

Trusted market solutions

CLS OMWG Update

12 September 2018

cls-group.com

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Our product suite

Today we leverage our experience and substantial market intelligence to address our clients' wider settlement, processing and data needs.

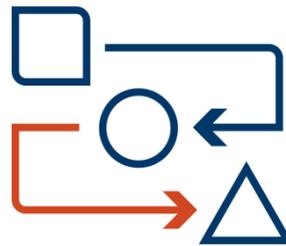
Settlement



Reduce risk, improve efficiency and increase liquidity

CLS is the world leader in FX settlement solutions. Our settlement services empower client success by reducing risk, improving efficiency and increasing liquidity.

Processing



Bringing together innovation and standardization

Our processing solutions bring innovative standardization to post-trade processes, delivering the efficiencies clients need to compete in the FX market.

Data



Achieve greater insight

Our data solutions empower clients' growth, enabling improved trading strategies, smarter business decisions and better FX risk management.

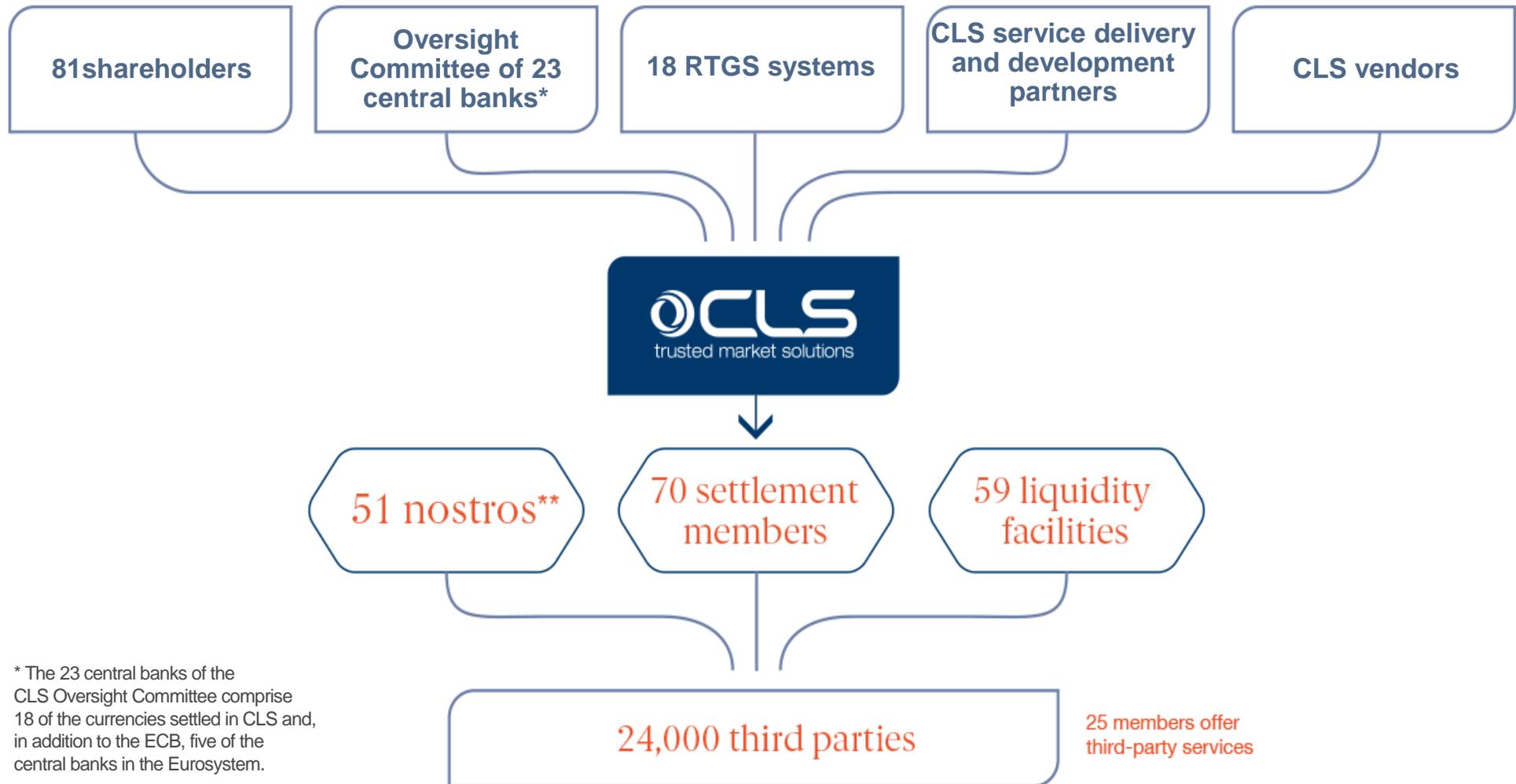


Settlement

Reduce risk, improve efficiency
and increase liquidity

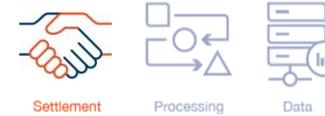


The CLS Settlement community



* The 23 central banks of the CLS Oversight Committee comprise 18 of the currencies settled in CLS and, in addition to the ECB, five of the central banks in the Eurosystem.

** Excluding banks that only self-clear. Also, one nostro can provide nostro service for multiple currencies. There is no requirement for nostros to be CLS settlement members.



Membership growth

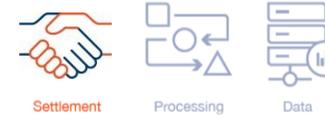
Full settlement membership

Affiliated settlement membership:

- Allows institutions to have more than one entity within their corporate group become a settlement member
- Helps settlement members seeking to segregate their FX businesses
- Removes the reliance on internal clearing and intergroup limits, supports recovery and resolution planning efforts and assists in responding to ring-fencing regulatory requirements

Non-shareholder settlement membership:

- Allows institutions to become a settlement member without investing in shares of CLS Group Holdings
- Different commercial construct – a monthly minimum fee – in lieu of shareholding and will therefore not receive shareholder rights



CLSClearedFX

- We are working with the global central counterparty (CCP) community to develop a service to facilitate the settlement of cleared FX products
- The service provides payment-versus-payment settlement for cleared, deliverable FX products in certain CLSSettlement-eligible currencies
- Supports goals set by the G20 to promote clearing of standardized derivatives, expressed in PFMI
- Enables capital, margin, leverage, liquidity and operational benefits for industry participants



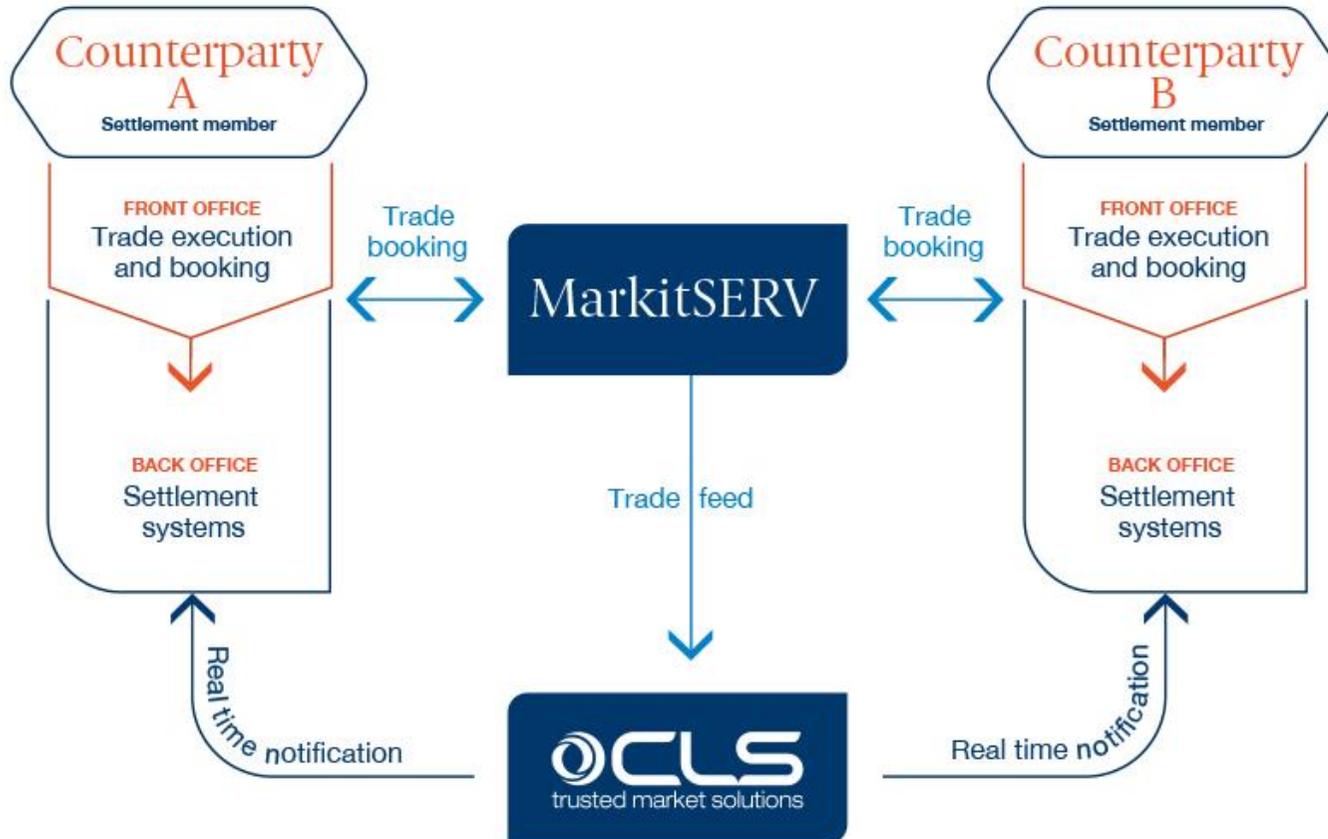
CLSNOW*

Bilateral, same-day, gross payment-versus-payment gross settlement initially in 5 currencies and will:

- Mitigate settlement risk associated with other same-day trades that are currently settled bilaterally outside of CLSSettlement
- Potentially expand the same-day market through the exchange of liquidity across currencies with PvP settlement, which enables better daily management of liquidity in a crisis/stress scenario
- Diminish member counterparty credit risk and associated settlement limits, resulting in greater access to liquidity
- Mitigate the principal risk of out-legs of in/out swaps

* Launch of the product is subject to receipt of any necessary approvals

Cross currency swaps

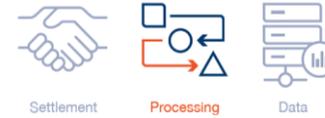




Processing

Bringing together innovation
and standardization



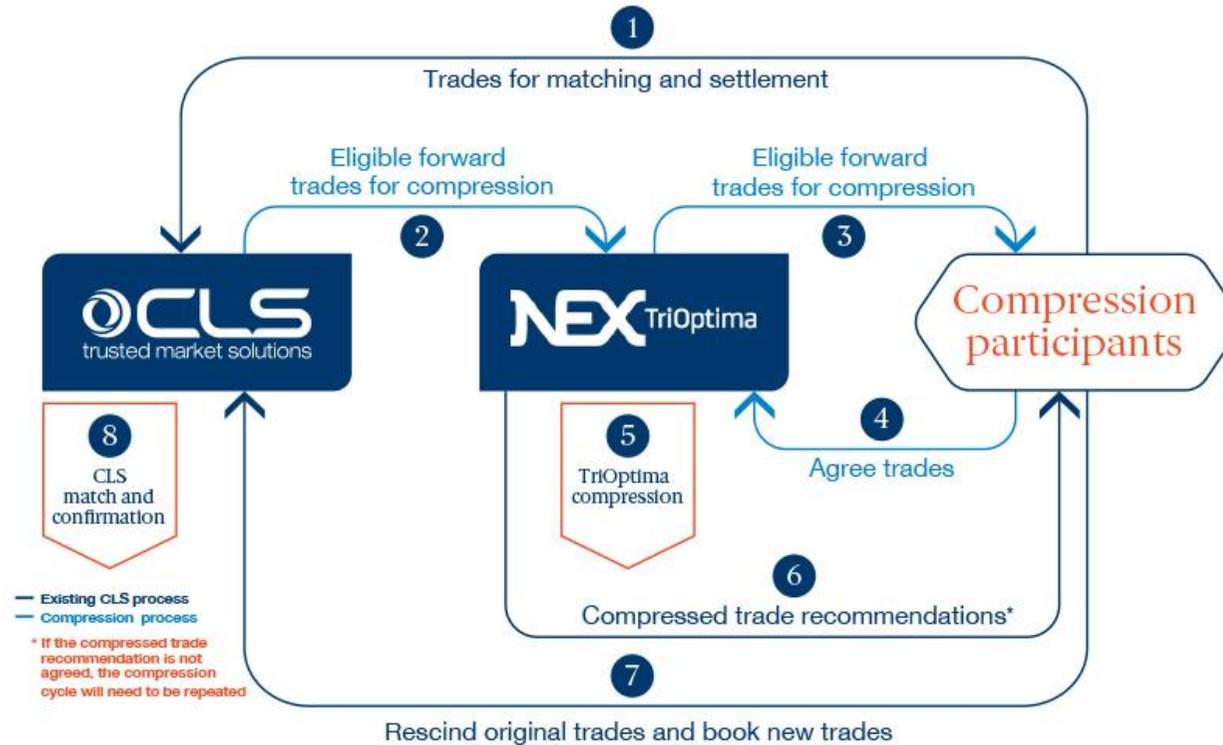


CLNet*

- Our bilateral payment netting solution, aimed at currencies settling outside of CLS
- Designed to standardize and automate post-trade matching and netting processes in these currencies
- Targeted at buy and sell side users, including banks, brokers, broker dealers, asset managers, hedge funds and corporations, as well as operations outsourcers
- Benefits:
 - Operational risk mitigation
 - System processing and operational efficiencies
 - Liquidity enhancements

* Launch of the product is subject to receipt of any necessary approvals

Compression



Combines CLS's central role in the FX markets with NEX's expertise in multilateral exposure compression and will deliver:

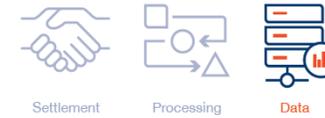
- Reduced operational risk
- Reduced counterparty exposure and counterparty credit risk
- Reduced gross notional exposures
- Improved regulatory leverage ratio
- Improved capital usage



Data

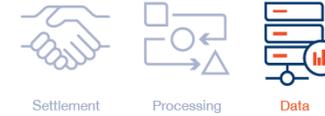
Achieve greater insight





CLSTradeMonitor

- CLSTradeMonitor is a post-trade monitoring and reporting tool that provides a consolidated view of all trade instructions submitted to CLSSettlement and CLSNet
- Reliable mechanism to reduce operational risk.
- Targeted at operations that manage settlements across multiple CLS members and accounts- focus on buy-side and corporate, but banks also interested
- Simple to use, customizable dashboard style interface and navigation menu allows users to select trades of interest and drill down to individual instructions



CLSMarketData

Since its launch in 2002, CLS has warehoused the details of every trade by instrument (swap, spot, outright forward) for the 18 currencies it settles across 33 major currency pairs creating the largest single aggregated source of FX executed trade data available to the market. The data reports provide an unparalleled view of market activity to support best execution, risk mitigation and reporting requirements.

- **CLS Intraday FX spot volume:** hourly executed FX spot trade volume data to enhance trading models, support post-trade analysis and reporting, and strengthen investment and research intelligence
- **CLS FX Order Flow:** daily aggregated FX spot order flow data showing directional volume by counterparty type, market maker vs non-market maker, and/or net directional volume for all parties
- **CLS FX Pricing:** daily/hourly aggregated spot prices with enhanced Volume Weighted Average Price and Time Weighted Average Price values to support best execution analysis

Improves:

- > Alpha generation analysis
- > FX rate forecast analysis
- > Understanding of market drivers and direction
- > Financial & risk management control

Reduces:

- > Risk from volatility
- > Trading risk
- > Transaction costs

1.55⁺ USD trillion

average daily
traded volume

50% Access

of global FX traded volumes (swap, spot, outright forward), in the market for the 18 currencies CLS settles across 33 currency pairs.

Data quality recognition:

The Value of Volume in Foreign Exchange, by University of Melbourne and Cass University 2017
