Examples of how the means of Payment Purpose Exclusion works

	Example	Explanation
1.	A customer wants to hedge its balance sheet because it has a EUR exposure but reports financially in sterling.	The **exclusion is NOT available** as the foreign exchange contract is not entered into in order to facilitate payment for identifiable goods or services. If, as is likely to be the case, the foreign exchange contract is a swap or a non-deliverable forward, that is another reason for the exclusion not being available as the exclusion does not apply to this sort of contract
2.	A Eurozone importer has bought GBP 100,000 worth of goods. The supplier has not yet issued an invoice and the sum is not yet due from the importer. However, the importer knows the price. It buys the GBP forward.	The issue here is whether the forward exchange contract relates to identifiable goods. **The exclusion is potentially available.** There is no need for the invoice to have been issued or the sum yet to be due.
3.	A Eurozone importer of goods has ordered a specific quantity of an identified type of goods from the supplier. The price will be payable in USD, but the USD price has not yet been fixed. The Eurozone importer makes an estimate of the USD price and buys the USD forward.	The issue here is whether the forward exchange contract relates to identifiable goods. **The exclusion is potentially available.**
4.	A firm wishes to import goods for a project and needs foreign exchange to pay for them. It does not know precisely how many of the goods it will buy or what their exact specification or price will be. However, it knows broadly what goods it needs. In this example it knows all this because the goods are needed for a specific purpose in a specific project.	The issue here is whether the forward exchange contract relates to identifiable goods. **The exclusion is potentially available.** The exclusion may be available even though the precise details of the goods to be bought are not known yet. The goods are identifiable by reference to an established project and a particular purpose within that project.

5.	A Eurozone exporter (A) sells goods to a Swiss importer for payment on delivery in CHF. A, before the due date for payment for the goods, sells the CHF for the equivalent amount in EUR. The foreign exchange contract is made at the applicable forward rate on the date of the currency contract. Settlement of the currency contract is due on the same day as payment for the goods. A is thereby protected against adverse movements in Euro against the CHF.	**The exclusion is potentially available.** Recital 10 to the MiFID Regulation says that a contract to achieve certainty about the level of payments for identified goods is covered by the exclusion.
6.	A Eurozone importer (A) has bought USD 100,000 worth of goods. A buys USD 100,000 forward from several currency providers.	The exclusion **is potentially available.** There is no need for A to use a single currency provider.
7.	A Eurozone importer (A) has bought GBP 100,000 worth of goods. The supplier has issued an invoice, but the sum is not yet due from A. A buys the USD equivalent of €100,000 forward.	The exclusion **will NOT generally be available** because the currency contract is not a means of payment facilitating the payment due from A to the supplier. This is because the payment is due in GBP and so the USD contract is not sufficiently connected to the payment transaction.
8.	Risk by purchasing a forward contract to sell USD and buy EUR for three months in the future. The purpose of the trade is to ensure the investors will not be subject to currency volatility affecting the value of their investment.	The exclusion **is NOT available** because the currency transaction is not linked to any payment for specific goods, services, or direct investment.
9.	A Local firm (A) has employees abroad. A pays them in local currency. A buys forward the currency with which it will pay its employees.	**The exclusion potentially applies.**
10.	A Eurozone client is due to receive an inheritance in GBP and is advised of the amount but, owing to the need to complete probate, the funds will not be released for a number of months. The customer wishes to ensure that there is no depreciation in value of the inheritance in EUR terms and enters into a GBP-EUR forward.	The exclusion **is NOT available** because the foreign exchange contract is not linked to any specific goods or services.
11.	A Local parent company wishes to inject capital in Romanian leu into a Romanian subsidiary in two months' time and enters into a forward contract to purchase the Romanian leu.	The exclusion **potentially applies** as the foreign exchange contract is made to facilitate a direct investment in the subsidiary.