



Spot and Forward Transactions

FX Web is ideal to use for your routine spot and forward transactions. You indicate the type of currency you want to buy or sell, then FX Web returns a rate, and you then accept the rate and provide or select predefined payment and receipt instructions.

Terms

Outright transactions are direct purchases or sales of foreign currency, usually against the U.S. dollar (USD). An outright transaction may be a spot or a forward deal, depending on the value date.

Spot transactions buy or sell foreign currency at a rate against another currency (usually the U.S. dollar). Spot refers to the deal being processed on “the spot” or today, settling in the respective financial institutions within one or two business days after trade date.

Trade Date refers to the date that you commit the trade on FX Web, usually today’s date. To commit the trade is to accept the rate and acknowledge that the details are correct.

Forward transactions buy or sell foreign currency to settle three or more business days after the foreign exchange trade date. In FX Web, you can enter in to a forward transaction to be delivered up to a year after the trade date for most currencies. The pricing of a forward transaction is determined by the spot rate, adjusted by the interest rate differentials of the two currencies. The availability of forward prices in any currency is always subject to changing regulations, market conditions, and other variables.

Forward option-dated transaction is a variation on a forward transaction that is also called a “window contract.” You can set up a forward outright trade to occur some time within up to a 30-day range and receive a fixed rate. This way, you can avoid having to set up a swap to address a need that you know will arise “sometime next month.” You gain flexibility at a slight premium on your rate. In FX Web, the start date field for forward option dated trades is labeled “Variable Delivery Date.”

Value Date is the date that a transaction settles and monies are delivered. The date is one business day after the trade date when Canadian currency is involved, and two business days for other currencies. A contract value date must be a business day in both countries involved in the foreign exchange.

Variable Delivery Date is the start date of a range for a Forward option-dated trade. This date is also called an "option date." The range always concludes on the Value Date.

Settlement Instructions direct U.S. Bank to see that the purchased and sold currencies go to the appropriate accounts and that the monies transfer according to their prescribed methods. FX Web refers to payment and receipt settlement instructions collectively as "Delivery Details" on its interface.

Before you Start

You must do the following before using FX Web to conduct foreign exchange business:

- Register with your U.S. Bank foreign exchange dealer. You must sign a license agreement and arrange to have client software installed on your PC workstation. Call (612) 303 0555.
- Define certain aspects of your settlement (payment and receipt) instructions prior to using FX Web. Your U.S. Bank foreign exchange dealer can help you with this procedure.

Perform Spot Foreign Exchange Transactions

To execute a Spot Trade:

1. Click **Spot/Forward** on the Main Menu to display the **Trade Entry: Spot/Forward** page.

The cursor is active in the currency code selection field.

Note: If you don't need to select currency type, go to step 3.

2. Select the currencies you want to buy and sell:
 - Type the three-character currency code in the text box next to the flag icon. OR
 - Click the flag icon to open a table of available currencies to buy and/or sell. Find and select the currency, and then click **OK** to return to the **Trade Entry** page.
3. Type the currency amount in the box next to the currency code.
Optionally, click in **Deal Details** and type a note about the trade.

Spot and Forward Transactions

- Do one of the following to commit the trade:
 - To see the exchange rate *before* you complete the trade, click **Get Rate**. After the rate appears, click **Accept**.
 - To complete the trade *without* waiting for a rate quote, click **Trade at Market**.

A message appears to confirm the trade.

THIS IS YOUR LAST CHANCE TO CANCEL THE TRADE ONLINE!

Trade Entry: **Spot/Forward** ^{1-from Main Menu}

TRADE DATE	USER	LOGIN
05/10/01	pkantel	TEST

Customer: TEST

Value Date: 05/14/01 Variable Delivery Date: 05/14/01

2 (2 options)

Buy	 EUR	125,000.00	3	EUR	Rate	0.8821
Sell	 USD	110,262.50		US Dollar		USD/EUR

Deal Details:

3b-optional

4a Get Rate

4b Trade at Market

Accept applies only to 4a, Get Rate — Accept

Entered Spot Trade with Rate Returned

- Click **OK** or **Cancel** to commit or cancel the trade. If you click **OK**, a confirmation page appears.
- Click **Acknowledge Payment** and **Receipt** buttons appear to select and define settlement instructions.

Note If you are not authorized to complete delivery details (also called payment or settlement instructions) then the **Payment** and **Receipt** buttons do not appear. You are done with the task.

- Click **Payment** on the confirmation page to open **Delivery Details for Trade**.

Note: The figures reflect foreign currency *purchases*. Go to page 6, *Settlement When Selling Foreign Currency*, to see the slight variation in these steps when selling foreign currency.

- Open the dropdown lists and select a payment **Method** and instruction **Set**. These are pre-defined as part of your setup with U.S. Bank.

The screenshot shows a web application window titled "Payment" with a sub-header "Delivery Details For Trade". At the top, there is a summary bar with a US flag, "CURRENCY US Dollar", "SIDE SELL", "USER pkantel", and "LOGIN TEST". Below this, there are three dropdown menus: "Customer" (TEST), "Method" (DDA), and "Set" (USBANK). To the right of these menus are "Back" and "Menu" buttons.

In this example, you want to pay the instruction set "USBANK" via your demand deposit account.

- Typically, when you buy foreign currency with USD, and you have a U.S. Bank account, you settle through your DDA.

This screenshot shows the same "Payment" window as above, but with the "Beneficiary" tab selected. The "Beneficiary" section contains several input fields: "Account" (0300800100840), "Transit" (empty), "Name & Address" (US Bank), "Address" (601 Second Avenue South, Minneapolis, MN 55402, U.S.A.), and "U.S.A.". To the right of the beneficiary fields are "Back", "Menu", "Help", and "Logout" buttons. At the bottom right, there are "Receipt" and "Insert" buttons.

Payment Page when Buying Foreign Currency Using DDA Method

- Verify, enter, or update settlement instructions. If the text on the **Beneficiary** tab is not editable, then U.S. Bank and/or your administrator have set up the instruction set in advance.
- For non-DDA payment methods, the Payment **Delivery Details for Trade** page contains additional tabs for Details, Account With banks, Intermediary institutions, and Correspondent banks. See the sub-topic *Non DDA Instruction Sets* for more information about settling through wires and non-U.S. Bank accounts.

Spot and Forward Transactions

8. Click **Insert**, and then **OK** at the confirm message.
The Delivery Details page displays three additional buttons: **Complete**, **Update**, and **Delete**.
9. Finalize the instructions by clicking **Complete**, and then **OK**.
 - Optionally, edit the inserted information and click **Update**, then **OK**.
 - Optionally, delete the entire inserted instruction set by clicking **Delete**, and then **OK**. Reenter the information and repeat this step.
10. Click **Receipt** to open the **Delivery Details for Trade** page for receipt information.
 - Select a payment method and instruction set for the receiver of the purchased foreign currency from the **Method** and **Set** drop down list boxes.

Receipt Page when Buying Foreign Currency

- Edit each settlement information tab as necessary. Complete all tabs as necessary before clicking **Insert**. Use the table as a guide:

Tab Name	Content / Use
Beneficiary	The receiver of the funds. The individual bank account of the receiver goes in the Account box.
Account With	The banking institution that is to receive the foreign currency.
Intermediary	The name of an institution that must handle currency delivery because the Account With bank does not handle foreign currency transfers.

Tab Name	Content / Use
Details	Four lines of narrative, up to 36 characters per line, as defined in the SWIFT standard.
Correspondent	The payer's (U.S. Bank's) partner in this jurisdiction that is charged with handling currency delivery. You cannot edit the values on this page.

11. Click **Insert**, and then **OK** at the confirm message.

The Delivery Details page displays three additional buttons:
Complete, Update, and Delete.

12. Finalize the instructions by clicking **Complete**, and then **OK**.

- Optionally, edit the inserted information and click **Update**, then **OK**.
- Optionally, delete the entire inserted instruction set by clicking **Delete**, and then **OK**. Reenter the information and repeat this step.

13. Click the **Back** or **Menu** navigation button to leave the transaction.

Settlement when Selling Foreign Currency

Begin at the point where you have acknowledged the committed sale and are ready to verify/update/modify payment and receipt instructions.

1. Click **Payment** to open the Delivery Details page for the recipient of the proceeds from the foreign currency sale. Verify and/or modify the delivery address on the **Beneficiary** tab. It should be a Foreign Account of US Bank.
2. Click **Insert**, and then **OK** at the confirm message.
The Delivery Details page displays three additional buttons:
Complete, Update, and Delete.
3. Finalize the instructions by clicking **Complete**, and then **OK**.
 - Optionally, edit the inserted information and click **Update**, then **OK**.
 - Optionally, delete the entire inserted instruction set by clicking **Delete**, and then **OK**. Reenter the information and repeat this step.
4. Repeat steps 1-3 with **Receipt**. For sales, you will be receiving USD from the Beneficiary (U.S. Bank), which is likely already entered.
5. Click the **Back** or **Menu** navigation button to leave the transaction.

Non DDA Instruction Sets

You don't have to be a U.S. Bank account holder to enroll and execute trades through FX Web. If you do not settle a purchase or sale using U.S. Bank for payment (when buying) or receipt (when selling), you use a method other than DDA.

When using a wire service to settle, the **Delivery Details for Trade** page contains tabs to define Account With, Intermediary, Details, and Correspondent institutions (in addition to the typical "Beneficiary"). U.S. Bank has no way of knowing the details of settlement if you don't have, or don't choose to settle through, a U.S. Bank account. You have to define these details if they apply.

Below is an example of how the Delivery Details page might look if you settled a purchase through another bank.

The screenshot displays the 'Delivery Details For Trade' page within a 'Payment' window. At the top, it indicates the deal type is 'Spot/Forward'. A summary bar shows the currency as 'U.S. DOLLARS', the side as 'SELL', the user as 'pkantel', the login as 'ABCCORP', and the user name as 'JOHN DOE DENVER'. Below this, the customer is identified as 'ABCCORP' with the name 'JOHN DOE DENVER'. The payment method is set to 'User' and the instruction set is 'GENERIC USD INSTRUC...'. A series of tabs allows navigation between 'Beneficiary', 'Account With', 'Intermediary', 'Details', and 'Correspondent'. The 'Details' tab is currently selected, showing the account number '76545678' and transit number '16543245'. The bank name is 'Wells Fargo--Minneapolis' and the address is '6th and Marquette, Minneapolis MN 55479'. On the right side, there are navigation icons for 'Back', 'Menu', 'Help', and 'Logout', along with 'Receipt' and 'Insert' buttons. The bottom of the window identifies it as a 'Java Applet Window'.

Payment Page when Buying Foreign and Paying via Wire

Perform Forward Outright Transactions.

Use FX Web to obtain a rate now for exchange on a date in the future up to one year out.

To complete a Forward transaction, follow the same steps as for a Spot transaction, except enter a value in the Value Date field.

To execute a Forward Outright Trade:

1. Click in **Value Date** and type the date in MMDDYY format. FX Web inserts the slashes automatically.

Trade Entry: Spot/Forward

TRADE DATE	USER	LOGIN
02/08/01	pkantel	TEST

Customer: TEST

Value Date: 02/09/01 Variable Delivery Date: 02/09/01

Back Menu

2. Follow the steps in the [Spot](#) transaction procedure.

Option dated forward trades allow you to fix your exchange rate now for delivery at any time within a range of dates. The **Variable Delivery Date** sets the begin date, and the **Value Date** sets a deadline.

Note: The date range is limited to a maximum length of 30 days.

To execute an Option Dated Forward Trade:

1. Click in **Variable Delivery Date** and type the begin date of the period within which to complete the transaction. Use MMDDYY.
2. Click in **Value Date** and type the end date, by which the transaction must be completed.

Trade Entry: Spot/Forward

TRADE DATE	USER	LOGIN
02/08/01	pkantel	TEST

Customer: TEST

Value Date: 02/19/01 Variable Delivery Date: 02/09/01

This date marks the start of the Forward Variable date range.

Back Menu

3. Follow the steps in the [Spot](#) transaction procedure.