

How do I know if I'm getting a good deal?

With a Forward Contract the 'value' is easy enough to determine as it's all about the rate you can lock in and its proximity to the spot market for which up-to-date prices are readily available in the media. However, with an Option Contract there is more to consider.

The protection rate remains a key consideration, but as this will usually be less favourable than an equivalent forward rate, how much 'upside' should you expect to see in return?

Is the product likely to result in a positive outcome and do you fully understand the potential outcomes?

Given your circumstances, how can you be sure we are recommending the right product for you?

As so many aspects of an Option can be tailored to your needs, there are no universal rules of thumb to assess these considerations, other than to say that if the deal doesn't look favourable - i.e. the risk looks greater than the rewards - don't accept it. On the flip side, if it looks too good to be true, it almost certainly is.

What can you do?

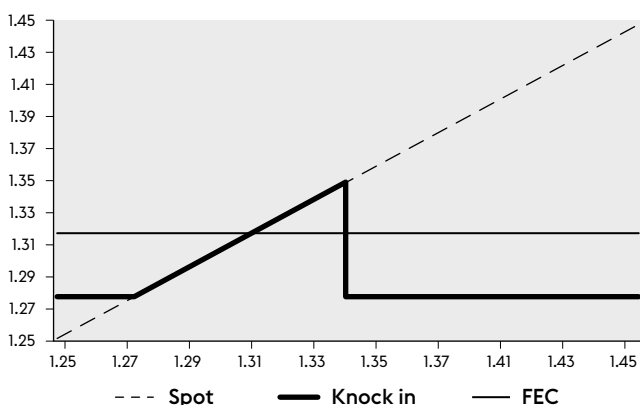
When assessing an Option trade – both before entering and after expiry – you should compare it against what you would have traded otherwise. Typically, this would be a Forward Contract. So, start by examining the rate could you protect with a Forward Contract vs the protection rate on an Option Contract, and ask yourself:

Does the 'give up' versus the forward rate seem reasonable compared to the potential upside the Option offers? Provided the Option is not leveraged,

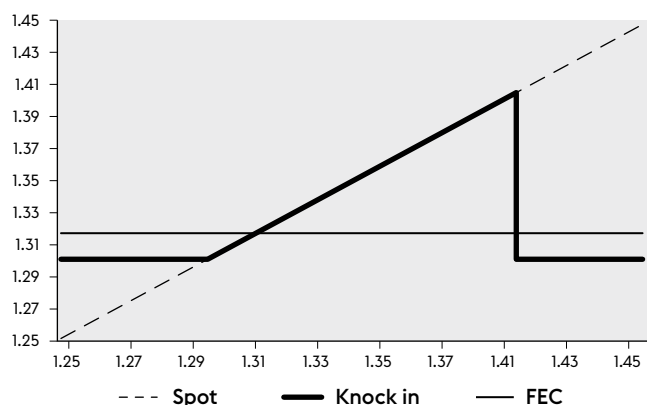
the protection rate will likely to be less favourable than a forward, but the 'give up' must be matched by sufficient upside to make it worthwhile. If you are giving up 4 cents on the protection rate and only gaining 2 cents of potential upside versus a forward, it's not a good deal.

If you're considering a barrier option, does the barrier rate feel too close to the current market rate, or does it fall within recent ranges? If so, there may be a good chance you'll be knocked-in and obligated to deal at the protection rate which is not the ideal outcome. Bear in mind that to push the barrier further away you may well need to lower the protection rate. If that makes the deal unattractive then ask whether a different structure might be better suited to your criteria or utilise a Forward Contract instead.

It is also important to consider the outcomes at the expiry date. Options may well look attractive given today's market conditions and outlook, but what if things change? What will it mean for your business if you're obligated to deal at the Protection Rate on expiry in 6 months' time while spot is trading 10 cents higher? If you'd otherwise have taken a forward, you're only worse off by the difference in protection rates that was visible at the outset, but if you need to be able to move with the market and would feel this outcome was resulting in a significant cost/revenue impact then perhaps hedging that exposure is not the right thing to do.



Protection rate well below forward and little upside on offer



Protection rate close to forward and proportionally much more upside

Quote Sheets and Key Information Documents

We will provide you with quote sheets prior to trading which show outcome/payout charts similar to the above so that you can assess the Option for yourself. However, it's our job to ensure that you fully understand all the implications of an Option trade, including where the value of the trade lies and how the outcomes fit with your objectives, so please don't hesitate to ask us to explain further if you're not sure.

Key information documents are available on our [website](#).

Compare

If you need further reassurance that we are offering you a fair deal, it should be possible to get comparative quotes from other providers in the market offering the same products. Of course, price or terms of the Option are not the only consideration. Credit facilities and security of funds are also important factors, but we're confident that the terms we offer will compare favourably.

What we do for you

For our part, we are not looking for short term gains at the expense of a longer term relationship. It is a stated aim of Western Union Business Solutions to become your trusted business partner, rather than just an FX provider. As such, we will strive to ensure that the deals we offer you are not only fair, but also suited to your requirements and designed to meet your objectives

When offering advice we will always undertake a discovery process to determine your hedging objectives, your knowledge and experience and your financial situation to determine the most appropriate products.

Part of this will be guidance on how to 'tailor' your option structures to best meet your needs –for example lowering the protection rate to give the desired level of upside protection, or suggesting a different structure with a more favourable Protection Rate but a lower degree of upside participation to ensure a budget rate is protected.

When we offer advice, we also provide a statement of advice setting out our recommendation, the expected outcomes, the risks, the returns and how the advice fits with the objectives and goals you set us.

Once we have recommended a strategy we also commit to reviewing it at an agreed frequency to determine

performance versus goals. If the terms of Option products within that strategy have been priced poorly, this will almost always be reflected in the eventual outcome and will be highlighted in the review.

With non-advised transactions we ensure the products we provide are appropriate and give you the information you require to make your decision

We check our prices are fair too!

As a business, we have established dealing relationships and trading lines with a significant number of market leading counterparty banks. We constantly check prices between them to ensure that the deal we can offer you has the best possible terms and are always assessing whether other counterparties outside of our existing panel have something more to offer. Western Union Business Solutions size and global scope ensures that we have considerable clout with these institutions, and we remain satisfied that we are getting the best possible deals for our clients and for ourselves.

How we are remunerated?

In terms of the specific Option deal, we of course make money from your transaction and you should refer to the 'How are we remunerated for the Financial Services which we provide to you' section of the Financial Services Guide to find out more on how this works. However, our staff are not directly remunerated from your trade and are targeted on a number of qualitative measures designed to ensure that you get a good outcome – which starts with fair pricing at the outset. We explain this further in our Financial Services Guide.

We do not take positions

Note – Western Union International Bank GmbH (WUIB) is not a market maker in Option Contracts and does not take positions of its own. This means that we do not create our own prices and we do not sell an Option to you without covering our risk with one of our panel of counterparty banks. This means that whatever you deal with us, we will deal with our counterparty and therefore the outcome for you is the same for us.

If your Option with WUIB is knocked in, WUIB's identical Option with its counterparty is also knocked in. Therefore, we do not make any profit from your transaction other than that made at the outset via the mechanism above. There is no benefit to us from you receiving an unfavourable outcome.

Please refer to the **Product Disclosure Statement** for information on our full range of option structures.

This can be found at

business.westernunion.com/compliance-legal

WesternUnion  **Business Solutions**

© 2019 Western Union Holdings, Inc. All rights reserved.

Western Union Business Solutions is a business unit of the Western Union Company and provides services in the UK through Western Union's wholly-owned subsidiary, Western Union International Bank GmbH, UK Branch (WUIB). WUIB (Branch Address: 131 Finsbury Pavement, London, EC2A 1NT) is a branch of Western Union International Bank GmbH (registered in Austria, company number FN256184t, VAT Number ATU61347377, with its registered office at The Icon Vienna (Turm 24), Wiedner Gürtel 13, 1100 Vienna, Austria), which is licensed by the Austria Financial Market Authority (Österreichische Finanzmarktaufsicht). WUIB is subject to limited regulation by the UK Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of WUIB's regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from WUIB on request. This brochure has been prepared solely for informational purposes and does not in any way create any binding obligations on either party. Relations between you and WUBS shall be governed by the applicable terms and conditions. No representations, warranties or conditions of any kind, express or implied, are made in this brochure. All other logos, trademarks, service marks and trade names referenced in this material are the property of their respective owners. 393226672-2019-09