bespoke research on behalf of our clients at no cost depending on their own individual currency needs. We highlight key scenarios for you to consider that we can couple with different trading mechanisms to give you the best possible chance of achieving your goals - key scenarios that we can update you on, as frequently and as in depth as you choose, and trading mechanisms that will be detailed later in this paper.

Price

Price is arguably the most straight-forward element to discuss, because it is what most people understand. Regrettably, price is all a lot of people seem to care about. We are not damning this as a feeble excuse as to why we can't compete on price - to the contrary. It is merely to try and change the perception of what is good value and what is not.

We are able to offer more competitive pricing for two reasons. Firstly the purchasing power that is afforded to us through the volumes traded collectively by Schneider Group (circa \$75 trillion p/a) enables us to leverage much tighter margins than you may achieve in your own right.

Secondly, as a broker that deals with the other market makers in the industry (institutions that typically supply liquidity to the retail banks) we are able to scour the market to achieve the best price at any given time through banks, some of which you may have existing relationships with, and also some you will not.

Value

When it comes to value you could get a dozen comparative quotes at any one time thereby ensuring you get as close to the market as possible. If you choose to get those quotes whilst the market is trading in its bottom 5% over the course of the day, then this does not represent good value.

However, if you get one quote but deal in the top 5% of the market's range over the course of the day then this does represent good value.

Timing

As mentioned earlier, dealing at the right time in whatever timescale you are working to can have a pronounced effect. It could mean the difference between good value and poor execution. At Schneider we offer you mechanisms that will allow you to pick levels that we think are realistically achievable in the timescales we are working to, outside your everyday trading hours. This is because we trade 24 hours a day to make sure we do not miss any opportunities. We also offer the option to track the market over a given period of time, with levels of protection to alleviate downside risk, meaning you can pin down the top five or ten percent of the trading range over that period. You also have the option to trade over 160 currency pairs up to two years forward, with the ability to draw down or roll over as you see fit, thus making us very much more flexible than many counterparties.

Key Points Summary

We offer better-than-bank FX prices

Firstly, Schneider Group is a market maker in certain asset classes. This allows us significant leverage over other market makers when getting quotes for FX dealings. The market makers we deal through (e.g. MF Global) are typically the institutions who provide liquidity to the banks (e.g. RBS, Lloyds TSB etc.) Secondly, as a broker it's our job to scour the market for the best price at any given time. Using the purchasing power that we're afforded as a result of the regular volumes we trade, we can negotiate better prices from the banks that you may be using and many that you're not in touch with.

We will keep your bank competitive

If your bank knows we are on the other phone line when you are doing an FX trade they will offer you their best price. If we can beat it, you can consider placing the order with us.

We provide detailed analysis

Accurate and proactive analysis of where exchange rates are heading and why. This is analysis that we feed into CNBC and Bloomberg news channels as well as The FT, City AM and Dow Jones Marketwatch. We also offer bespoke research for clients on their individual currency requirements.

We offer 0% initial margin

We can offer you the facility to buy currency for a date up to two years ahead without asking you to pay an initial deposit (depending on creditworthiness).

We give you access to market orders and the 24 hour markets

Schneider offers you the option to achieve target prices in more volatile overnight FX markets in the U.S. and Asia through our international dealing network.

Schneider Market Track

Schneider offers you the option to track the market over a given period to try and pin down the top/bottom 5% of the trading range over that period.

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