

Participating forward



Customized solution to hedge your exchange rate

Key information on the participating forward

A participating forward is a conservative hedging instrument that offers complete protection against currency losses without requiring the payment of a premium. More specifically, it allows hedging at a pre-defined rate while, at the same time, you keep the opportunity to benefit partially from a favorable market move.

Your needs

- You are looking for a customized solution to protect your company against unfavorable exchange rate fluctuations.
- You would like to benefit from favorable market moves.

Your benefits at a glance

- You are fully protected at a known worst-case rate at expiry.
- At the same time, you can benefit partially from favorable market moves.
- No premium has to be paid (zero-cost strategy).
- You can choose from more than 80 currency and precious metal pairs.
- Our specialists will structure a solution for you that is tuned to your company's needs.

Possible risks

- The participation in favorable market moves is limited to the participation ratio.
- The settled amount depends on the market rate at each expiry.
- If you wish to close or restructure the participating forward, costs or gains may occur according to market conditions.

How it works

In order to set up a participating forward, you will need to define the following parameters:

- Currency pair
- Periodicity/duration
- Nominal amount for each expiry and participation ratio

The above parameters will define the hedge rate.

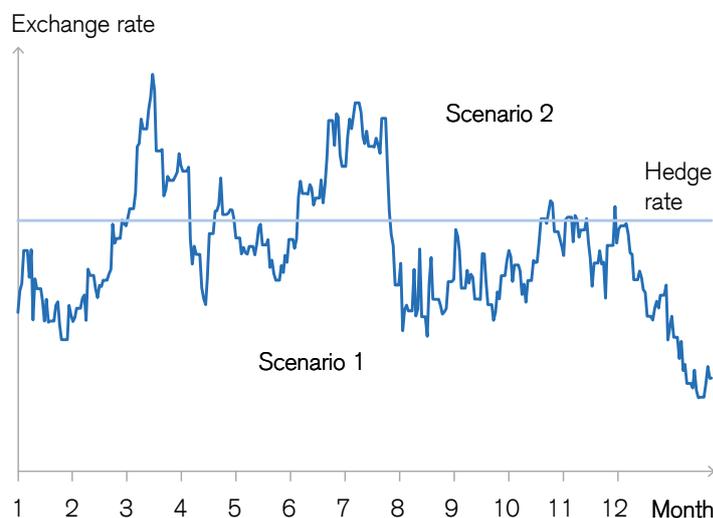
On each expiry, two scenarios can occur:

Example for a seller of a currency pair (e.g. exporting companies).

Scenario 1 – If the currency pair trades below the hedge rate, you will sell the nominal amount at the hedge rate.

Scenario 2 – If the currency pair trades at or above the hedge rate, you are required to sell only the nominal amount multiplied by the participation ratio at the hedge rate.

Example for a seller (export company)



For illustrative purposes only.

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