

Which advantages does it offer to these banks?

Banks may increase their own capital funds by different liquidity creation measures over up to 10% per year. There is a bank only 8 - eighteenfold of their own capital funds in the form of customer credits to spend may do, is such a capital increase measure very in demand.

Thus for example a debenture bond at a value of US\$ 10 million of a bank is then sold abgezinst to a buyer at the price by US\$ 8 million.

The issuing bank can immediately realize and as assets book the purchase price at a value of US\$ 8 million. Since the debenture bond has a running time of for example 1 year and 1 day, balance-technically the purchase price in the current year only a commitment lecture of US\$ 10 million faces, which affects itself as due payment balance-technically also only in the subsequent year.

With „own capital funds won again in this kind " the bank can assign a multiple of it (8 - eighteenfold) as new line of credit against usual collateral to the final consumer.

This new volume of loans amounts to counted on the factor 12 US\$ 96 million. From this capital Geldinstitut nevertheless gains 7.68 million with an accepted interest yield of 8% US\$. The bank has now altogether US\$ 15.68 million (purchase price plus gained interest).

After one year and one day the debenture bond is due placed at a value of the nominal value of US\$ 10 million. Thus a surplus of US\$ remains to the bank 5.68 million.

How thereby are the net yields for the investor gained?

Due to international regulations and customs, it is not permitted the emitting banks to spend such papers without these are in advance paid.

On the other side it is forbidden because of legal regulations to the buyer of these papers (pension fund, insurance, industrial enterprise etc.) to pay these before they are not in their property.

Due to its capital of the private investor takes over thus in each case the role of the bridging finance, although such is not actually accomplished. The proof is only sufficient that the purchase price for the paper is deposited.

The private capital investment is as it were the necessary link between the banks, those the paper emits and the last-finite buyers.

In all rule the completion of such a business lasts less than one day, which means that the investor capital can be used even several times daily for the necessary capital proof.

The profit between purchase and sales, obtained in each case, is called „fall out " (yield) and divided and paid under the involved ones.

Information to the trade with bank instruments

1. Each bank, which lets its balance over ICC (internationally Chamber OF Commerce) in Paris examine annually and as result a certain „Rating ", e.g., „AAA " receives, may in agreement with the FED (Federal reserve bank, the USA), in its own name US\$ debenture bonds at a value of 10% of their own capital funds per year emissionieren (give change) and into the trade flow to let.
2. The trade with these bank instruments is subject determined, from the ICC given and of the FED controlled rules.

The most substantial of it are:

2.1 the base value of a standard warranty US\$ 500 millions, the running time amounts to becomes with 10 years and one day with interest charges of 7,5% per annum. specified. The differences of the different certified formats - there are at present 247 - predominantly lie in the text. The available explanations concentrate on the standard format.

It is in such a way organized 2.2 the trade that the papers arrive exclusively over with the FED accredited Cuttinghouses into the market. These have so-called Commitments (obligations to take delivery opposite the banks). The task of these Cuttinghouses is the assignment of direction stepping ion numbers, cutting the instruments on tradable sizes of (US\$ 10, 25, 100 millions) and the input of the freed papers into the international communication systems (Reuters, Euroclear, Blomberg, etc.).

2.3 the Cuttinghouse buys the papers to 70 - 75% of the nominal value, depending upon rating of the issuing bank and sells these again, in the framework of Commitments, as so-called „fresh CUTs ", to the broker houses and Trader licensed by the FED (primary market) and arrives finally at a purchase price of 95- 100% at the user (insurance, banks, pension fund, etc.).

2.4 the Tradingbusiness is very lucrative, because the papers constantly increase on the way to the user in value. For this reason, it is subject to extremely strict regulations and the monitoring mechanism of the FED. These contain margins and appropriation of profits editions. A large part of the profits obtained with the trading flows into projects generally eligible for promotion and into projects, which lie in the context of international development assistance.

2.5 the Tradingcompanies need a constant central supply, in order to be able to fulfill their Commitments. The origin of these funds is limited to a large extent to private people, private business and societies, who work with the funds third.

States, banks, insurance companies, etc. remain excluded from the actual Tradingbusiness. Private means are increased by this method; on the one hand in favor of the investor and on the other hand over the projects promoted with the profits the economy is set in motion.

3. In the further one the trade with bank instruments from the following view is favourable:

3.1 for the spending bank

In accordance with ICC conventions such warranties in the bank balance sheet must be proven only as contingent liability. This has the consequence that the bank strengthens its own capital funds basis by the expenditure of such debenture bonds in the order of magnitude of the papers spent of 75% of the nominal value.

Since now the bank in the order of magnitude of the 12-18 times of their own capital funds in the form of customer credits may spend, it is outstanding served with this instrument!

3.2 for the principal-strong Investor

If an investor for the purchase of such papers makes capital available and with a Tradinghouse that contractually agreed upon a regulated customer market has, it profits itself and can from its a mark plant „revolving " on a net yield of at least 100 - 200% per year count. The present Treaties take usually 1 year.

The Trader uses the capital of the investor only in principle as capital proof for the purchase of the papers, which it pays then on third sold and with their money.

This on and sales of bank instruments can be accomplished per week 2-3 times during approx. 40 bank weeks per year. The investor participates per trade with a net amount of approx. 2% of the capital investment count.

4. The conditions of participation/- achievements for the private investor are as follows:

4.1 Filling out a Letter of Intent and present a proof of funds

4.2 conclusion of a contract with the Trading company if necessary. Opening of an account limited action authority for the Trader if necessary. Commission contracts.

4.3 program start capital transfer

For the capital transfer and - security there are two variants:

< the transfer takes place on, via the investor with the liquidation bank opened, own account. To ensure in this case the bank assigned that the account balance always corresponds to the plant value, or a bank instrument of same or higher priority.

< the investor transfers the capital investment by SWIFT to the account of the Trading company and receives against it step by step a bank guarantee, at least in the height of the capital investment, from a Prime bank (Top 25 Europe).

After expiration of the contract the capital investment of the investor is returned to the warranty against return (with the 2. Variant). eely over it order.

Recapitulatory example

A.) a bank with the Rating „AAA " (soil quality) spends the debenture bonds paid interest of annually 5% on a running time of 10 years. Around fewer own capital funds will usually bind in this business over 100 millions presented debenture bond quite often to a certain percentage with investor funds up-fed.

b.) Buyer X, a trustee of the investor sums „gepoolt " has, acquires the debenture bond for 83 millions US\$ and sells the paper on the same day at buyer Y for 86 millions US\$. With 3 millions US\$ proceeds additional the again freely available 83 millions US\$ already acquires the trustee on the same day a further „AAA " - debenture bond for for example 86 millions US\$ and sells these immediately again for 89 millions US\$ etc.

From this daily acquisition and sales of debenture bonds with first-class soil quality trustees, how also the following buyers, who can act such a paper, obtain 12 and more per cent weekly.

This, until the paper comes for example with the pension fund of an insurance as user to lying. The profits obtained up to then are disbursed after departure of the own profit margin, however still in according to delightful height, annually, as also under- year old to the investors of the trust pool. That is the daily, world-wide taking place reality of the Short term Investments (STI).

(Excerpt from the financial magazine „my money ", expenditure 8/95) 25% (and more) can earn investors with the trade with bank guarantees.

The bank guarantee trade

This method is still to a large extent unknown in Germany. In the USA it however since longer practiced and also in Switzerland gives it for some time so some investor, who increased its fortune thereby considerably. But how the whole functions?

A bank with good Leumund would like to borrow itself money. For this reason, it publishes a debt paper. Depending upon maturity it concerns thereby a SLC (Standby type character OF Credit), which is abgezinst like a Zero bond and a running time of one year has. Longer current papers have as exotic abbreviations, as PNB (Prime bank Promissory note) or PBG (Prime bank Garanties).

These papers run ten years and one day. They can be abgezinst. It however e.g., is. also, possible that they exhibit a coupon of 7,5%.

The Clou lies in the fact that other banks cannot purchase due to legal defaults these „for notes " in the Ersterwerb.

They are much more dependent on the secondary trade. Since the banks want to have such „ notes however absolutely for own capital funds heightening ", they offer to the private investor a small Aufgeld. Thus a SLC without interest (one year running time) costs 86% of the nominal value, in the secondary trade it for 87.5% is however already acted.

This 1.5% difference is apparently not much. It is to be noted however that the purchase and sales often take place on the same day. A dealer buys such a notenote note for a customer only, if he is safe to sell it in all-shortest time as secondary note to a bank. This often happens within 2 hours.

Like that it is possible to transact on one day two or three business of this kind.

The papers are absolutely safe. It concerns without exception with the emitters the 100 world largest or 25 European largest banks. A disadvantage is however given.

Who would like to participate directly in the market, has to put on at least 10 million US\$. There are however capital poolers, which summarize the money of several investors. Then one is already starting from an amount of US\$ 100,000 and/or. US\$ 250,000 thereby.

We regard once the Procedere with a large investor. This opens with a bank, e.g., in Switzerland or Liechtenstein, an own account, over which only it is order-entitled. The dealer who can be assigned may acquire single personally SLC's or PBQ's in „the course over - course " business.

Cash withdrawals on the part of this dealer are absolutely impossible by this account with the liquidation bank.

There are only two possibilities:

Either the money of the investor on the account with the bank or it is put on in a notenote note. Large investors can transact this business several times. Thus, it comes that the guaranteed minimum net yield can be substantially exceeded. 100% - 250% in the year are not impossible therefore if accordingly often can be acted. The 1.5% profit margin add itself in such a way on a considerable amount.

They see: Many small profits lead also to a fortune. With trade with American Notes a certain foreign exchange risk is not to be pointed from the hand to. But this hardly plays a role in view of the height of the profits which can be expected.

Generally, spread and in most cases correct opinion that high profit within a short time, which does not apply after, which degrees of the speculation reflect, with this plant form to rule.

The participation in the so-called „interbank trade " is not a speculative investment. The adjusted capital is either credited or by werthaltige, irrevocable and examined warranties secured.

Note: Straight ones within this range one can be brought by dubious mediators around its whole, invested money!

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