

Client X | Tender Analysis Report

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Client name	Client X ("CLIENT X")
Client reference number	CLIENT X: 9372237
Date of tender	1st November – 11 th November 2022
Assignment leads	Lionel Kruger & Matteo Smolari

Consultant

Audere Solutions Ltd (“Audere”) is one of the leading multi-asset consultancies in the UK and is authorised and regulated by the Financial Conduct Authority. The company provides impartial advisory and technical services which are individually tailored to the unique circumstances and challenges faced by each client.

Further information: www.auderesolutions.com

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Section A – Executive Summary

This section provides Client X with a high-level overview of the tender approach, findings, and recommendations.

Section B – Objectives, Scope, and Methodology

This section details the aims of the tender, how it was conducted and will additionally detail any specific areas that were excluded from its scope.

Section C – Breakdown of Results – Quantitative & Qualitative

This section provides a complete breakdown of results per element of analysis. It starts by analysing the quantitative results for Spot; Forwards; Options; and Credit Terms (Majors and Exotics), before analysing the qualitative results and ending with the consolidated results table.

Section D – Combined Results and Recommendations

This section provides a summary of the findings in each area reviewed by Audere’s advisory division and the recommendations made. It also provides a Green / Amber / Red grading matrix to enable a quick assessment of CLIENT Xs position prior to tender and aid planning for next steps.

Appendix 1 and 2

Request for proposal template and supporting qualitative review information.

Internal Sign-Off

The following Senior Individuals have received a copy of this report. It is important that the content of this report is reviewed and understood as it is their responsibility to ensure any actions identified are addressed appropriately in line with the recommendations made.

The boxes provided below allow for confirmation the report has been reviewed and understood:

Name	Title	Controlled Function	Date	Signature

SECTION A - Executive Summary

CLIENT X has a wide selection of funding banks and wishes to create a panel of hedging counterparties chosen either from existing lending banks, or potentially non-lending counterparties if commercially justified. CLIENT X narrowed the list of lending banks to participate in an RFP process to eight, and Audere added a further seven potential participants.

Audere was selected in October 2022 to run an RFP process. The engagement started with a 'Transaction Cost Analysis Report' (TCA) to benchmark CLIENT X's historic pricing for transactions, which led to a 'Request for Proposal' (RFP) to a panel of accredited Tier 1 banks and brokers. The shortlist of participants was fifteen, with one bank JP Morgan deciding not to make a submission to our request.

Respondents were ranked according to a set of quantitative and qualitative criteria; culminating in a combined analysis result table. In turn, these end results can be stressed by either weighting or un-weighting whether CLIENT X holds an existing bank relationship.

From a purely quantitative perspective, the following ranked highest:

1. Barclays
2. Wells Fargo
3. Goldman Sachs
4. MUFG and Deutsche – marginally different at 4th and 5th

From a purely qualitative perspective, the following ranked highest:

1. HSBC
2. BNP
3. Barclays
4. SG
5. NatWest

When combined, the top five graded as follows:

1. Barclays
2. Wells Fargo
3. BNP
4. HSBC
5. MUFG & SG

The results where existing relationships are considered have four front runners, Barclays, Wells Fargo, BNP, with HSBC and SG scoring relatively similarly. Barclays were significantly better than its nearest competitor.

Based on the results and given the size of CLIENT X's FX requirements, our recommendation is a minimum three counterparties be operationally used by CLIENT X. As expected, the brokers could not compete on G10 spot or forwards, but consideration should be given to include one broker for exotic EM solutions - Western Union were the top-ranked broker. The rationale being that brokers are known to offer more proactive account management than banks; operate more nimbly and are often accommodating in time pressured scenarios. Further, whilst many banks have onshore capability in EM countries, currencies in restricted markets, such as Brazil, can only be delivered for spot conversion with a local presence – which again, can often be a speciality for select brokers.

The results of the RFP can be viewed as positive. The new indicative G10 spreads of 1 to 2 bps and 2 to 3 for EM currencies is a marked improvement on the >30bps weighted average audited previously. It is important to stress that the fixed margin bids put forward could vary according to changing market conditions, and that the next 'implementation stage' is crucial for ensuring the margin submissions and potential savings are upheld and realised. To this end, it is our recommendation that CLIENT X implement repeat TCA to independently audit future spot and forward trades to ensure transparent reporting and accountability. The company may also wish to consider Audere's supported execution service for larger trades to limit slippage and ultimately ensure the banks don't widen margins over time.

Important consideration should be made regarding CLIENT X's ongoing funding requirements and the potential impact of awarding non-lending banks/brokers a hedging role.

SECTION B – Objectives, Scope, and Methodology

CLIENT X had Audere conduct transaction cost analysis (TCA) on historic FX trades to review the average margins being charged and highlight the associated costs. The TCA was completed using independent interbank reference rates to measure the margins and costs per historic transaction. Post TCA, CLIENT X was positioned to tender its annual FX requirements (Reference Appendix 1) to a panel of currency providers. Audere managed request, collated the responses, and uploaded the results onto the CLIENT X portal 25 November 2022.

Objective's summary

- **Stage 1:** Understand the scope and costs of CLIENT Xs FX requirements – using TCA and forecasts
- **Stage 2:** Scope and agree the appropriate tender / vetting process
- **Stage 3:** Release RFP
- **Stage 4:** Review tender results using an established ranking system; ultimately providing CLIENT X the final decision which may be influenced by other factors i.e., counterparty relationship status.

Stage 1 | Historic Trade Cost Analysis

The engagement with CLIENT X commenced with a 21-month historic TCA report, which consisted of:

- Trade count: 77 trades (monthly spot + forwards)
- Currencies: AUD, BRL, EUR, PLN, SGD, USD vs. GBP (and EUR)

Methodology of TCA

Key to accurate and authentic TCA is the reliability of the mid-reference rate from which margin calculations are made. The reference rate data was provided by Audere's independent data aggregator 'ICE'. This firm is used as the data-source in TCA reporting owing to their quantity of global ECN data and wide adoption for independent reference rates by asset managers, hedge funds and large corporates.

TCA Results

Table 1.0 shows a summary of results for the historic TCA. The margins being achieved were considered uncompetitive by Audere's analysts, with improvement 'target' recommendations being put forward in the final section of the report.

	Notional analysed	Average spread	Total cost
Spot & Forwards (Majors)	£111m	0.30%	£330k
Spot (Exotics)	£17.9m	0.85%	£194k

Table 1.0: Source: TCA Report September 2022

Communication

At this stage of the assignment, dialogue was held with representatives of CLIENT X's treasury function to ensure group-wide agreement on the 'review criteria' required for the next stage of the process, as well as the weightings being attributed to the various quantitative and qualitative elements.

Stage 2 | Tender and Vetting Process

Audere then recommended CLIENT X complete a formal tender for the provision of all of its FX execution requirements. The tender would include a selection of the group's existing lenders and seven other bank and non-banks which Audere regard and classify as Tier 1 (defined by their reputational status; regulatory credentials; access to liquidity; credit rating (where applicable); service levels and operating record of at least 10 years).

Other providers formally invited to tender were: Alpha FX, Deutsche Bank, Corpay (formally AFEX and Cambridge Global Payments), Goldman Sachs, JPM, Moneycorp, Nomura and Western Union Bank Limited. Audere suggested the inclusion of currency brokers owing to their specialities in EM currencies and operating in restricted markets where exchange controls can limit liquidity access.

A formal tender template document was sent to all the named providers on 24th October, with the request that all responses be submitted before a deadline 11th November 2022. All but JPM responded, with the latter declining to participate in the RFP due to a lack of existing credit relationship.

Stage 4 | Reviewing Tender Results

All tender responses were reviewed and evaluated by an internal committee, who based judgement according to:

Quantitative Analysis

All providers involved in the tender were required to submit their bids for the future provision of spot, market orders, vanilla forwards (1-year tenor), flexible forwards, swap and vanilla options. Respondents were asked to indicate capabilities in both G10 and EM currencies. A sample of the tender template provided is attached as Appendix 1. Each credit offering and pricing bid was evaluated, with this analysis section accounting for 70% weighting of the overall result.

Qualitative Analysis

The tender review also assessed the suitability of each provider via an internal qualitative scoring system which covers:

- Governance, reputation, and risk:
 - Company's description and core businesses
 - Credit rating –considering both short- and long-term ratings from the three most accepted ratings agencies, Fitch, Moody's and S&P
 - FX presence and accreditation – reliance on independent data from Euromoney. For over 40 years, Euromoney has produced reliable industry benchmarks, rankings, and analysis on core financial services
 - ESG stance, reliance on independent data from Sustainalytics.com. Morningstar Sustainalytics provides high-quality, social and governance research, ratings and data to institutional investors and companies. For more information, please refer to Appendix 2
 - Segregated collateral accounts – these are important to safeguard CLIENT X's collateral if a credit support annex is agreed with any counterparty. In certain circumstances it may be more viable to utilise bilateral collateral arrangements, freeing up credit lines or reducing credit costs.
- Execution coverage:
 - Voice vs. electronic trading
 - Geographical reach & 24-hour global coverage
 - Market orders – an order placed with a counterparty to execute a buy or sell at a pre-agreed exchange rate for spot or forwards
 - Capabilities in EM currencies
 - Liquidity sources | FX volume breakdown in EM vs G10 (in % of total)
 - Best execution process
- Product coverage
 - G10, EM, NDF (full list of currencies)
 - Forward and Flexible Forward (available liquid tenors by currency), Swap, Vanilla options
 - Deal contingent hedging capabilities
 - Historical rate rollover - involves the extension of a forward foreign exchange contract by a counterparty on behalf of CLIENT X at off-market rates. In a typical rollover, CLIENT X will ask the counterparty to apply the historical rate of a maturing contract to the spot end of a new pair of contracts which, in effect, extends the maturing contract, thereby deferring any gains or losses
- Post-trade coverage
 - Detail post-trade process and settlement including timeframe, trade confirmation, availability of time stamps and additional charges
 - Mark to Market valuation
- Account opening process
 - Detail standard onboarding process and timeframe for new relationship (N.A. if existing relationship)
 - Multi-enterprise facility
- Credit and collateral management
 - Details process, KYC requirements
 - ISDA negotiation timelines
 - Long form documentation – entered into where an ISDA is yet to be completed
 - Requirement for collateral agreement, details of collateral management process
- Ancillary services
 - Market research
 - Support towards hedging reporting/advisory/MiFID & EMIR
- Relationship with CLIENT X

- o Detail any existing business relationship with the client. It is important to note that some relationship banks are unhappy with the possibility that any non-lending entity may be chosen for the panel and one in particular, SG expressed dissatisfaction a) that more than one party may be chosen, and b) the party chosen might not be them. Audere were left with the distinct impression that this could negatively impact the lending relationship

This qualitative approach is important when screening each provider to further ensure CLIENT X are using or consider the use of the most efficient bank / brokers in the market. All supporting documents submitted as part of the tender have been evaluated and the combination of each section accounts to **30%** weighting within the overall result.

The table below summarises each section and the corresponding weighting.

Quantitative and Qualitative Table 1.1 | Break-down and Weightings

Summary Quantitative section	Weight	Summary Qualitative section	Weight
Pricing- G10 Spot & Market Orders	15%	Governance, reputation and risk	10%
Pricing- EM Spot & Market Orders	10%	Product coverage	10%
Pricing- G10 Forwards	35%	Reporting	5%
Pricing- EM Forwards	15%	Account opening process and credit lines	10%
Pricing- G10 Options	5%	Execution coverage	10%
Collateral terms	20%	Settlement methods	5%
tot.	100%	Post-trade coverage	5%
		Ancillary services	5%
		Relationship with CLIENT X	40%
		tot.	100%

Weight Quant. Criteria 70%

Weight Qual. Criteria 30%

Please note that the score for some criteria is indicative and based on our best knowledge and interpretation of data submitted:

- Pricing - this is particularly the case for pricing, which on actual trade date will be based on market volatility, liquidity, size of trade and currency pairs
- Collateral terms - collateral terms and credit charges are indicative and subject to credit review and approval
- Qualitative criteria
 - o Timelines for KYC, credit approval and ISDA negotiation have been estimated following discussions with all providers, and based on the average time taken for similar clients
- Reliance on third party benchmarks (see Appendix 2 for a more detailed description of the methodology and the indexes used):
 - o For FX presence, EM capability, research, Algo capability – Euromoney ranking
 - o For credit risk - S&P Global Ratings
 - o For ESG evaluation – Sustainalytics.com

Results Review Format

Audere adopts a GRADE¹ approach for displaying it's results which is a method of assessing qualitative and quantitative criteria, based on objectivity and impartiality. The range of grades is from 1 – being the best score, and 5 being the worst score achievable. This approach enables clear and auditable grading / scoring of each of the tender responses. The table below shows this colour grading – results can be a blend of the boundaries which is displayed by varying shadings.

Outcome	Good	Average	Poor	Uncompetitive
Grade	1-2	2-3	3-4	4-5

¹ Grading of Recommendations, Assessment, Development and Evaluation

SECTION C - Breakdown of Results – Quantitative & Qualitative

This section provides a complete breakdown of results per element of analysis. It starts by analysing the quantitative results for Spot; Forwards and Options in G10 and EM currencies; as well as credit terms, before analysing the qualitative results, and ending with the consolidated results table.

Quantitative Results Chart & Table 1.2 | Spot Transactions – G10 and EM currencies



Barclays topped the rankings in G10 although it should be noted that the top 5 results are very similar. The difference in minimum and maximum spread for G10 was very narrow between 1 and 2 bps. Similarly for EM currencies, the top ranked banks differed only slightly, and the spreads were between 2 to 3 bps. This should be compared to the TCA results for historic transaction with spot spreads in excess of 30bps. Given that Barclays are CLIENT X's UK clearing bank, they could be viewed as a firm favourite.

Quantitative Results Chart & Table 1.3 | Forward Transactions – G10 and EM Currencies

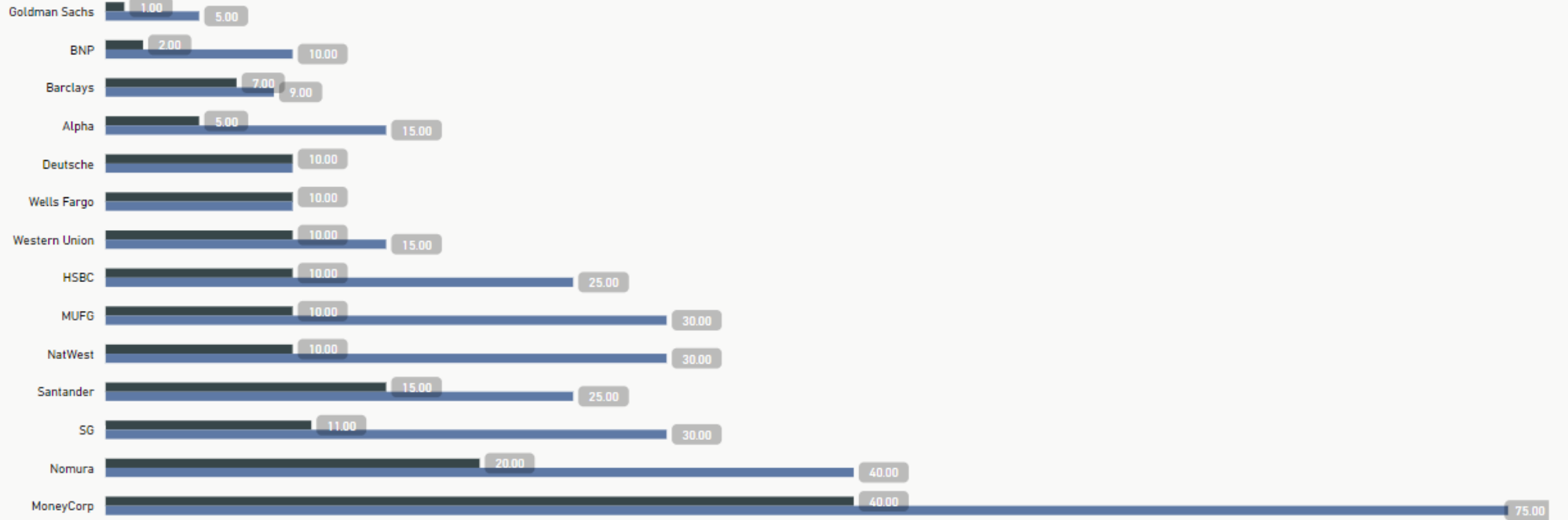


Following our discussion with representatives of CLIENT X on 29 November, it appears the un-collateralised route is preferred. Whilst the indicative margin to remunerate market risk was again relatively similar for the top 5 providers, credit charges associated to credit risk for un-secured contracts were quite different among banks and brokers, resulting in this component being a significant contributor in the pricing for a 1-Y forward contract. This can be seen in the left-hand side of the graph above, with credit charges ranging from 0bps (Barclays) to up to 10bps (GS) for the 5th more competitive credit spread. As a result, Barclays again topped the rankings for G10 and came second in EM currencies. Wells Fargo topped the ranking in EM currencies. Barclays are essentially viewing any credit risk as BP and have priced zero spread for both minimum and maximum Credit charge.

Quantitative Results Chart & Table 1.4 | Option Transactions – G10 currencies

G-10 currency results

● Min. spread (bp) ● Max spread (bp)



G-10 results (score 1 to 5)

	Goldman Sachs	BNP	Barclays	Alpha	Deutsche	Wells Fargo	Western Union	HSBC	MUFG	NatWest	Santander	SG	Nomura	Corpay	MoneyCorp
	1.00	1.22	1.37	1.51	1.51	1.51	1.70	2.06	2.25	2.25	2.25	2.28	2.98	5.00	5.00

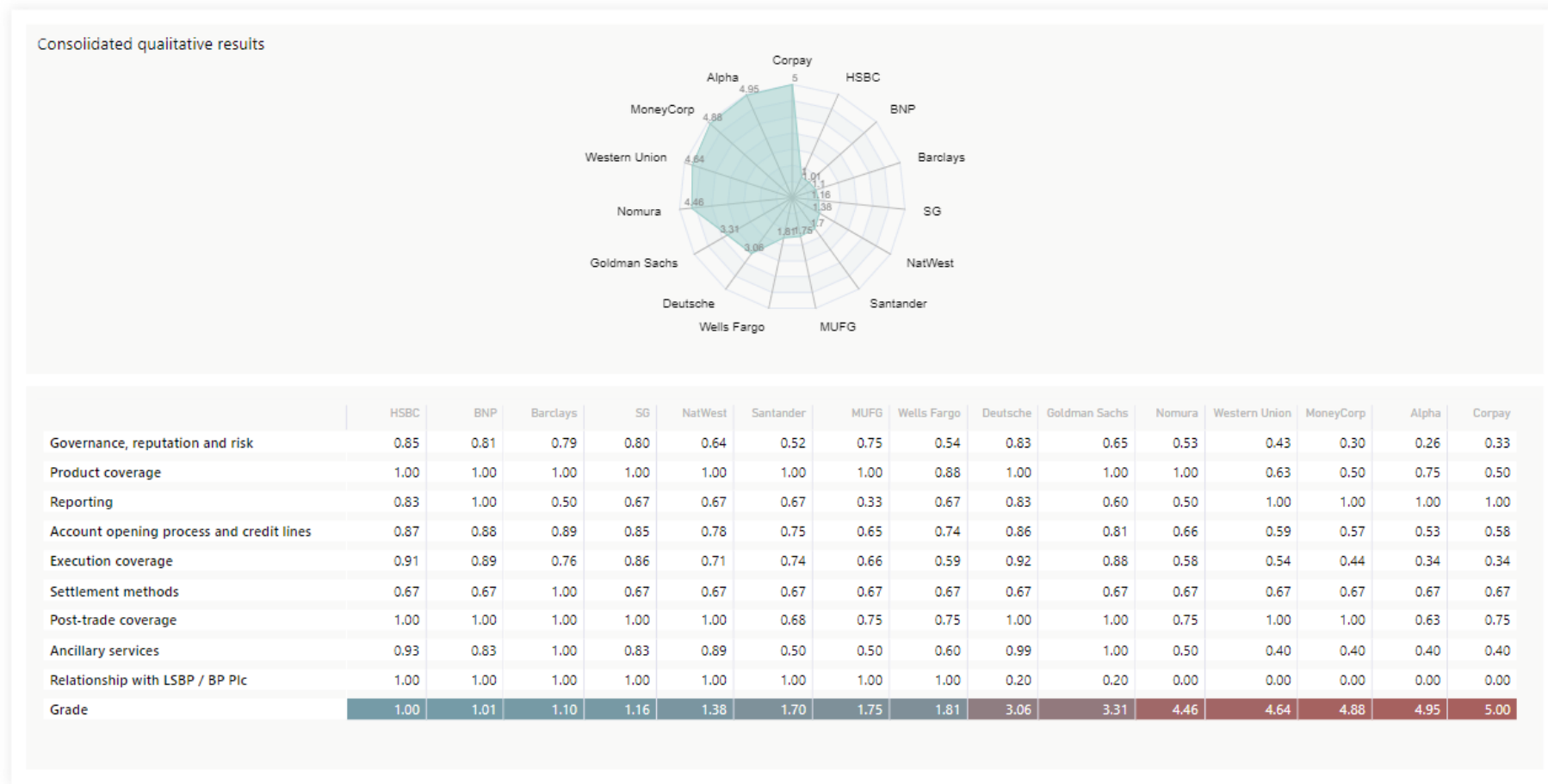
According to Audere’s brief, options use is expected to form a very small portion of any hedging requirement. Goldman Sachs topped the rankings for options on G10 currencies with very tight minimum and maximum spreads of 1 to 5 bps. Barclays came in third with spreads between 7 and 9 bps.

Quantitative Results Chart & Table 1.5 | Recap Pricing and Collateral Terms

Pricing breakdown																
AVERAGE SPREAD (BP) - SPOT																
	Barclays	Deutsche	SG	MUFG	Goldman Sachs	Santander	Wells Fargo	BNP	HSBC	Nomura	MoneyCorp	NatWest	Alpha	Corpay	Western Union	
Average spread G-10 (bp)	0.70	1.00	1.00	1.50	2.00	2.00	2.00	3.00	3.00	4.50	7.50	7.50	12.50	12.50	12.50	
Average spread EM (bp)	1.86	2.74	2.50	3.00	3.00	7.50	3.00	7.50	10.60	4.50	55.00	11.25	42.50	100.00	25.00	
AVERAGE SPREAD (BP) - FORWARDS (with CSA)																
	Santander	Barclays	MUFG	SG	Wells Fargo	Deutsche	Goldman Sachs	HSBC	Nomura	BNP	NatWest	Alpha	Western Union	Corpay	MoneyCorp	
Average spread G-10 (bp)	2.00	2.22	2.50	2.50	2.50	3.00	3.50	4.00	5.10	6.00	10.00	12.50	20.00	40.00	40.00	
Average spread EM (bp)	42.50	8.29	11.00	12.50	5.08	16.57	6.00	11.60	19.83	22.50	15.00	42.50	47.50	157.50	100.00	
AVERAGE SPREAD (BP) - FORWARDS (no CSA)																
	Corpay	Barclays	Wells Fargo	Deutsche	Goldman Sachs	Nomura	MUFG	BNP	HSBC	Western Uni...	SG	Santander	NatWest	MoneyCorp	Alpha	
Average spread G-10 (bp)		2.22	5.00	8.00	9.00	9.10	12.50	15.00	16.50	20.00	22.00	24.50	25.00	40.00	62.50	
Average spread EM (bp)	157.50	8.29	7.58	30.57	14.00	27.33	21.00	35.00	39.10	47.50	34.00	70.00	30.00	100.00	130.00	
AVERAGE SPREAD (BP) - OPTIONS																
	Goldman Sachs	BNP	Barclays	Alpha	Deutsche	Wells Fargo	Western Union	HSBC	MUFG	NatWest	Santander	SG	Nomura	MoneyCorp		
	3.00	6.00	8.00	10.00	10.00	10.00	12.50	17.50	20.00	20.00	20.00	20.50	30.00	57.50		
COLLATERAL TERMS & CREDIT																
	Alpha	Barclays	BNP	Goldman Sachs	HSBC	MUFG	Santander	SG	Wells Fargo	Deutsche	Nomura	NatWest	Western Union	Corpay	MoneyCorp	
Average credit charges G-10 (bp)	50.00	0.00	9.00	5.50	12.50	10.00	22.50	19.50	2.50	5.00	4.00	15.00	0.00		0.00	
Average credit charges EM (bp)	87.50	0.00	12.50	8.00	27.50	10.00	27.50	21.50	2.50	14.00	7.50	15.00	0.00	0.00	0.00	
Collateral score	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.50	3.50	5.00	5.00	
Consolidated quantitative results																
SCORE (1 to 5)																
	Barclays	Wells Fargo	Goldman Sachs	MUFG	Deutsche	BNP	SG	HSBC	Nomura	Santander	NatWest	Western Union	Alpha	MoneyCorp	Corpay	
	1.02	1.16	1.25	1.40	1.47	1.56	1.65	1.66	1.74	1.92	2.37	2.80	3.68	3.81	5.00	

Currently CLIENT X fall below the threshold for collateralised FX hedging required in terms of EMIR and the group has expressed a need to conserve cash. Accordingly un-collateralised hedging is preferred although it should be acknowledged that un-collateralised hedging comes at the cost of credit charges for unsecured FX lines. It may be of benefit to consider providing collateral under certain circumstances. Participants have been ranked based on un-collateralised facilities (no CSA) and collateralised (with CSA). Participants have also been ranked on an overall collateral score with 1 representing a strong appetite for un-collateralised facilities, 2 to 2.5 for relatively strong appetite and greater than 3 for limited appetite. Brokers have scored relatively poorly based on a limited credit capacity (between £50m and £100m).

Qualitative Results Chart & Table 1.6 | Consolidated



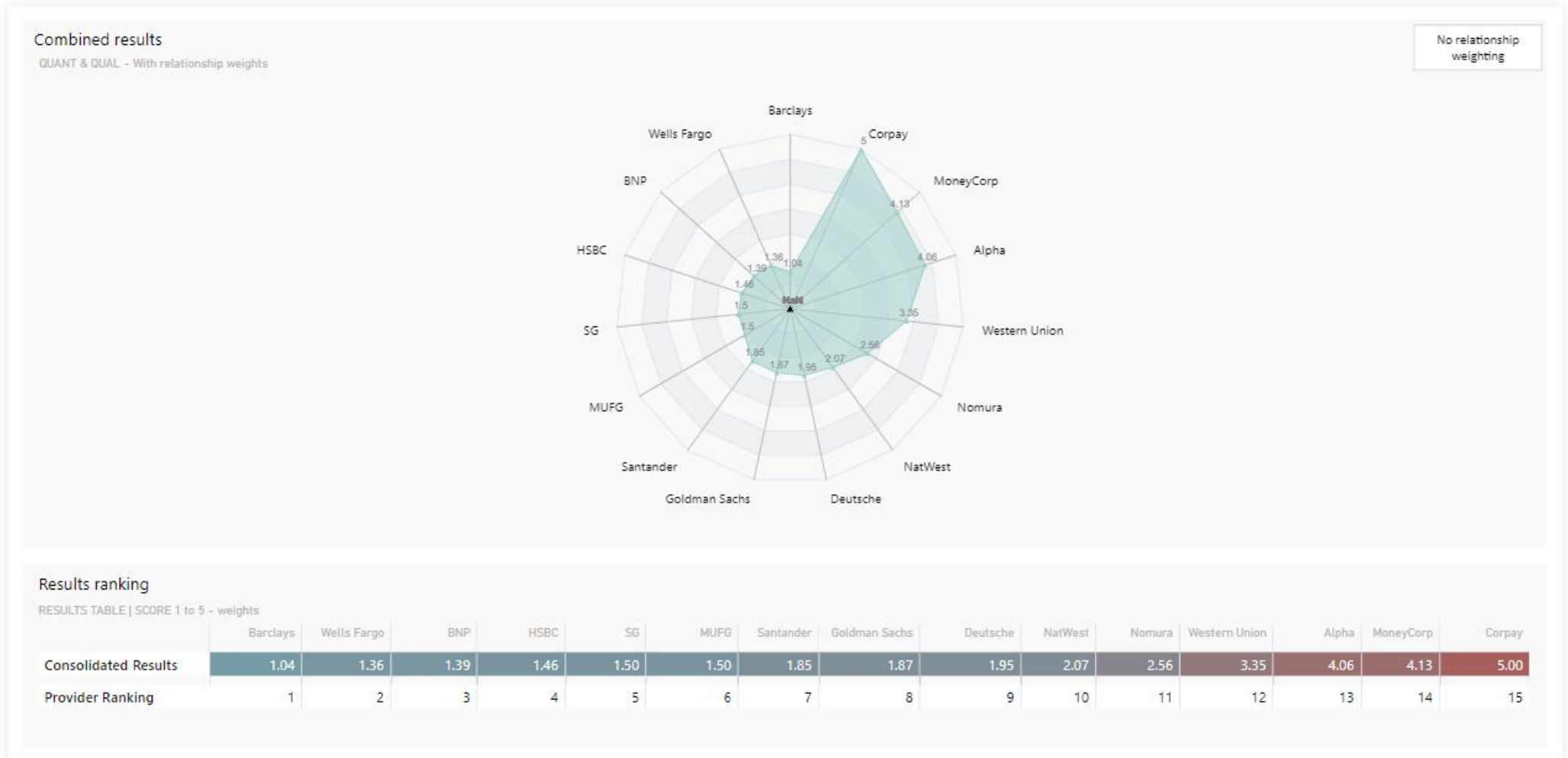
HSBC, BNP and Barclays top the qualitative grading, with variances between them being minimal – attention should be drawn to Appendix 2 for more detail regarding the use of independent sources of data for a number of the components rated. Most of the banks (and also brokers) provide a standard and similar FX solution in terms of product coverage, reporting, settlement and post-trade coverage. We listed below the main differences:

- Account opening, credit approval and ISDA negotiation: some providers expressed a relatively quicker process than others², with Santander mentioning for example that ISDA negotiation is well under way.
- Barclays have scored higher in the settlement section, given their role as UK clearer for CLIENT X, with the ability of offering fast settlement of GBP to and from CLIENT X with extended cut offs where useful.
- Many banks have limited or no onshore capability in the EM currencies listed in the RFP and have therefore scored lower in the execution coverage section. Barclays, MUFG, NatWest, Nomura and Wells Fargo, for example, have no onshore capability in BRL.
- Following discussions with both CLIENT X personnel and relationship banks, it was agreed that the Relationship element be weighted 40% of the total qualitative section.

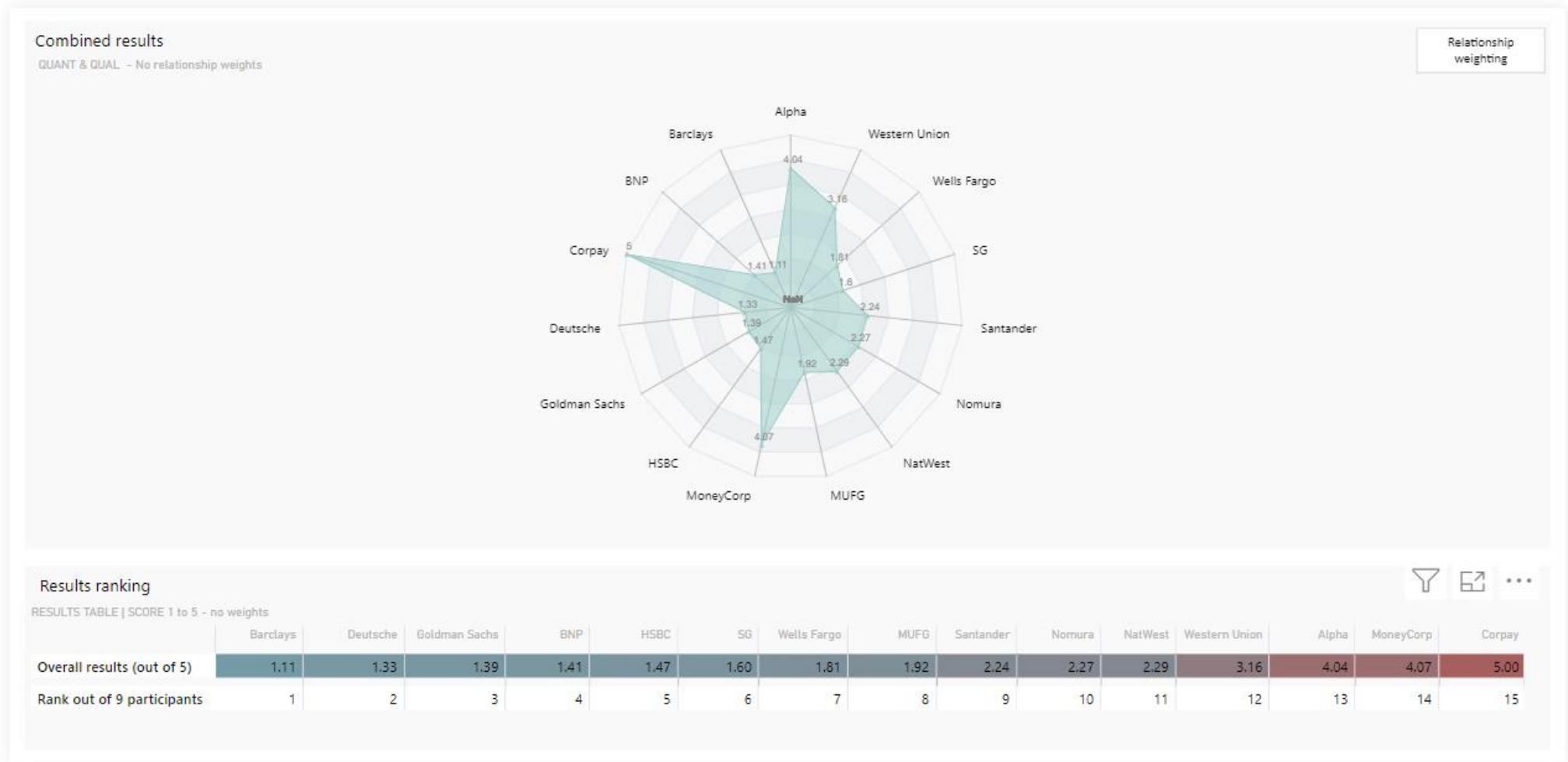
² Subject to negotiation with LSBP

SECTION D – Combined Results & Recommendations | Table 1.7 Overall scoring (with relationship weighting)

Audere was sensitised by management on the importance of maintaining good relationships with existing lending banks. To manage this, a 40% weighted influence was attributed to the 30% qualitative aspect of the overall review process – meaning 12% of the total grade matrix is awarded to existing lending banks. For comparative purposes, Audere’s analysts added a toggle to remove this relationship – the results of which can be viewed on the next page table 1.8.



Combined Results | Table 1.8 Overall scoring (with no relationship weighting)



Interestingly under both relationship weighted and unweighted, Barclays top the ranking. Deutsche and Goldman Sachs move up into second and third if relationship is removed. Barclays view CLIENT X exposure as BP, as does Wells Fargo, and this is reflected in the above scores. Barclays also scores highly due to their being CLIENT X's UK clearing bank.

Analysis Recommendations

The results of the RFP can be viewed as positive. The new indicative G10 spreads of 1 to 2 bps and 2 to 3 for EM currencies is a marked improvement on the >30bps weighted average audited previously. It is important to stress that the fixed margin bids put forward could vary according to changing market conditions, and that the next 'implementation stage' is crucial for ensuring the margin submissions and potential savings are upheld and realised. To this end, it is our recommendation that CLIENT X implement repeat TCA to independently audit future spot and forward trades to ensure transparent reporting and accountability. The company may also wish to consider Audere's supported execution service for larger trades to limit slippage and ultimately ensure the banks don't widen margins over time.

Based on the results and given the size of CLIENT X's future FX requirements, our recommendation is that a minimum three counterparties be used by CLIENT X operationally. Although some provider bids were better than others, it is important that the future distribution of flow is relatively consistent to: remove risk of over-reliance on a single entity; maintain competitiveness between the panel; and maintain good working relationships. Repeat TCA should be adopted to track trade flow allocation percentiles and the transparent management of trading operations.

From a purely quantitative perspective, the following ranked highest:

1. Barclays
2. Wells Fargo
3. Goldman Sachs
4. MUFG and Deutsche – marginally different at 4th and 5th

From a purely qualitative perspective, the following ranked highest:

1. HSBC
2. BNP
3. Barclays
4. SG
5. NatWest

Barclays scored highly under settlement methods chiefly because they are CLIENT Xs clearer.

When combined, the top five graded as follows:

1. Barclays
2. Wells Fargo
3. BNP
4. HSBC
5. SG

The results where existing relationships are considered have four front runners, Barclays, Wells Fargo, BNP, with HSBC and SG scoring relatively similarly, with Barclays overall performing significantly better than its nearest competitor.

The non-lending banks were impacted by the relationship weighting of 40% of the qualitative score (equal to 12% of the overall score), as well as in certain instances, being unable to express an aggressive appetite for un-collateralised credit. If this were removed then Goldman Sachs and Deutsche change to the top four rankings. As these providers scored well on the quantitative aspect of the RFP results, CLIENT X may wish to further consider them as potential counterparties.

As expected, the brokers could not compete on G10 spot or forwards, but consideration should be given to include one broker for exotic EM solutions - Western Union were the top-ranked broker. The rationale being that brokers are known to offer more proactive account management than banks; operate more nimbly and are often accommodating in time pressured scenarios. Further, whilst many banks have onshore capability in EM countries, currencies in restricted markets, such as Brazil, can only be delivered for spot conversion with a local presence – which again, can often be a speciality for select brokers.

Audere would like to remind CLIENT X that these results favour un-collateralised hedging lines, but that collateral can be used to reduce costs and counterparty risk. In time CLIENT X may fall within the EMIR scope (currently set at EUR 3 billion in gross notional value for OTC foreign exchange derivative contracts for NFCs) and be required to post collateral, but for now based on the groups desire to preserve cash, the un-collateralised score is CLIENT X's preferred approach.

Appendix 1. Tender Response Templates

On behalf of [Name of Liquidity Provider], please accept our offer below to provide CLIENT X with fixed margins and fees on future FX spot and international payments.

Please note, transaction margin is defined as the difference between interbank and client rate. If applicable, please ensure that any treasury buffers are included within the margin bids below.

Spot & Market Orders	CCY / or Group	Fixed Transaction Margin*
By currency pair or G10 vs EM currencies	G-10	<i>Example1: 0.10 – 0.15%</i>
	EM	<i>Example2: 0.15 – 0.35%</i>

Vanilla Forward, Flexible Forward, Swap	CCY / or Group	Fixed Transaction Margin Vanilla Forward*	Credit charges % (1-y tenor)
By currency pair or G10 vs EM currencies	G-10	<i>Example1: 0.15 – 0.25%</i>	
	EM	<i>Example2: 0.20 – 0.50%</i>	

Vanilla Options (5% OTM)	CCY / or Group	Fixed Transaction Margin*
Average or by currency pair	G-10	<i>Example1: 0.10 – 0.15%</i>

* Under normal liquidity conditions.

Heading	Description
Governance, reputation and risk	Company's description and core businesses. Credit rating. FX presence and accreditation. ESG stance, support of renewable investments & corporates, active presence in the renewable energy space. Segregated collateral accounts.
Execution coverage	Voice vs. electronic trading. Geographical reach & 24-hour global coverage. Market orders. Capabilities in EM currencies. Liquidity sources FX volume breakdown in EM vs G10 (in % of total). Best execution process.
Product coverage	G10, EM, NDF (full list of currencies). Forward and Flexible Forward (available liquid tenors by currency), Swap, Vanilla options. Deal contingent hedging. Historical rate rollover.
Post-trade coverage	Detail post-trade process and settlement including timeframe, trade confirmation, availability of time stamps and additional charges. MtM valuation.
Account opening process	Detail standard onboarding process and timeframe for new relationship (N.A. if existing relationship). Multi-enterprise facility.
Credit and collateral management	Details process, KYC requirements. ISDA negotiation timelines. Long form documentation. Requirement for collateral agreement, details of collateral management process.
Ancillary services	Market research. Support towards hedging reporting/advisory/MIFID & EMIR.
Relationship with CLIENT X	Detail any existing business relationship with the client.

Appendix 2. Methodology

To minimize subjective qualitative assessments, we have used external data sources currently available (Euromoney, Sustainalytics). This does not represent Audere's view on the Liquidity Providers FX presence, FX reputation and ESG positioning.

1. Sustainalytics

Covering more than 16,000 companies, Morningstar Sustainalytics has the widest coverage of analyst-based ESG Risk Ratings in the market. The universe includes public and private companies, fixed income issuers and listed Chinese companies, and allows investors to support diversified investment strategies.

1. Company rating

Company ratings are categorized across five risk levels: negligible, low, medium, high, and severe and represented by our ESG Globes icons.

2. Company Risk

A company's risk is measured against its industry peers and against the global universe.

3. Rich Company Analysis

Qualitative analysis, underpinned by analyst insights and quantitative data, describes the reasons why a company is exposed to specific material ESG issues and explains how well a company is managing these issues.

4. Material ESG Issues

Material ESG Issues (MEIs) are identified and brought into focus.

5. Company Events

Transparency into company events that may impact a company's operations, stakeholders or the environment.

6. ESG Risk Decomposition

The magnitude to which a company is exposed to ESG risk and how well the company is managing that risk is measured and explained.

Why Sustainalytics?

- A Single Market Standard: Consistent approach to ESG assessments across the investment spectrum.
- Award-Winning Research and Data: Firm recognized as Best ESG Research and Data Provider by Environmental Finance and Investment Week.
- End-to-End ESG Solutions: ESG products and services that serve the entire investment value chain.
- 30 Years of ESG Expertise: 800+ ESG research analysts across our global offices.
- A Leading SPO Provider: As recognized by Environmental Finance and the Climate Bonds Initiative.

2. Euromoney

The Euromoney FX Survey is one of the most in depth quantitative and qualitative annual studies available on the FX markets. This year's Euromoney survey canvassed the views of over 2,000 market participants, including treasurers, traders and investors worldwide, representing total FX

consumption of \$99.06 trillion in the calendar year 2021. Market participants rate the banks they use to conduct their currency transactions in terms of both transaction volumes and quality of service.

We have used 2022 Euromoney survey to assess and rank the liquidity providers in the following aspects:

- FX Market share (% of total FX volume):
 - Overall
 - Spot/Forwards outright
 - Swaps
 - Options
 - Overall electronic
 - EM volume and

- Non-financial corporates
- Best Service Global
 - Ability in EM currencies
 - Client algorithmic trading execution
 - Market Research

3. S&P Global Ratings

S&P Global Ratings (previously Standard & Poor's and informally known as S&P) is an American credit rating agency (CRA) and a division of S&P Global that publishes financial research and analysis on stocks, bonds, and commodities. S&P is considered the largest of the Big Three credit-rating agencies, which also include Moody's Investors Service and Fitch Ratings.

We have used both short-term issues credit ratings as well as overall long term credit ratings to assess credit worthiness of each liquidity providers.

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