

Citi supports a supranational organization in hedging its long exposure to SDR (IMF Special Drawing Rights) as they receive World Bank funding. Citi was able to partner across FX, Structuring and Banking to win this unique SDR-based trade.

## Case Study

<b>The Client</b>	The client is an organization that helps governments and private sector provide peace and security, humanitarian and development solutions. Their mission is to help people build better lives and countries achieve peace and sustainable development. This includes procurement expertise and health infrastructure support during crises.
<b>The Challenge</b>	The client has an ongoing long exposure to SDR (IMF Special Drawing Rights) due to the fact that they receive funding from World Bank in an USD amount that is a function of the SDR fixings. There were a few challenges related to this as SDR hedges are a non-standard product requiring additional considerations and are not traded frequently. Building a term sheet that would suit the bank's requirements and capital considerations as well as the client needs was also critical.
<b>The Solution</b>	Since SDR is a basket of currencies (USD, EUR, JPY, GBP, CNH) the transactions was booked as a Synthetic forward (via 2 Basket Options). The deal is cash settled against IMF fixings, which is outside the scope of a typical spot transaction. In partnership with the Structuring team and FX Option Traders, Citi built a structure to price this unique product which has never traded before in Europe. As a result, Citi was able to price more competitively, efficiently and quickly than our competitors. The client Treasurer has an FX background so he did appreciate our flexibility and readiness.
<b>The Result</b>	As a result, Citi successfully traded two SDR basket options with this client, representing the first activity of this type with this client. Citi was able to deliver based on cross-business collaboration and the supranational organization appreciated Citi's flexibility and readiness to support this need.