



PAPER TRADER

Digitizing the physical
commodity trade with
semi standardization



TRADE EXECUTION TRANSPARENCY

The paper market is dominated by information disparities with a loss of value to the traders as result

PROBLEMS

1. Trade Execution Transparency
2. Monitoring Credit Risk
3. Lack of Oversight
4. Communication Inefficiencies

MONITORING CREDIT RISK

Most end users are not set up to track the credit risk arising out of Paper Trades and other hedges

PROBLEMS

1. Trade Execution Transparency
2. Monitoring Credit Risk
3. Lack of Oversight
4. Communication Inefficiencies

LACK OF OVERSIGHT

Most of the trade is negotiated over the phone with no way to proactively specify the trade limits

PROBLEMS

1. Trade Execution Transparency
2. Monitoring Credit Risk
3. Lack of Oversight
4. Communication Inefficiencies

COMMUNICATION INEFFICIENCIES

In a broker dominated market, traders get way too many messages, both on quote updates and on-going negotiations

PROBLEMS

1. Trade Execution Transparency
2. Monitoring Credit Risk
3. Lack of Oversight
4. Communication Inefficiencies

COMPLETE PRICE AND RISK TRANSPARENCY

**A one stop platform for all
crucial information to
execute your hedges**

MERGE THE VARIOUS EXECUTION TOOLS

We have built a unique trade engine that handles industry specific trading norms with increased transparency via an electronic platform, while supporting the information value of the brokers

REMOTE COMPLIANCE CONTROL FUNCTIONALITY

**One system to remotely
access and approve
exposure changes**

COMBINE THE CONTROL
AND MIDDLE OFFICE
FUNCTIONS

A platform with full trade
capture and audit capability
combined with automated
credit risk exposure limit
settings and warnings in a
secure environment

COMMUNICATION EFFICIENCIES

**Focus where focus is due,
forget about all the
valueless data updates**

COMMUNICATE GLOBALLY
ON ONE PLATFORM WITH
ALL MARKETS COMBINED

Increase trade productivity
by combining the various
communication channels
with decreased costs and
increased revenue as result

PAPER TRADER



The trading platform you need
to manage your exposure to
physical commodities

HISTORY

Paper Trader resulted out of pain point experiences by the founders while trading the physical commodity markets



**PAIN POINTS
IDENTIFIED**
2018



**CONFIRMATION
RECEIVED**
2019



**SOLUTION
CREATED**
2020

COMPLIANCE

Globally, the world is moving into a better controlled and more compliant environment

Not being able to audit and trace trades or have poor KYC/AML policies is just not acceptable anymore

Q1

TIMING

1. Compliance
2. Covid19
3. Costs

CREDIT DEFAULTS RISING AS A RESULT FROM POOR COUNTER PARTY RISK EXPOSURE MANAGEMENT AND WEAK TRADE APPROVAL COMPLIANCE

Confirmed in 2020 for Singapore only:
Hin Leong \$4bln, Agritrade \$1.5bln, Phoenix \$450mln , Coastal Oil \$350 mln & many more!



Collapse of Singapore commodity firm Agritrade leaves lenders

Companies & Markets News -HONG KONG (BLOOMBERG) - Lenders including ING Bank have accused a Singapore commodities firm of fraud after...



Singapore’s oil traders at risk of collapse

SINGAPORE – The implosion of one of Singapore’s biggest oil traders, Hin Leong Trading, has sent shockwaves through the city-state’s commodities sector as global oil markets reel...
Asia Times / Shawn Crispin / Apr 24



Fearful Banks Spurn Asia Commodity Traders in Credit Squeeze

Bankers are increasingly reluctant to give commodity traders in Asia the credit they need to survive as the lenders grow ever more fearful about the risk of a...



StanChart and HSBC face losses on loans to rice trader

Phoenix Commodities seeks debt restructuring after racking up \$450m of currency hedge losses
FT FinancialTimes / May 7



China Copper Smelter Halts Syndication of \$300 Million Loan Deal

A copper smelter based in China’s Shandong province has halted syndication of a \$300 million one-year facility just two weeks into its launch to th...



Coastal Oil troubles hit Singapore banks, others with US\$350m

TROUBLE at Coastal Oil Singapore, a crude oil products supplier which has filed for liquidation, has hit at least 10 banks, including all three Singapore...

COVID-19

The COVID19 pandemic showed the value of being able to work remotely while remaining under full control of your exposure

Volatility exploded causing many companies to get in financial trouble due to poor risk management

Q2 TIMING

1. Compliance
2. Covid19
3. Costs

COVID-19

Recent Commodity News Triggers in APAC:



Regulators must now look at commodity trading

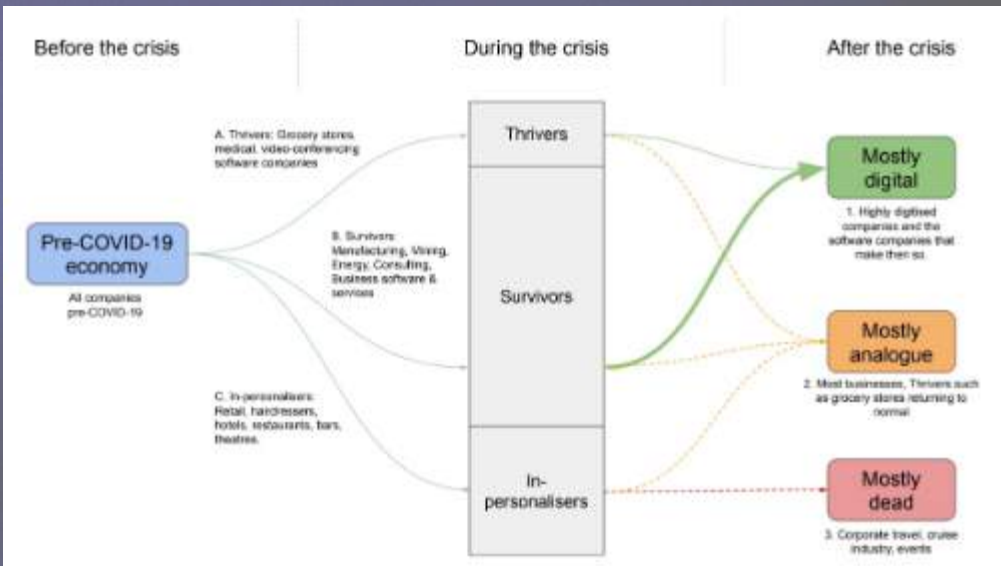
Traders sit at the intersection between financial and physical markets

FT FinancialTimes / Apr 27



The digital-led recovery from COVID-19: Five questions for CEOs

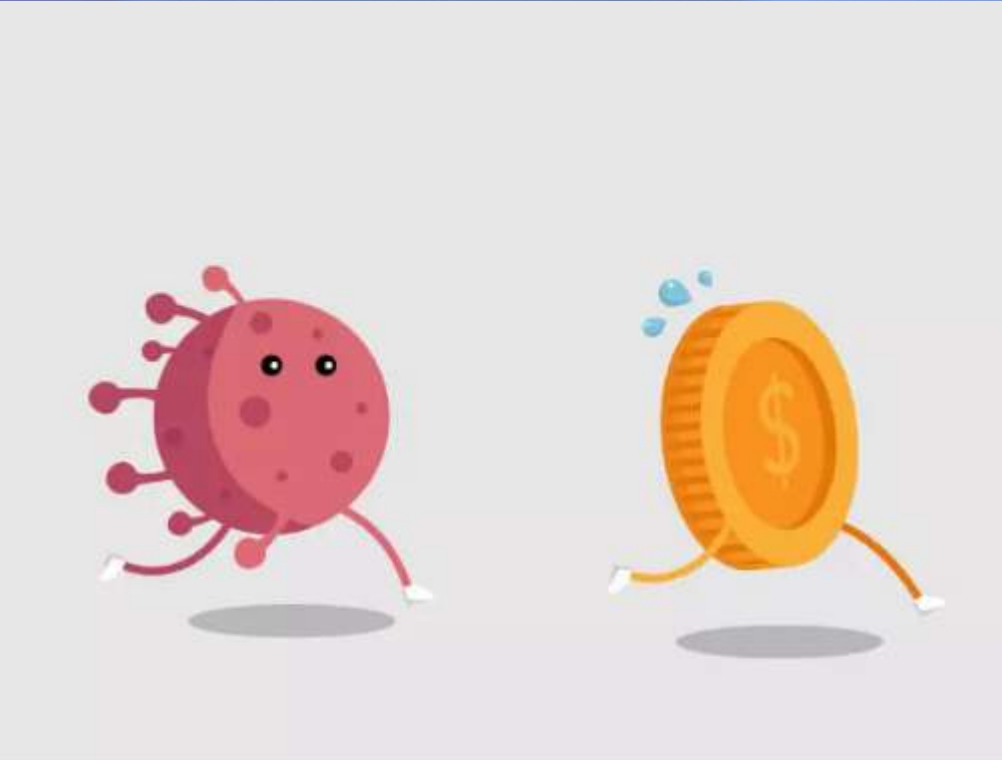
By acting early and being bold and decisive, CEOs can accelerate their digital-led recovery transformation and reach the next normal sooner.



Is it socially responsible to digitally transform your company during the COVID-19 crisis?

This is the first of a two-part series. Using examples from the insurance industry, this part discusses which types of companies will emerge from the COVID-19 crisis in a strong position, the...

in LinkedInEditors



Trade finance pressured to digitalise amid Covid-19 chaos

As Covid-19 spreads across the world, courier services and the movement of paper documents have slowed. Parties involved in global trade are having to turn to digital solutions, such as...

GTR Global Trade Review (GTR) / Apr 1



Governments urged to lift legal barriers to digital trade to mitigate Covid-19 impact

With the in-person review of the billions of documents that cross the trading system on any given day now jeopardised by stay-at-home orders around the world, banks are facing increased...

GTR Global Trade Review (GTR) / Apr 22

COSTS

Executing efficiently, while embedding control systems has proven to be expensive for most companies

Creating one platform that combines all needs, reduces costs and increases profits

TIMING

1. Compliance
2. Covid19
3. Costs

01 TARGET MARKET

All traders, shippers,
producers and consumers

MARKET PLAYERS

Anyone active in the physical
commodity trade, will benefit
from the additional
productivity, transparency,
control and risk
management tools provided
without additional costs



TARGET MARKET

Brokers and Intermediates

SERVICE PROVIDERS

Brokers will be able to cover more clients, more markets and more products without having to add staff. Other service providers like banks and charterers might be able to add their products to the platform in a later phase

SIZE OF THE BROKERED MARKET

The total annual main brokered
global physical agricultural
commodities market.

All other products (hard, energy
etc) will be in addition to this!

\$950M

Total Available
Market (TAM)
+/- 3,800 MMT @
average \$0.25/mt

\$333M

Serviceable Available
Market (SAM)
+/- 35% of TAM

\$12.5M

Serviceable Obtainable
Market (SOM) annually
+/- 50% of SAM * 7.5% fee

DIRECT COMPETITORS



INDIRECT COMPETITORS

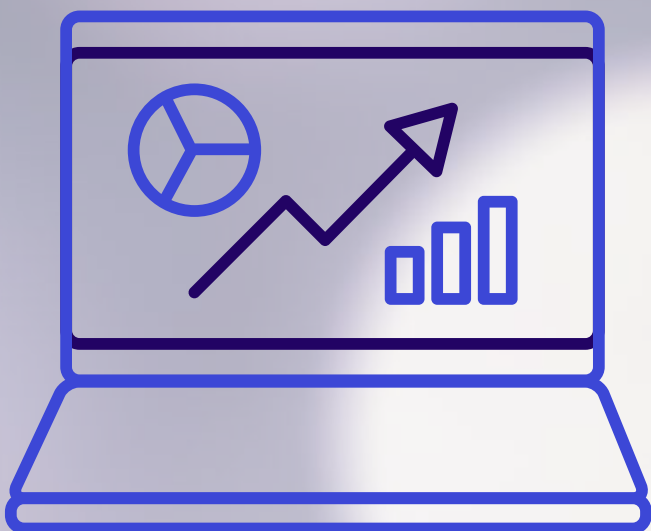


COMPETITIVE ADVANTAGES



A UNIQUE TRADING ENGINE

"science meets social"
not disruptive in terms
of negotiation and
execution experience



INCREASED TRANSPARENCY

what, how, when,
why, what price,
with whom, all in
one dashboard

COMPETITIVE ADVANTAGES

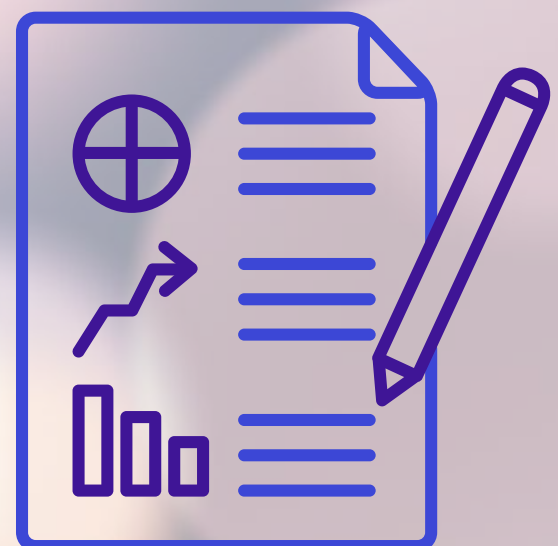
CREDIT RISK MANAGEMENT

automated credit limit
checks and approvals
within counter party
risk management
dashboard



IMPROVED COST CONTROL

improved compliance &
higher productivity in a
secure environment but
with reduced manpower
& system needs



ENHANCING MARKET OFFERING VARIATIONS

By being 100% digital we can rapidly add new markets, new products and new types of structures to the existing execution portfolios of all participants creating a toolbox to suit your specific trade and hedge execution needs

COMPETITIVE APPROACH

1. Increased markets offering
2. Personal network utilization
3. Partnerships with brokers
4. Market independent ownership
5. Data integration with existing systems

PERSONAL NETWORKING

As the agricultural commodity markets are still very personal and small, the founders network and experience will bring in the early movers and large corporates via their contacts and with presentations at leading global conference

COMPETITIVE APPROACH

1. Increased markets offering
2. Personal network utilization
3. Partnerships with brokers
4. Market independent ownership
5. Data integration with existing systems

PARTNERSHIPS WITH BROKERS

In order to create liquidity and execution opportunities from the launch of the platform, we will offer brokers the opportunity to become part of the network with an earn-in model based on provided volumes in specific sub markets

COMPETITIVE APPROACH

1. Increased markets offering
2. Personal network utilization
3. Partnerships with brokers
4. Market independent ownership
5. Data integration with existing systems

MARKET INDEPENDENT OWNERSHIP

In order to remain a digital tool only for all market participants, Paper Trader will remain independent from all traders, banks and individual brokers. We are not, and will not become a competitor to any liquidity provider.

COMPETITIVE APPROACH

1. Increased markets offering
2. Personal network utilization
3. Partnerships with brokers
4. Market independent ownership
5. Data integration with existing systems

INTEGRATING DATA INTO EXISTING SYSTEMS

We bring the tools to track, trace and manage all exposure without the need of additional systems. This specific value to the company will create a demand pull from a support office point of view

COMPETITIVE APPROACH

1. Increased markets offering
2. Personal network utilization
3. Partnerships with brokers
4. Market independent ownership
5. Data integration with existing systems

BUSINESS MODEL

**Paper Trader partners
with brokers to create
Liquidity and Efficiency**

- We will be paid based on the volume executed on the platform only, thus based on the actual \$ value that the brokers receive.
- Early adopter users will have high Customer Acquisition Cost (CAC) but this will drop as more companies enter the platform and both a ***push*** (brokers) and ***pull*** (traders who want counter parties and middle office managers who want the system) will be activated.
- The user Life Time Value (LTV) will grow as more products and tools are added in the future.
- As soon as we are active, we don't foresee rapid competition as the first mover advantage will be very strong in this niche market.

BUSINESS MODEL

Paper Trader is completely free for traders and priced based on usage for brokers only. Data subscriptions are also available.

- **Expected IRR >110%**
- **NPV Y3 \$1.5mln**
- **Payback in <6 months**

MEET THE TEAM

The Founders managed teams
in world leading MNC's for
over 50 years around the world



PAUL
BLOEMENDAL
CEO



BLOCKDOC

- CTO
- CFO
- COO

FORWARD ROADMAP

From design to development
Finally getting into distribution

FINAL
DESIGN
Q1 2020

TESTING
Q2 2020

DEVELOPMENT
Q3 2020

GO LIVE
Q4 2020

CONTACT

+65.9724.2350

paul.bloemendal@pretb.net

paul@blockdoc.net

www.pretb.net