

OMWG update



Settlement of non CLS CCYs and CLSNet

Part of an industry response to mitigate risks and drive efficiencies in settlement across the FX market

July 2021



[cls-group.com](https://www.cls-group.com)

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Settlement is evolving...

What the industry is focused on:

FSB roadmap

FSB Roadmap and the focus on greater global PvP adoption

FX Global Code

Changes to the FX Global Code: more prescriptive on automated and standardized net settlement processes

BIS survey

BIS triennial survey results highlight increasing settlement risk

Industry operating environment

Heightened industry focus on all aspects of counterparty risk since the COVID-19 pandemic

What our clients are telling us:

Open participation model

- Streamlined access
- Minimize entry points to CLS services
- Reduce barriers to entry

PvP settlement

PvP settlement for a broader range of currencies

Automation and standardization

Deliver efficient, automated and standardized post-trade settlement services across the global FX network

Flexibility of service

Scalability from netting only to full PvP settlement

Market developments and how CLS is responding

What the industry is focused on:

| | |
|-------------|--------------------------------|
| FSB roadmap | FX Global Code |
| BIS report | Industry operating environment |

What our clients are telling us:

| | |
|--------------------------------|------------------------|
| Open participation model | PvP settlement |
| Automation and standardization | Flexibility of service |



Existing trade flow

1

CLS Settlement

The global standard in FX settlement risk mitigation

New trade flow (in development)

2

CLSNet + alternative PvP*

Members could access CLSNet and the PvP offering for currencies outside of those eligible for CLS Settlement via a single network

POLICY support: FSB roadmap

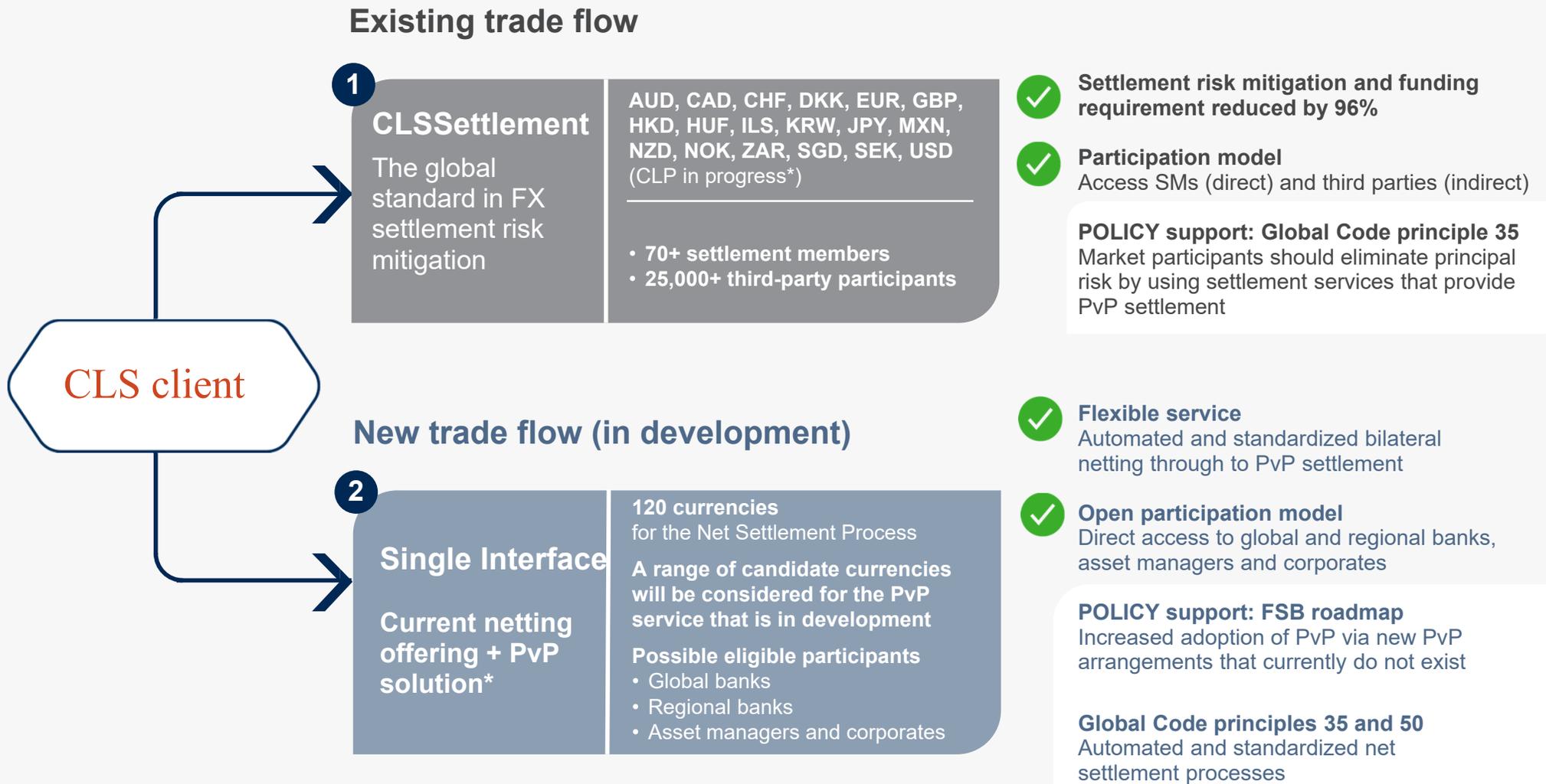
Increased adoption of PvP via new PvP arrangements that currently do not exist

Global Code principles 35 & 50

Automated and standardized net settlement processes

* Subject to all necessary approvals

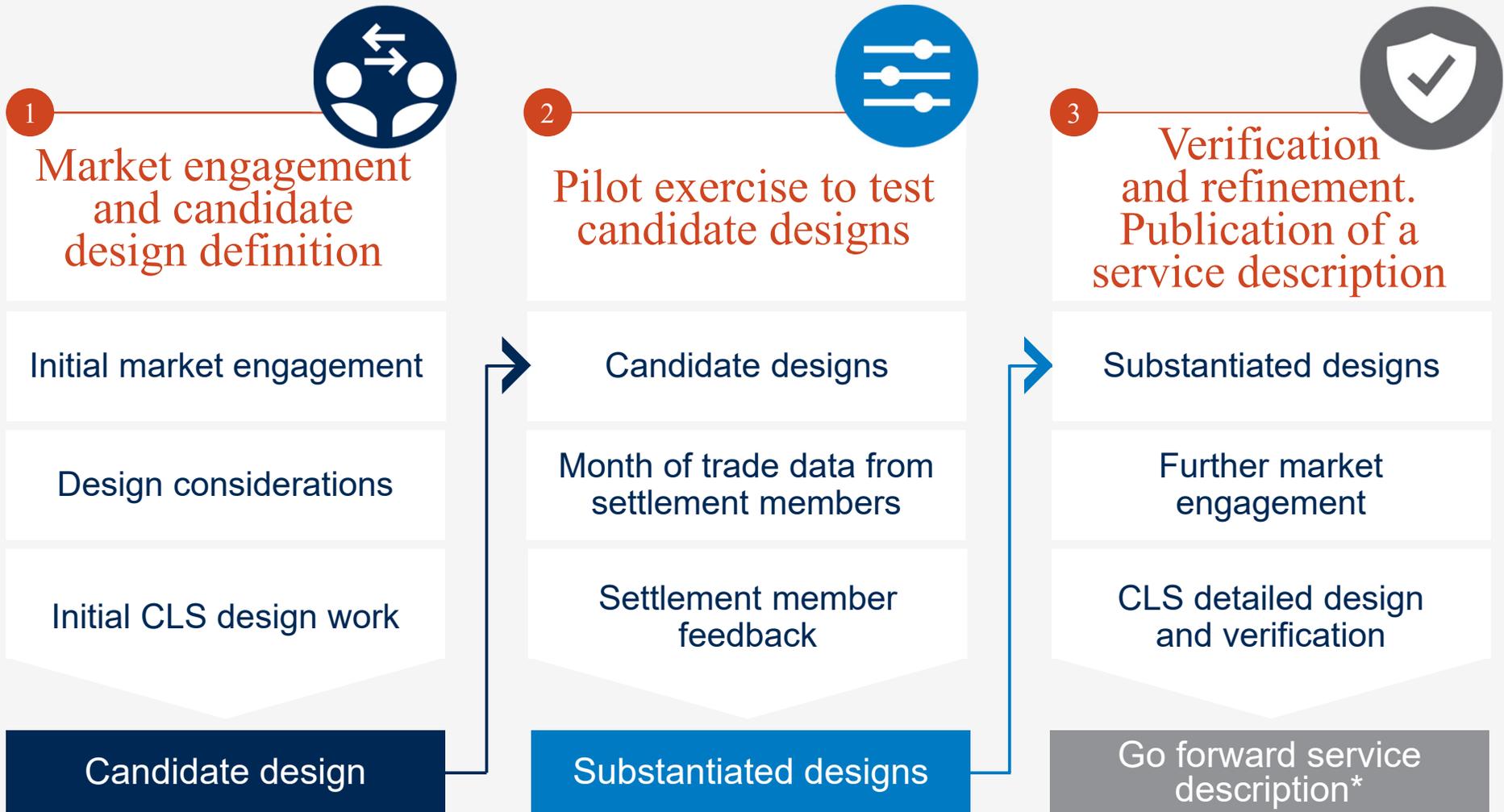
Settlement – creating two entry points



* Subject to all necessary approvals

CLS path towards an alternative PvP service

Three major stages



* Subject to all necessary approvals



Trusted by thousands of counterparties within the global FX ecosystem. We make FX safer, smoother and more cost effective.

Created by the market for the market, our unrivaled global settlement infrastructure reduces systemic risk and provides standardization for participants in the most actively-traded currencies.



SETTLEMENT PROCESSING DATA

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