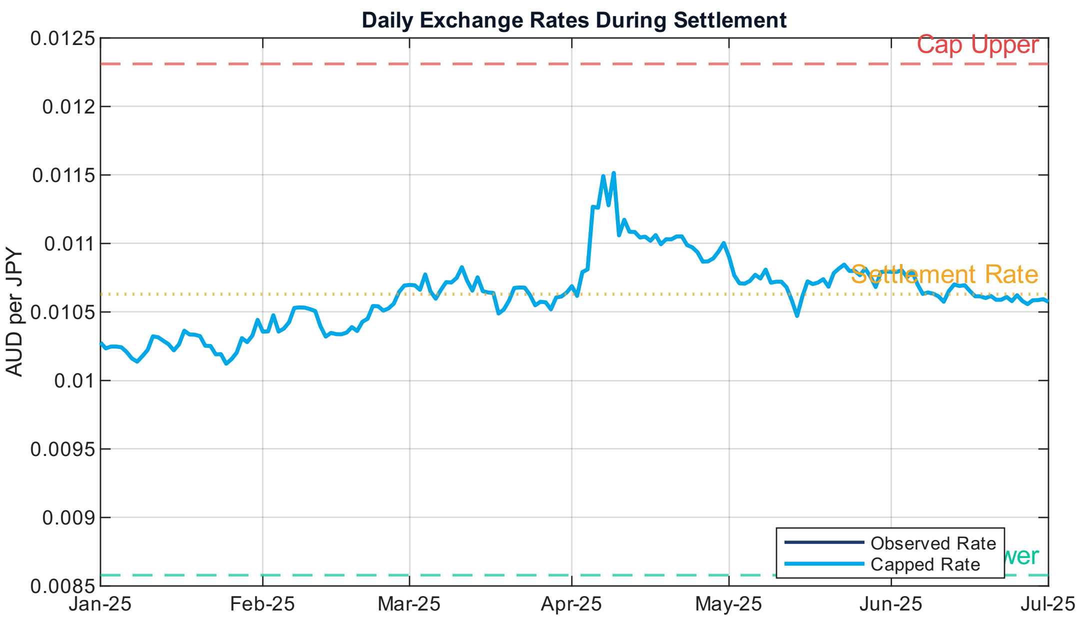
FAIR TRADE FX

Financial Shock Absorber for Exchange Rates | Statmechs Pty Ltd

CASE STUDY 3: AUSTRALIAN FINTECH — JAPANESE IP LICENCE

A Sydney-based fintech company licences JPY 50,000,000 of semiconductor IP from a Tokyo supplier, payable over 180 days.

Currency Pair	Contract Period	Notional Value	Industry
JPY / AUD	**Jan 2025 to Jul 2025**	**JPY $50.00M**	**Technology**



KEY METRICS

Spot Rate at Inception	**0.0103**
Cap Upper Bound	**0.0123**
Cap Lower Bound	**0.0086**
Settlement Rate (Capped Avg)	**0.0106**
Annualised Volatility	**10.9%**
Forecast Risk Reduction	**76.3%**
Days Cap Activated	**0 / 182**
Actual Vol Reduction	**0.0%**

FINANCIAL IMPACT (AUD)

FairTradeFX Settlement	Uncapped Average	Worst-Case Single Day	Best-Case Single Day
AUD $531,489	**AUD $531,489**	**AUD $575,757**	**AUD $506,126**

Protection vs Worst-Case: AUD $44,268 saved

Methodology:

FairTradeFX uses a GARCH(1,1) volatility model fitted to 720 days of historical exchange rate data sourced from XE.com. The model forecasts conditional volatility over the contract horizon and establishes 95% confidence bands that serve as immutable cap and floor rates.

During the settlement period, each daily observed rate is clipped to the cap bounds before being included in a running average. The final settlement rate is the mean of all capped daily rates, providing dual protection: (1) daily cap limits protect against extreme single-day moves, and (2) averaging across the full period smooths residual volatility within the bands.

All figures in this case study are back-calculated using actual historical market rates — not simulations.