

# Standing Instruction FX Pricing Programs For Custody FX

Among our Custody FX pricing options, BNY Mellon offers the following standing instruction pricing programs for foreign exchange:

## **1. SESSION RANGE PROGRAM**

For clients or investment managers that utilize the Session Range standing instruction pricing program<sup>1</sup>, BNY Mellon assigns prices once per day generally within the interbank range of a specific session, subject to the application of a price collar. Pricing is specific to session, pricing location and currency pair.

## **2. DEFINED SPREAD PROGRAM**

For clients or investment managers that select the Defined Spread standing instruction pricing program, BNY Mellon assigns prices based on a pre-defined spread using rates obtained from a market rate source or a BNY Mellon reference rate, plus or minus a fixed spread.

## **ADDITIONAL INFORMATION**

The pricing procedures used for the Defined Spread and the Session Range standing instruction pricing programs are available in detail in their respective program descriptions to clients and their investment managers.

The pricing of negotiated FX transactions is generally more favorable to clients than the pricing of standing instruction FX transactions. However, the standing instruction FX service allows clients and their investment managers to shift the administrative costs, risks and management associated with executing certain FX transactions to BNY Mellon and focus their resources on investments. Some clients and investment managers find it valuable to use this service for difficult-to-execute, emerging market transactions since BNY Mellon will assume the risk of settling the transaction and the burden of complying with complex regulatory regimes. Clients and their investment managers may also find BNY Mellon's standing instruction service to be an attractive option for small, "retail" size transactions, which can be administratively burdensome to handle.

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1. Under BNY Mellon's historical session range standing instruction program, every morning our U.S. trading desks provided their standing instruction customers with a guaranteed range of bid and offer rates for more than 70 currency pairs. We guaranteed that the actual rate that we assigned on that day to a standing instruction order executed by BNY Mellon's U.S. trading desks would be within the published range. The price actually assigned to a particular currency trade was within that range and typically within the much narrower range based on the 'interbank' foreign exchange rates available to credit-worthy global financial institutions. Unless BNY Mellon and a client agreed to a different pricing arrangement, for client transactions BNY Mellon assigned prices to standing instruction transactions that were at or near the high end of the daily range of prices reported in the interbank market for client currency purchases from BNY Mellon, and at or near the low end of the daily range of prices reported in the interbank market for client currency sales to BNY Mellon. For clients that used the session range pricing option, the historical session range program was in effect through March 2014, at which point it was replaced with the upgraded Session Range program. The Defined Spread option was rolled out in February 2012.

