

Introduction to World Forex

Version 2.5

(Please check the web site for the latest information.)



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1. Overview

World Forex provides you with a one-stop service for paying your foreign invoices:

Convenience

You can now pay a foreign beneficiary in the same way as you would pay a local beneficiary. Through our online system we quote you a fixed Rand amount inclusive of all costs. We handle all administration for you - no forms to complete or deliver. For the travel industry (payments for services) we accept faxed invoices. On receipt of an order from an importer, our courier service will collect the original documentation from your office. You don't have to leave your office and you can track the progress of your order on line!

Exchange Rate Information

Our on line system provides you with graphs of the Reuters rates, for the major currencies. This allows you to select the best time to make payments. A Reuters rate is determined by historic transactions and is a good indicator.

Best Foreign Exchange Rates

Through the foreign exchange dealing room at Mercantile Treasury, we negotiate the best exchange rates for you. Independent of the transaction size, you benefit from the large volume we already process on behalf of existing clients.

Open Cost Policy

Our on line system shows all costs. There are no hidden costs or surprises.

Competitive Charges

By improving efficiency and using e-commerce, we have reduced operating and overhead costs. Our commission and SWIFT rates are therefore very competitive.

Best Service

World Forex is growing fast and we already provide services to leading tour operators, travel agents and importers.

2. Making Spot Payments

The following describes the process to pay an invoice in a foreign currency.

Step 1: Log In

On registration, you are provided with a unique user name and password. You must use this to log into the World Forex System at <http://www.wfx.co.za>.

Step 2: Register Beneficiary

You have to register a foreign beneficiary only once.

Step 3: Pay your beneficiary

Type the amount and select the beneficiary. You must also provide the invoice number. There are additional fields, such as comments, which you can use as you wish.

After typing the details, you are provided with an online quotation showing an estimated exchange rate. After confirming the rate and details, you can place the order, which is sent directly to the dealing room.

Step 4: Obtain Rate confirmation

Within 10-15 minutes of receiving an order, the dealing room will send you an e-mail and SMS to confirm the rate they have negotiated on the market. The status of the order on screen changes from "estimate" to "confirmed".

Step 5: Pay electronically

With the rate being confirmed, you can now pay the rand amount. You can link your Mercantile account as a beneficiary on your current ABSA/FNB/NEDBANK account and make an electronic payment.

Should you pay by cheque, please take note that it takes 3-5 working days for the cheque to clear and that special cheque clearing charges apply.

Step 5: Send Documentation Through

The BOP (Balance of Payment) form is required by the Reserve Bank. The BOP form is generated electronically for you, when you click on "BOP" at the bottom of the order. Please note that there are 2 pages. Please sign both.

The following documentation is required for Services:

- 1) Faxed copy of the World Forex Order
- 2) Faxed copy of the invoice
- 3) Faxed copy of signed BOP form.
- 4) Faxed copy of the invoice
- 5) Faxed copy of proof of payment
- 6) The original BOP form **MUST** be couriered to Mercantile within 30 days of the transaction, as per Reserve Bank Regulations.

The following documentation is required for Importers:

- 1) World Forex Order
- 2) Import documentation: Invoice, waybill, etc.
- 3) Signed BOP form.
- 4) Proof of payment

After placing the order, the screen will show the option to request a courier service. Please select this option, which will automatically notify Berco, our participating courier company. Berco will collect the documentation from your office within 1-2 hours. If you have more than one payment to make, you can consolidate them and only request the courier service after placing the last order. Remember to include the completed ORIGINAL BOP forms and copies of the fund transfer receipts.

3. Tracking your Orders

The World Forex system keeps track of all your existing and past orders. Just log in and click on ORDERS. You are then able to view the progress of orders and print out any order.

4. Purchasing Forward Cover Contracts

World Forex allows you to protect your company against currency fluctuations. On the day which you order a foreign product or service, you can purchase the foreign currency that is required to pay the invoice when it becomes due in 2-3 months time. This is called a forward cover contract. On purchasing the contract you are immediately protected against any currency fluctuations. In order for you to purchase such a contract, we require a deposit of only 10% of the Rand value of the contract. The difference becomes payable only when you apply the forward cover contract for payment of the invoice, when the goods arrive.

The typical cost of a forward contract for a two-month period is in the order of 1.6%, which translates to the Rand moving from 9.00 against the Euro to 9.14, which is less than the typical daily movement in the exchange rate.

5. Frequently Asked Questions

What does it cost to register?

The cost to register is a once off payment of R1999 (ex VAT).

Do have any monthly charges?

No, we do not have any monthly charges.

Do you have minimum requirements for payments?

No, there is no minimum requirement.

How does World Forex compare with what I can get from my bank?

This depends very much on your relationship with your bank. Banks are inclined to provide larger clients with better rates. Unlike World Forex, their rates typically depend on the size of the transaction as well. SWIFT charges and commissions differ from bank to bank.

The best way is to compare the RAND amounts required to pay a foreign invoice, inclusive of all costs. You can also compare exchange rates, as an indication. A good figure to use is the "Spread", which is the difference between buying and selling a unit of currency. By using the rate tables on our web site at <http://www.wfx.co.za> you will typically find the Spread to be less than one cent.

Do you charge commission?

Yes, we do charge a commission, which is shown clearly on each quotation. Our commission is fixed for all transactions independent of the amount. For clients buying more than R1m per month, rates are typically 0.5% or better. For USD at a rate of 7.00, the 0.5% is equal to 3.5 cents. This commission is relatively small when one compares it with the daily fluctuation of the Rand against the USD which is 8 cents on average.



Some of our clients were using institutions that did not charge commission. However, when they compare their rates with ours, including our commission, they report savings of between 0.5% and 1.5%.

How much will I save by using World Forex?

You will save time (which is money) and frustration. You will also save on each transaction, the amount of which depends on the financial institution you are currently using and what relationship you have with them.

Our clients report savings of between 0.5% and 1.5% per transaction. To calculate your savings, you can do the following calculation:

Current Institution Spread

Buying USD rate: 7.15

Selling USD rate: 6.85

Current Institution Spread: 7.20-7.80 = 0.30

WFX Spread

Buying USD Rate: 7.01

Selling USD Rate: 6.99

WFX Spread: 0.02

Estimated Annual Savings

Savings = Annual Volume x [(Current Institution Spread-WFX Spread)/2 – commission]

For example: 500,000 USD x [(0.30-0.02)/2 – .035]= R52,500

The above calculation uses a commission rate of 0.5%, which equals 3.5 cents.

How safe are my funds?

Your funds are kept with a participating international bank that facilitates the SWIFT transfer.

6. Who we are

World Forex was launched in 2001, to provide foreign exchange services to the South African Travel Industry. Our client base has since grown and our services have been extended to the import/export sector. World Forex provides an integrated service for the efficient payment of foreign invoices. Clients can pay foreign invoices without having to leave their offices. The World Forex system performs the integration of broking, courier and treasury services to make this possible.

The World Forex service involves the services of a number of service providers and institutions:

- Investment Dimensions (Pty) Ltd performs the brokering service
- Berco provides the courier services
- Mercantile Lisbon Bank executes the SWIFT payments
- Techsolutions (Pty) Ltd provides the system development and system hosting

7. Contact Details and Support

Sales:

e-mail: sales@wfx.co.za
Eon de Koker Cell: 083-675-2036

Please check the web at www.wfx.co.za for the latest contact details for sales and support.

8. Registering with World Forex

To register for World Forex, we require the following:

- 1) A copy of your letterhead, showing the company registration number, VAT number, names of members or directors, registered address, etc.
- 2) A completed World Forex Registration Form.
- 3) Payment of the Registration Fee.

Using the above information, we will complete all account opening forms for you and deliver it to you for signature.

In addition to the signed forms, we also required the following documentation as per Reserve Bank requirements:

Companies (Pty) Ltd

1. A copy of the Certificate to Commence Business
2. A copy of the Certificate of Incorporation
3. A copy of the recent CM29
4. A copy of the company Articles of Association
5. Certified Copies of barcoded ID documents of the directors and account signatories listed on the CM29
6. Certified Copies of Utility bills of Company and each Director and account signatories
7. Proof of Company physical address: recent utility or other bill.

CC's

1. A copy of the CK1 and/or CK2
2. Certified Copies of barcoded ID documents of the members listed on the CK1 or amended CK2, as well as all signatories
3. Certified Copies of Utility bills of CC and each member and signatories