CLS Update
European OMG Meeting
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Agenda

- CLS Business Update
- FX Volume growth
- NDF Protocol
Average daily CLS volumes settled by base currency value bands
Currency coverage - Eligible currencies & NDFs

- CLS eligible
- NDF reference currency and potential eligible currency
- CLS eligible 2008
- NDF reference currency
Agenda

- CLS Business Update
- FX Volume growth
  - Challenges
  - Ongoing growth
- NDF Protocol
➢ Maintain CLS performance
  ➢ Performance enhancements being brought online
    ➢ Support for 1M average / 2M peak Instructions during 2008

➢ Support Members
  ➢ Extend deadlines to support Members with backlogs
  ➢ Members working to improve B/O performance
FX Value Growth - Challenges

- Gross values increased alongside, although slower than, volumes
  - Currently around $3.8 Trillion
  - Peaked at $8.7 Trillion in December
- Average net pay-in increased from ~$37Bn to ~$61bn over 2007
  - Peaked at $112 Billion in October

- CLS Treasurers Group and Liquidity Taskforce - *actions*
  - Improving I/O Swap efficiency
  - Analysing sources of imbalances
  - Investigating additional liquidity management tools
Ongoing Growth

- Members expect FX market to continue growth curve
  - Market concentration in small number of major players
- Continued growth in CLS capacity
  - New service platform
  - Migration of FX to CLS2 infrastructure
- CLS working with Members to improve FX market efficiency
  - CLS FX pre-settlement services
    - Use the CLS system as an information warehouse
CLS keeps both existing and new options available to members to allow complete flexibility of timing and scope of adoption according to each bank’s requirements.
Agenda

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- NDF Protocol
CLS NDF value proposition

- Standardisation
  - SWIFTNet FIN and XML message standards
- Straight through processing
  - post-trade confirmation through to settlement
- Elimination of long-form confirmations
  - multilateral master confirmation
  - protocol for NDF instructions
- Reduction in payment operational risk
- Integrated with FX settlement
15 settlement currencies, 48 reference currencies
  - EMTA templates for 13 currency pairs. More under development.
    - elimination of long-form confirmation and bilateral master confirmations
Confirmation matching – opening
Linking and matching of valuation
Multilateral net settlement of settlement currency
  - included with FX settlement
Support for
  - User Members
  - third party services
  - fund managers and custody trades
Unscripted settlement commenced Dec 07
Second wave planned for Q2 2008
Later adopters to follow in H2 2008
   Including
      Third parties
      Fund Managers
CLS Protocol for NDF instructions

- Generic Multilateral Master Confirmation published 31 October 2007
  - FMLG / FXC OMWG / JSC OMG
- CLS Protocol for NDF instructions drafted
  - under review by FX industry groups
  - launch expected February 2008
- EMTA NDF templates published for 13 currency pairs
  - further templates under development
  - [http://www.emta.org/](http://www.emta.org/)

CLS NDF service + CLS NDF Protocol + EMTA templates =
Elimination of long-form confirmations for NDF
Questions?

www.cls-group.com