

FX linked deposits

Foreign exchange linked deposits are tailored solutions. They provide the potential to receive high returns by taking a view on currency movements.

Dual Currency Deposit (DCD)

A Dual Currency Deposit provides a higher yield than a normal fixed term deposit and may be suitable for clients who have assets or regular flows in two or more currencies, and are willing to put capital at risk.

How the deposit works:

- The return depends upon the market movement in the exchange rate between two chosen currencies: the currency deposited (the Investment Currency) and a second currency (the Alternative Currency).
- The Investment Currency is deposited for a pre-determined term, usually between 1 and 12 months, although longer periods are available.
- An exchange rate (the Strike Price) is agreed at the commencement of the DCD.
- If on the Expiry Date the Investment Currency has not strengthened to the Strike Price level, both the original capital invested and the return on the deposit will be paid in the Investment Currency.
- If on the Expiry Date the Investment Currency has strengthened, to the extent that the rate of exchange is equal to or beyond the Strike Price, then the original capital deposited and the return on the deposit will be converted at the Strike Price and paid in the Alternative Currency. In this case, there may be a capital loss if this sum is then converted back into the Investment Currency at the market rate at the time.

Key attributes:

- Minimum investment based on a flexible reducing scale
For 1 month: US\$3m or currency equivalent
For 2 months: US\$2m or currency equivalent
For 3 months: US\$1m or currency equivalent
For 12 months: US\$400,000 or currency equivalent
- No transaction fees.
- Available in most currencies.
- The Expiry Date is 10a.m. New York time, two working days before the maturity of the DCD.
- The rate of return is determined by the degree of risk that the client wishes to take. If the original capital deposited is converted into the Alternative Currency there may be a capital loss if this sum is then converted back into the Investment Currency at the market rate at the time.

Range Deposit (RD)

A Range Deposit is an alternative to a fixed term deposit and may be suitable for clients seeking a higher yield, while protecting their capital.

How the deposit works:

- The return depends upon the market movement in the exchange rate between two chosen currencies (the Currency Pair).
- Capital is deposited for a pre-determined term, usually between 1 and 12 months.
- An exchange rate range (the Range) for the chosen Currency Pair is agreed at the commencement of the RD.
- If the exchange rate for the Currency Pair never trades at or outside the boundaries of the Range between deal date and expiry date, the original capital deposited and the enhanced return on the deposit is paid at maturity.
- If the exchange rate for the Currency Pair trades at or outside the Range at any time between deal date and expiry date, only the original capital deposited is repaid in full at maturity. Unlike a DCD, there is no potential currency conversion involved, therefore the original capital deposited is fully protected.

Key attributes:

- Minimum investment US\$1m or currency equivalent.
- No transaction fees.
- Available in most currencies.
- Original capital is returned in full at maturity of the RD.
- The Expiry Date is 10a.m. New York time, two working days before the maturity of the RD.
- The rate of return is determined by the degree of risk that the client wishes to take on. The original capital deposited is always protected for a RD.
- The following variations are also available on the RD:
 1. It is possible to secure a minimum yield even if the exchange rate for the Currency Pair trades outside the Range.
 2. The deposit currency does not need to be the same as either of the currencies making up the currency pair.

Key risks: Foreign exchange markets are prone to volatility and exchange rates can move both quickly and unexpectedly. FX linked deposits therefore carry greater risk than conventional deposits. A Dual Currency Deposit may result in a capital loss if the original capital deposited is converted into the Alternative Currency at maturity, and converted back into the Investment Currency at the market rate at the time. The capital protection offered in the RD is subject to Standard Bank Jersey Limited or Standard Bank Isle of Man Limited being able to meet its financial obligations.

Standard Bank is able to create a variety of other FX linked deposit structures and styles to suit the needs of our clients.

Contact us

For further information regarding this product, please contact your Relationship Manager. Telephone calls may be recorded.

Important information

The value of investments may fall as well as rise and investors may get back less cash than originally invested. Prices, values or income may fall against the investors' interests and past performance may not be a guide for the future. Investments may be quoted in foreign currencies and investors should be aware that the changes in rates of exchange may have adverse effects on the value, price or income of the investments. This deposit cannot be broken and must be held to maturity.

This does not constitute an invitation to buy or the solicitation of an offer to sell securities or to accept deposits or to provide any other products or services in any jurisdiction, to any person to whom it is unlawful to make such an offer or solicitation, nor should it be construed to constitute any investment advice. Legislation or regulations in jurisdictions relevant to you may prohibit you from entering into certain transactions with us and we strongly recommend that you contact your financial or legal adviser in this regard. It is your responsibility for informing yourself about and complying with such restrictions.

Standard Bank Jersey Limited, "SBJL", is regulated by the Jersey Financial Services Commission and Standard Bank Isle of Man Limited, "SBIML", is licensed by the Isle of Man Financial Supervision Commission to take deposits.

SBIML is a member of the Depositors' Compensation Scheme as set out in the Compensation of Depositors Regulations 2008. The Isle of Man has a Financial Services Ombudsman scheme covering disputes relating to financial services offered in or from within the Isle of Man to individuals.

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