**Note to James, CFO of Optimal Group Ltd.**

Subject: Recommendations for Currency Hedging Strategy

Dear James,

Thank you for your message regarding Optimal's exposure to currency fluctuations between the US dollar (USD) and the British pound (£). Given the bank's expectation that the USD will appreciate against the GBP, I recommend that Optimal consider using call options to hedge against this risk, particularly with significant payments to American suppliers coming up in the next three months. Here’s the rationale:

**Reasoning:**

**Upcoming Payments in USD:** Since Optimal is required to make payments in USD, a strengthening dollar will increase the costs in GBP.

**Call Options:** A call option provides the company with the right (but not the obligation) to purchase USD at a predetermined price (the strike price) within a specified time frame. This is advantageous because if the dollar appreciates, Optimal can still acquire USD at the lower strike price, mitigating the impact of increased costs.

**Protection Against Adverse Movements:** With the bank anticipating an appreciation of the USD, exercising the call option will allow Optimal to lock in a favourable exchange rate, thus providing greater stability and predictability in cash flows.

**Conclusion:**

In light of these considerations and the bank's expectations, utilising call options will help Optimal safeguard against the risk of adverse currency movements while ensuring operational efficiency and profitability.

Best regards,  
[Your Name]  
Investment Analyst