

## HSBC TRANACTED FIRST EVER BDT OPTION IN BANGLADESH



HSBC Bangladesh transacted the first ever Bangladesh Taka (BDT) Onshore FX Option Trade in Bangladesh. BDT is a restricted currency and cannot be traded offshore. Two pairs of onshore foreign exchange Options in taka against the dollar were dealt by HSBC Dhaka offsetting the risk with HSBC HK Option trading desk. Both trades had a notional value of \$500,000, and were dealt within half an hour of each other at zero premium.

The two corporate counterparties were Viyellatex, one of the largest exporters of ready-made garments in Bangladesh, and Coats Bangladesh, a UK-based supplier of yarn and other raw materials. Given the absence of BDT's implied volatility, HSBC used historical spot and BDT interest rates along with implied forward rate data to construct the volatility which solved the product pricing issue.

This product gives the customers additional flexibility to hedge their future BDT FX risks within a forecasted range without having to incur any premium cost. If USD/BDT moves beyond a certain adverse rate, customer is hedged at that rate and can exercise his right. On the other hand, if the rate moves in favour of the underlying FX exposure, customer can only benefit up to a certain preagreed level.

### **Deal team:**

M Wahiduzzaman  
Andrew T Sharkey  
Tarique I Khan  
Mehedi Zakir  
Ashfaqur Rahman  
Mahmud Hossain

Corporate Sales, Global Markets, Bangladesh  
Emerging Markets FX Derivatives, Global Markets, Asia-Pacific  
Global Markets, Bangladesh  
Corporate Sales, Global Markets, Bangladesh  
Commercial Banking, Bangladesh  
Commercial Banking, Bangladesh