



CLS Statistics on Foreign Exchange Activity

October 18, 2010

www.cls-group.com



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**Slides 7 and 9 differ from the version dated October 14, 2010 in one respect only: the range of the vertical axis for spot volumes and values by tenor has been increased because it was inadvertently truncated.*

Summary highlights from reports



- » 90% of the traded FX value matures within three months, and over 75% within a week. In terms of volume, 95% is spot or earlier.
- » Spot represents 95% of average daily volumes, and 44% of the values. FX swaps represent 2% of volume, but 47% of the values, submitted to CLS.
- » USD is involved in 90% of FX trades by value, and 81% by volume.
- » US institutions are involved in half of the traded FX volumes and approximately one-third of the values.
- » US CLS Members (7) are involved with settlement of the payments for nearly half of the FX volume, and more than half of the FX values.
- » CLS settles payments for the two currency legs of a single FX trade simultaneously and on a gross basis. In contrast, funding requirements of CLS Members are calculated on a multilaterally netted basis. The payment netting efficiency is on average 96% of the gross value of FX trades. This means that only 4% of the aggregate FX value processed in CLS is required for funding to complete settlement each day.

Guidance notes



1. For these reports, information in the CLS system has been accumulated and presented based on the trade date. The payment banks, CLS Members, responsible for processing the payments relating to the trades have identified the trade details in the submitted payment messages to CLS.
2. For these reports, BIS reporting conventions have been used: (i) trade date; (ii) traded, not settled basis; (iii) with respect to swap values, only the far leg is included in the values (to avoid double-counting); and (iv) activity in currencies add up to 200% (to account for each leg of an FX trade).
3. Industry adopted “best practice” is for CLS Members to submit payment instructions to the CLS system within two hours of trade execution. Most payments instructions are submitted within thirty minutes. These instructions include the economic details of the trade, which are matched by the CLS system to ensure settlement of payments for a single trade is performed accurately, and stored in the CLS system. The statistics provided are compiled from this underlying trade information.
4. Payment instructions do not include any formal transaction indicator (e.g. spot, forward, swap, exercised option). Product level breakdown for swap activity is derived through the identification of equal and opposite FX spot and forward trades in the CLS system.
5. Payment instructions are submitted by CLS Members for FX trades that are proprietary, affiliated or unaffiliated (third party) transactions. Where the FX trades relate to third party activity, the trading entity (and location) may vary from that of the CLS Member.
6. USD equivalent values are derived using a market rate (Reuters) between the USD and counter-currency.



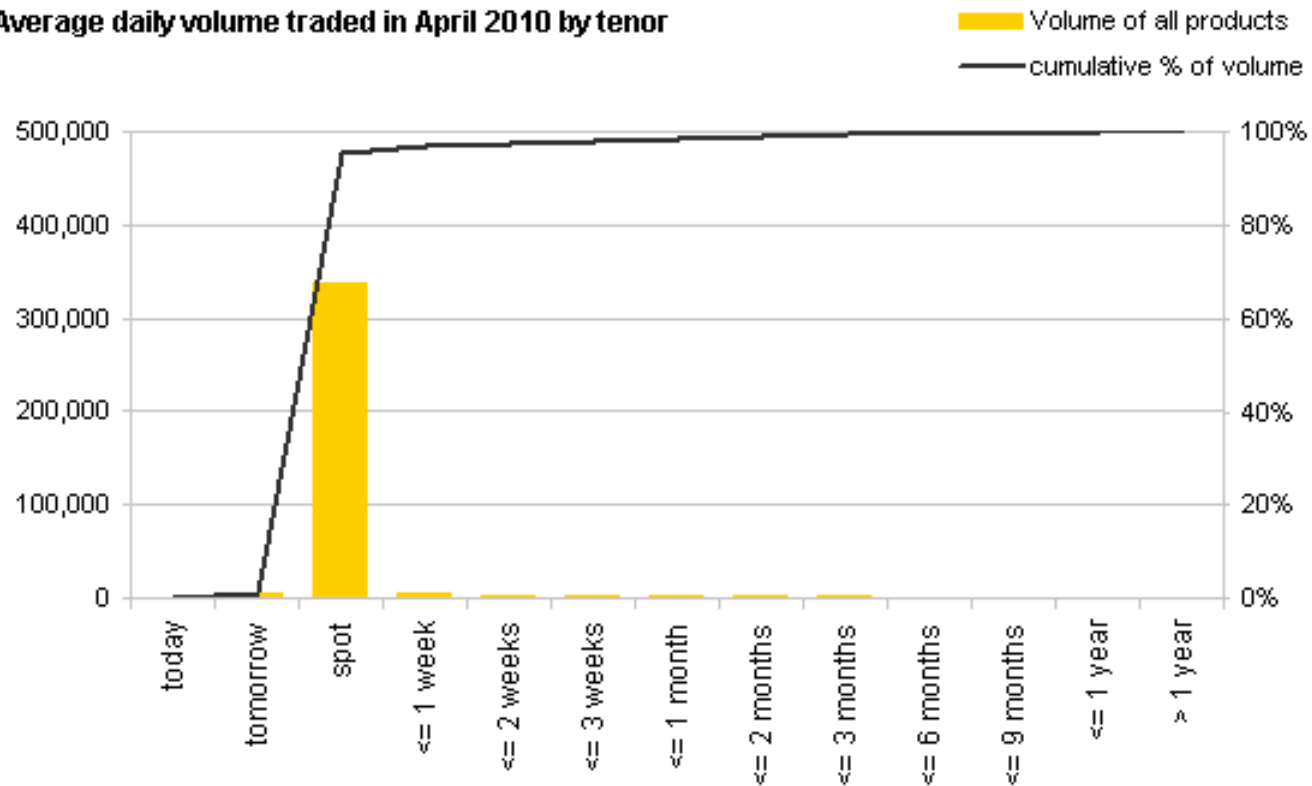
FX traded volume and value reports



Tenor — average traded volume



Average daily volume traded in April 2010 by tenor

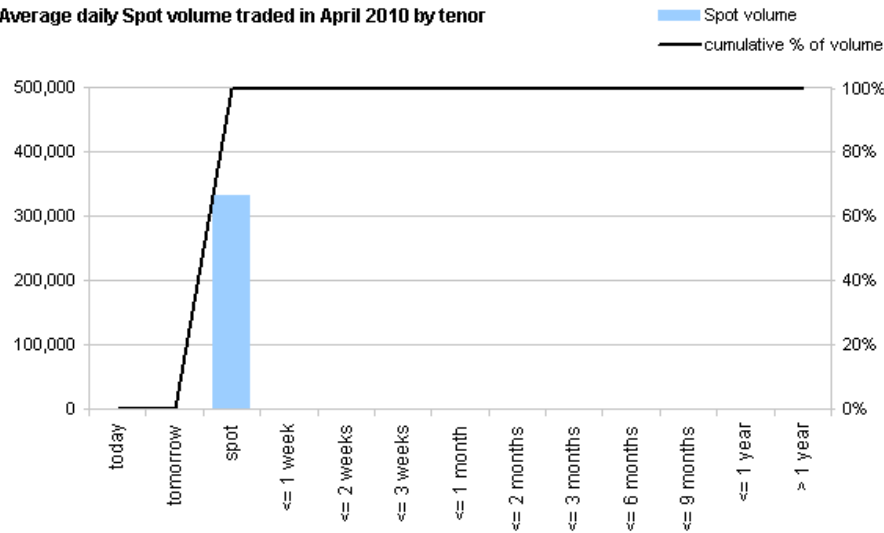


- For purposes of tenor, “spot” relates to the market convention for settlement, normally but not always two days.
- Near leg of FX swaps included.

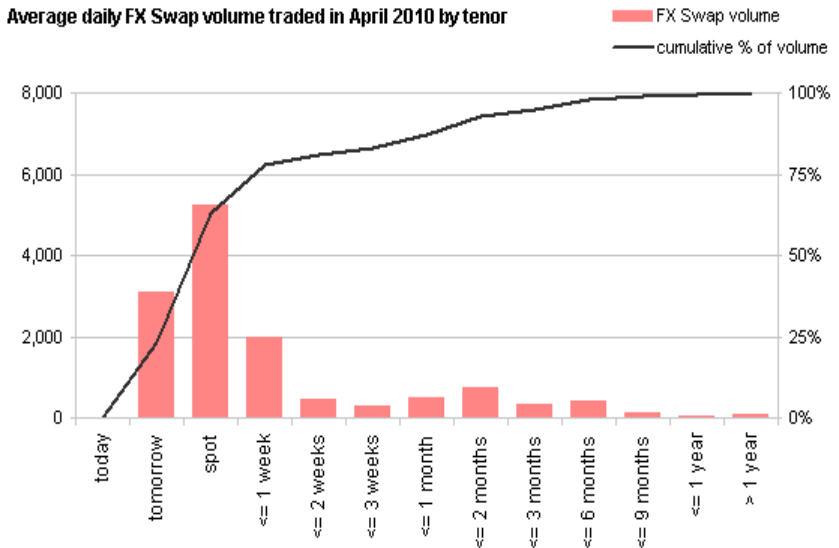
Tenor — average traded volume by product



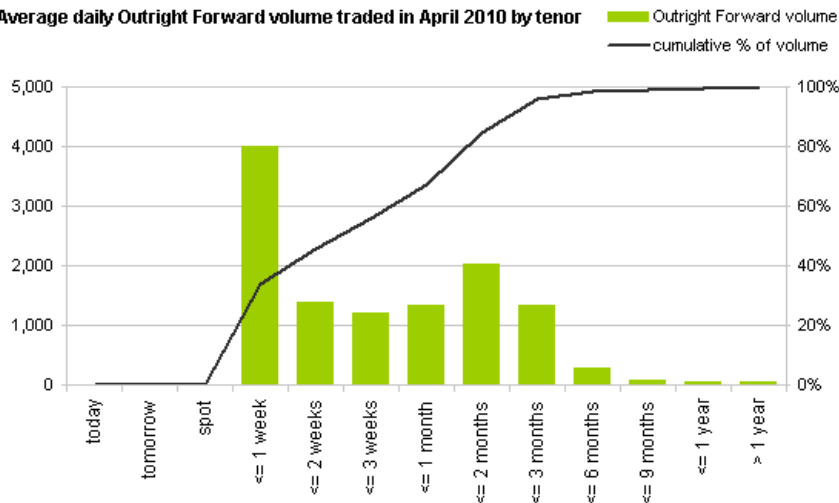
Average daily Spot volume traded in April 2010 by tenor



Average daily FX Swap volume traded in April 2010 by tenor



Average daily Outright Forward volume traded in April 2010 by tenor

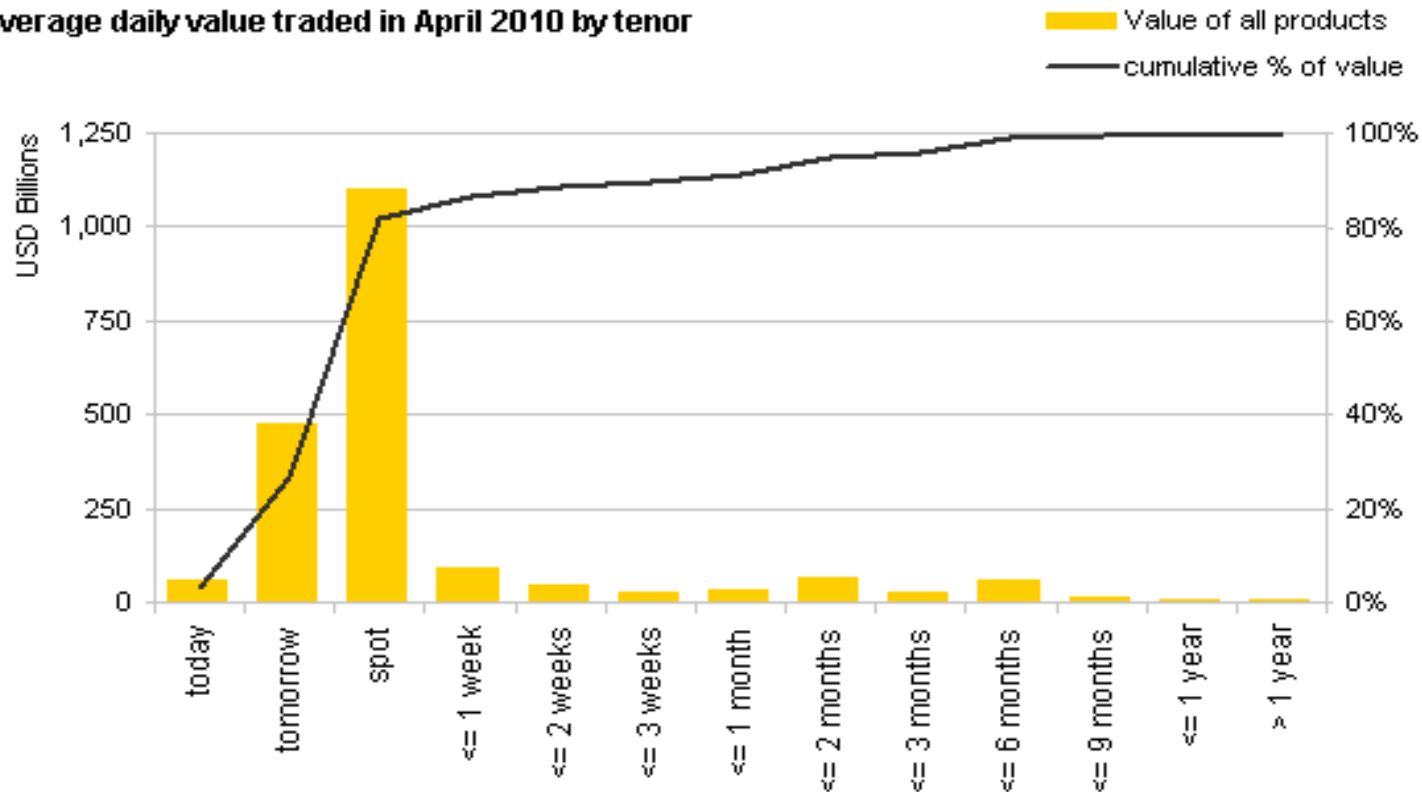


- For purposes of tenor, “spot” relates to the market convention for settlement, normally but not always two days.
- Near leg of FX swaps included.

Tenor – average traded value



Average daily value traded in April 2010 by tenor

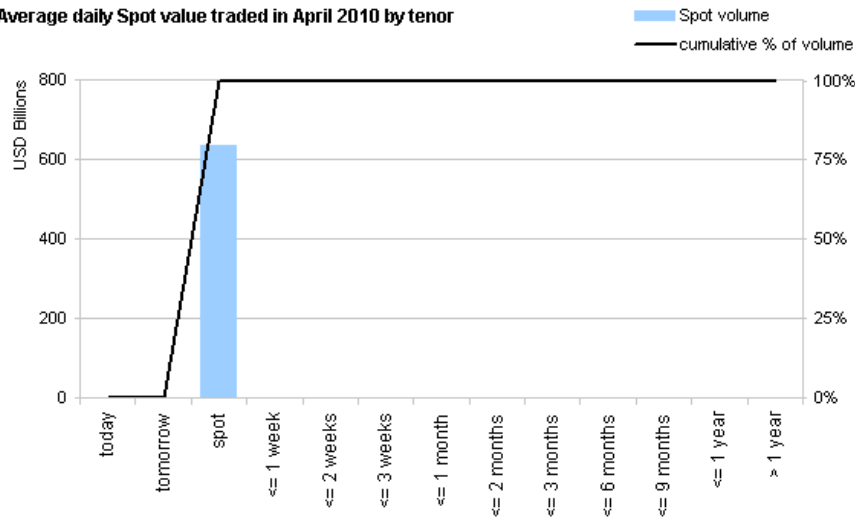


- For purposes of tenor, “spot” relates to the market convention for settlement, normally but not always two days.
- Near leg of FX swaps included.

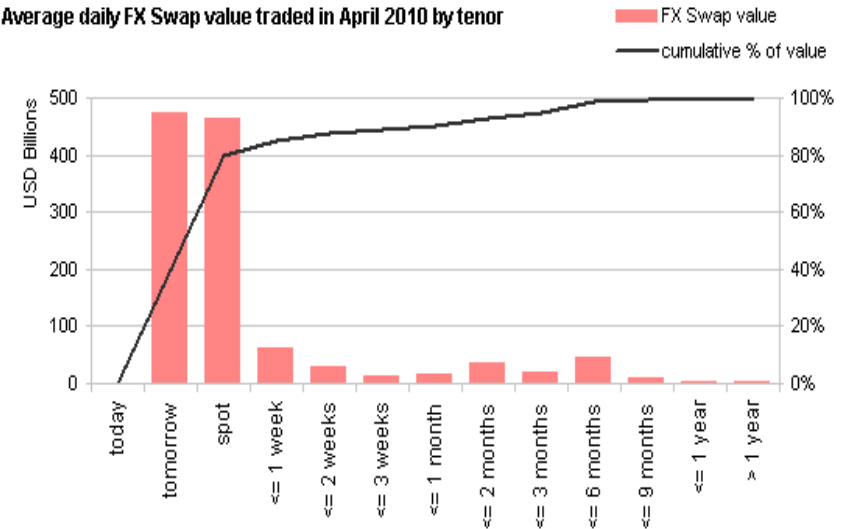
Tenor — average traded value by product



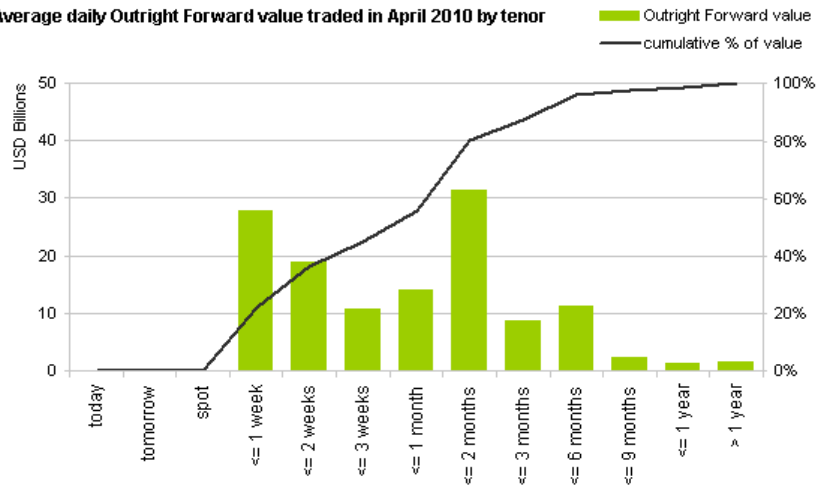
Average daily Spot value traded in April 2010 by tenor



Average daily FX Swap value traded in April 2010 by tenor



Average daily Outright Forward value traded in April 2010 by tenor

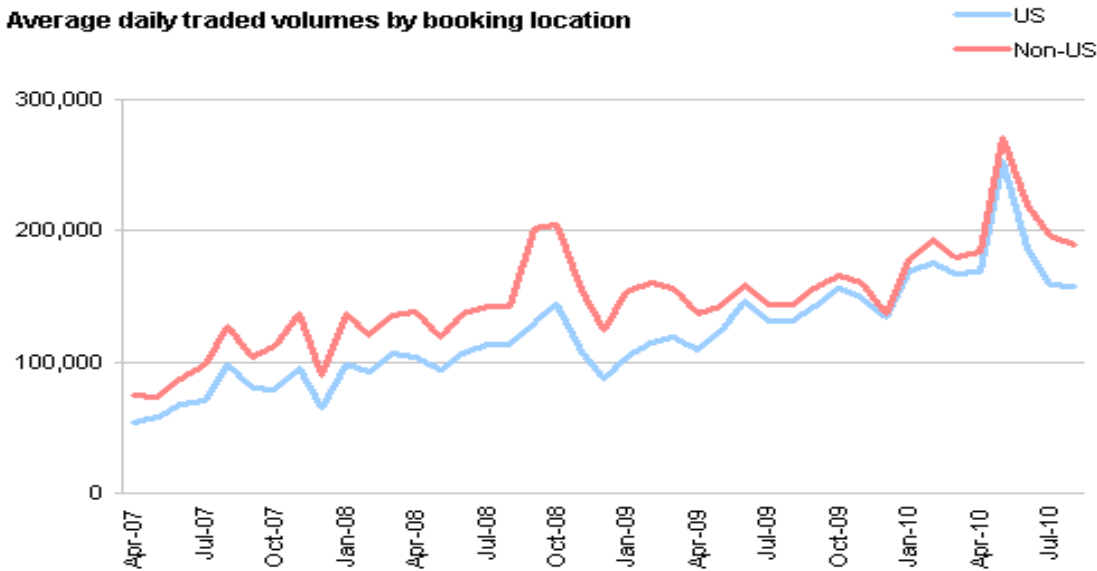


- For purposes of tenor, “spot” relates to the market convention for settlement, normally but not always two days.
- Near leg of FX swaps included.

Trading location — average traded volume



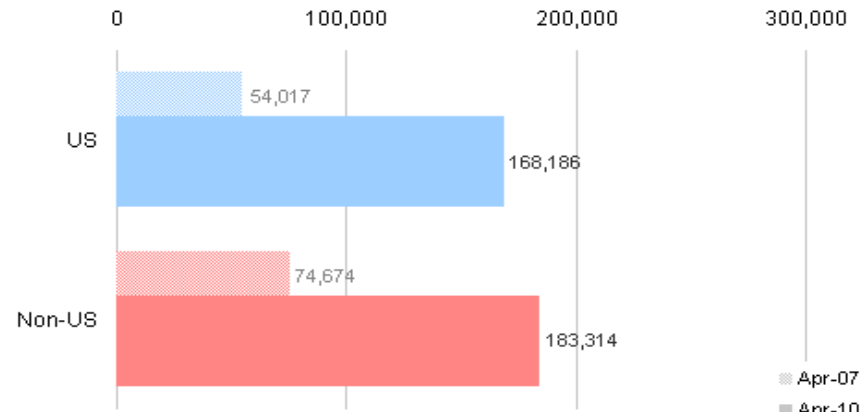
Average daily traded volumes by booking location



- “US” includes all trades with at least one US counterparty

Average daily traded volumes by booking location

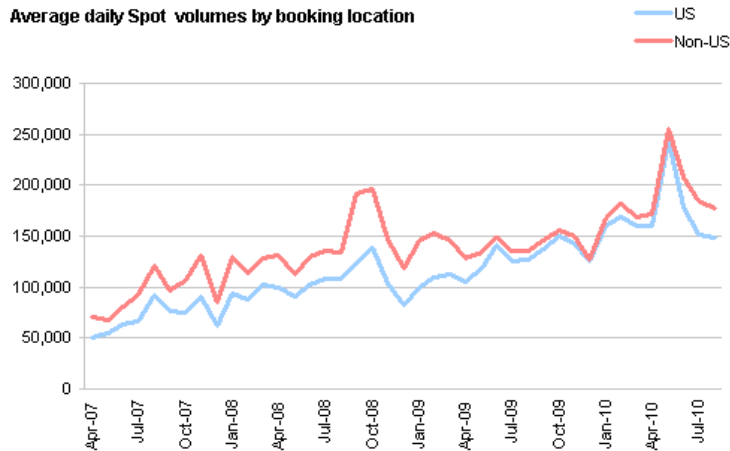
%	2007	2010
US	41	48
Non-US	58	52



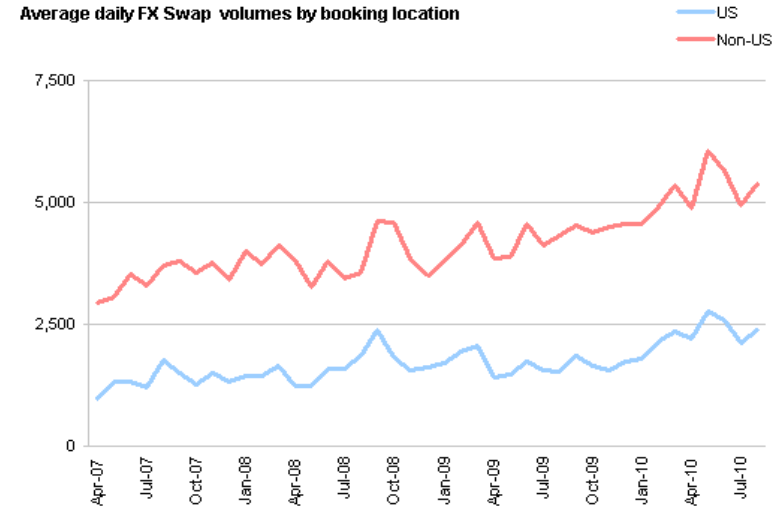
Trading location — average traded volume by product



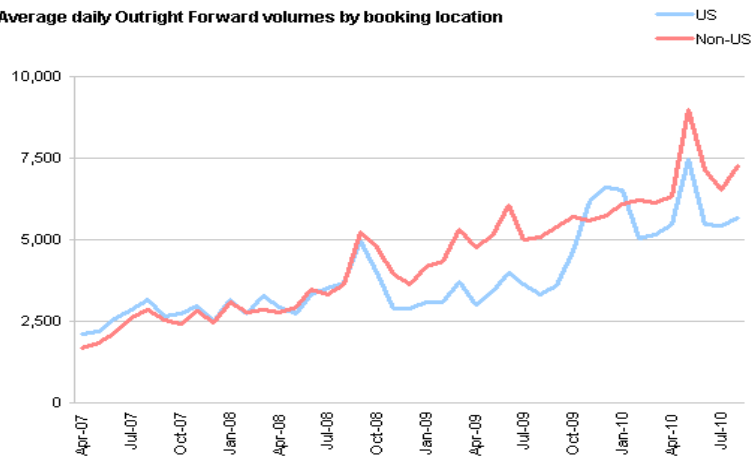
Average daily Spot volumes by booking location



Average daily FX Swap volumes by booking location



Average daily Outright Forward volumes by booking location

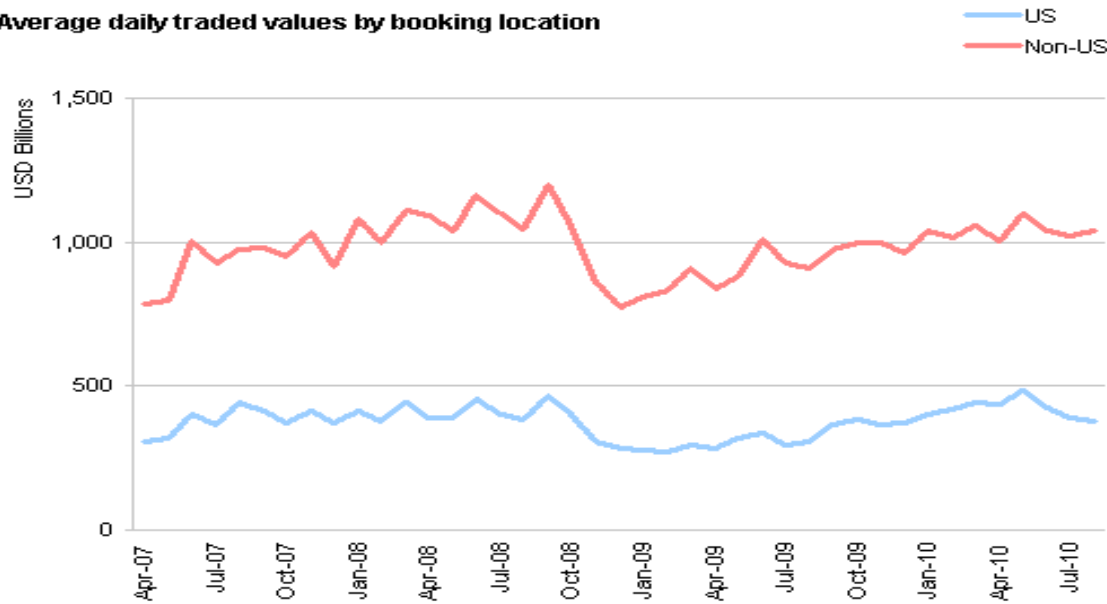


- “US” includes all trades with at least one US counterparty

Trading location — average traded value

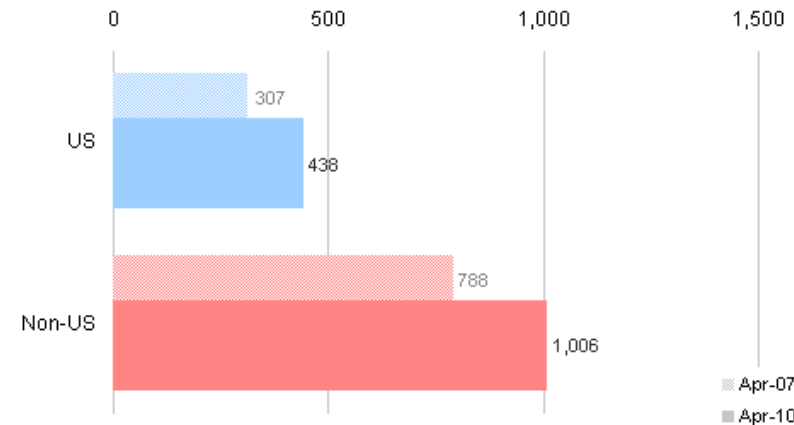


Average daily traded values by booking location



• “US” includes all trades with at least one US counterparty

Average daily traded values (USD billions) by booking location



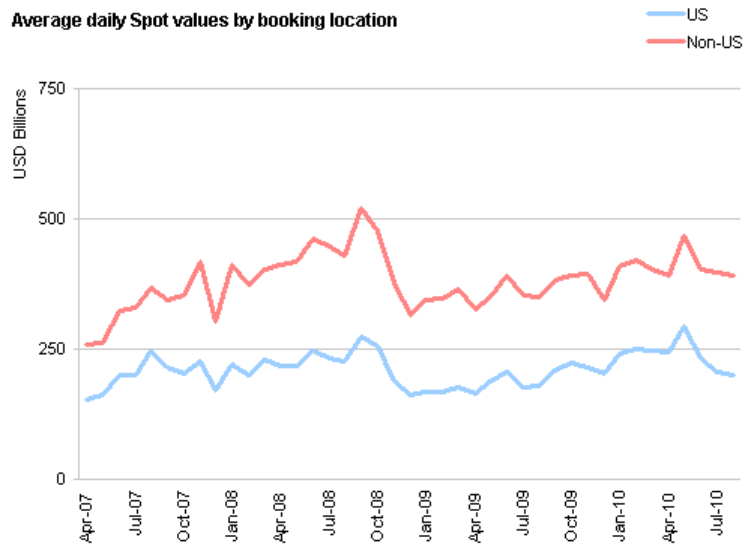
%	2007	2010
US	28	30
Non-US	72	70



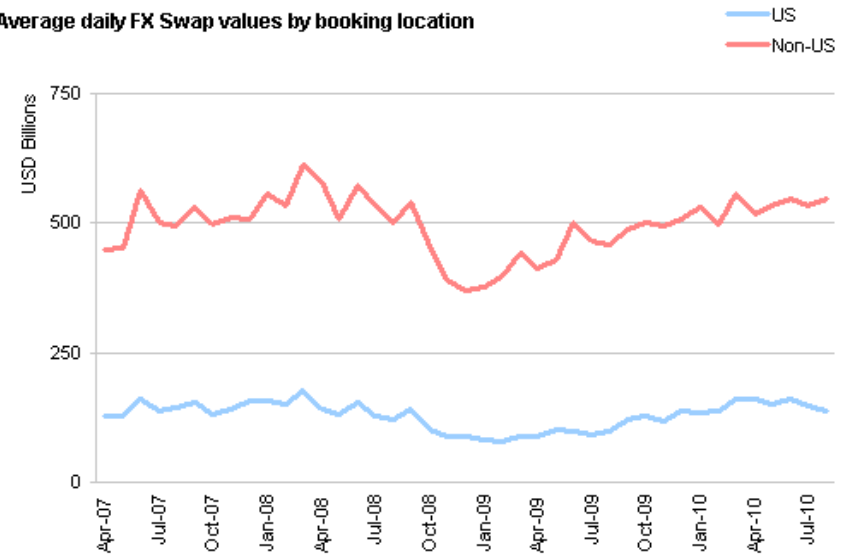
Trading location — average traded value by product



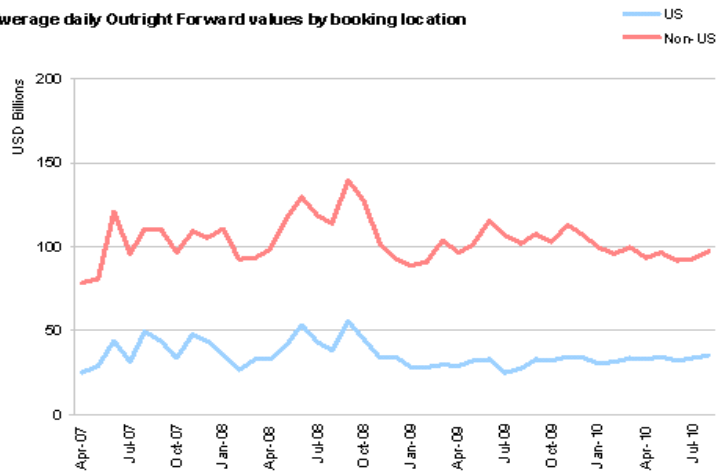
Average daily Spot values by booking location



Average daily FX Swap values by booking location



Average daily Outright Forward values by booking location

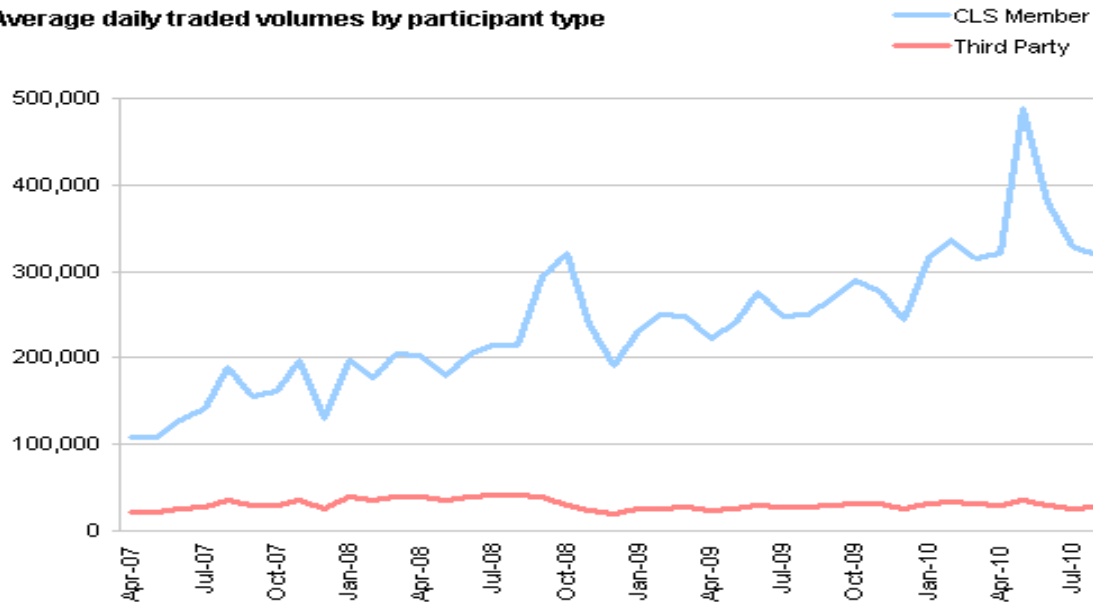


- “US” includes all trades with at least one US counterparty

Participant type — average traded volume



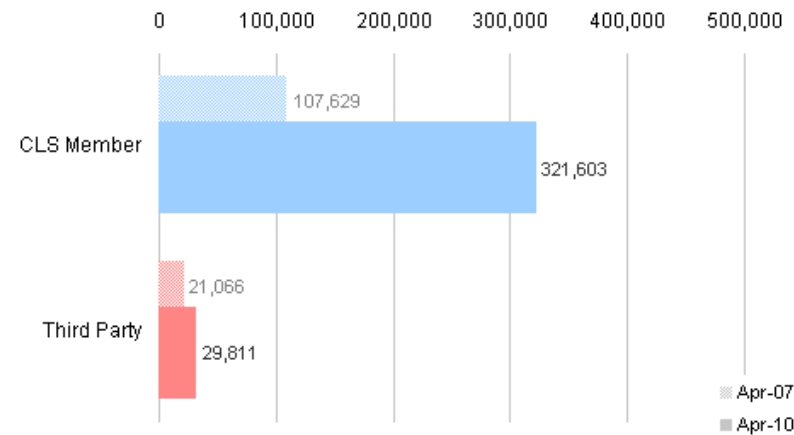
Average daily traded volumes by participant type



- “CLS Member” includes trades where both parties are Members

Average daily volumes by participant type

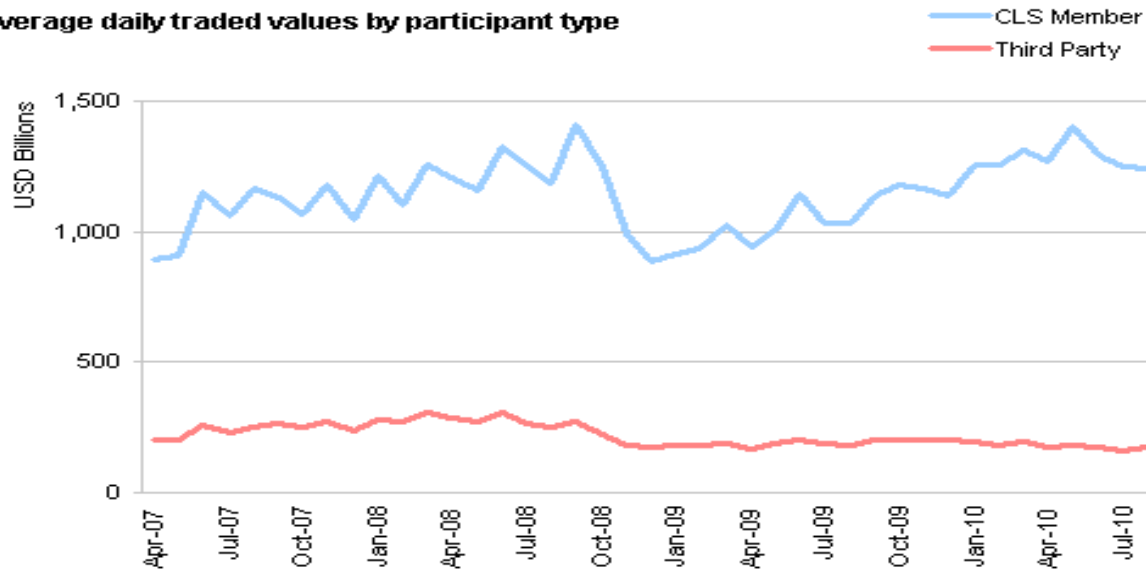
%	2007	2010
CLS Member	84	92
Third Party	16	8



Participant type — average traded value



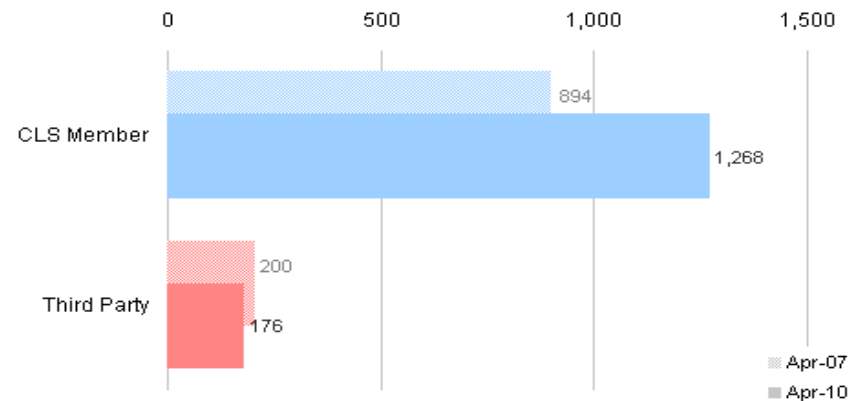
Average daily traded values by participant type



- “CLS Member” includes trades where both parties are Members

Average daily values (USD billions) by participant type

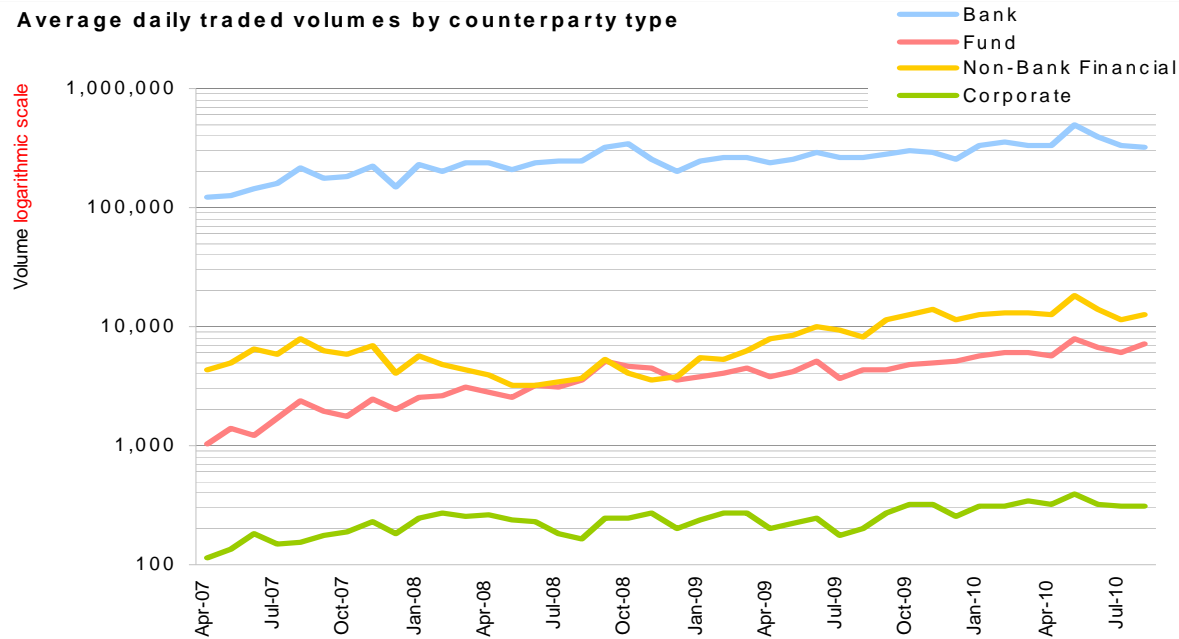
%	2007	2010
CLS Member	82	89
Third Party	18	12



Market segmentation — average traded volume



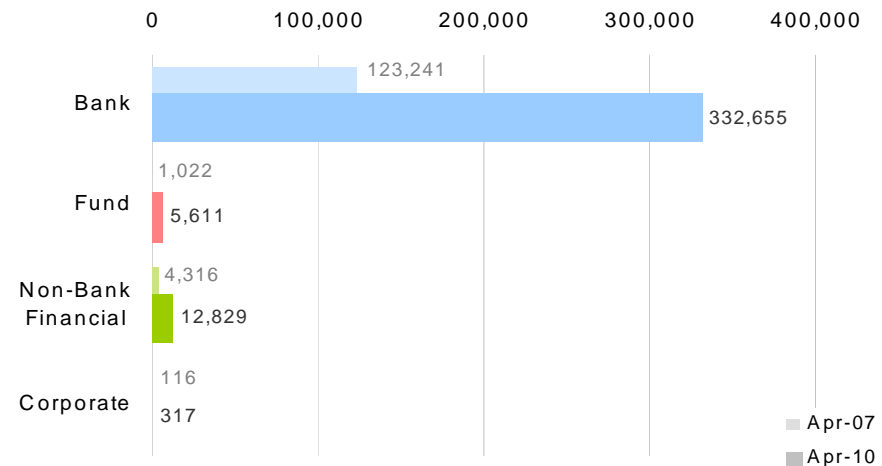
Average daily traded volumes by counterparty type



- “Bank” includes all inter-bank trades, “Fund” all trades with a fund as one counterparty, “Non-Bank Financial” all trades with a NBF counterparty, and “Corporate” all trades with a Corporate as one counterparty.

Average daily volumes by counterparty type

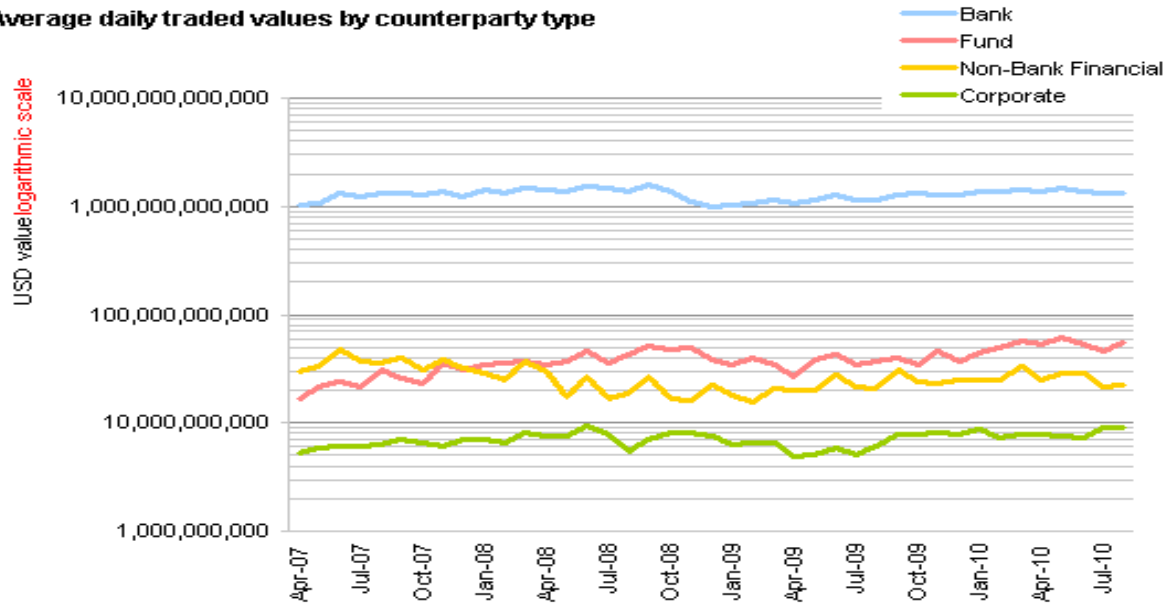
%	2007	2010
Bank	96	95
Fund	1	1.5
NBF	3	3.5
Corporate	—	—



Market segmentation — average traded value

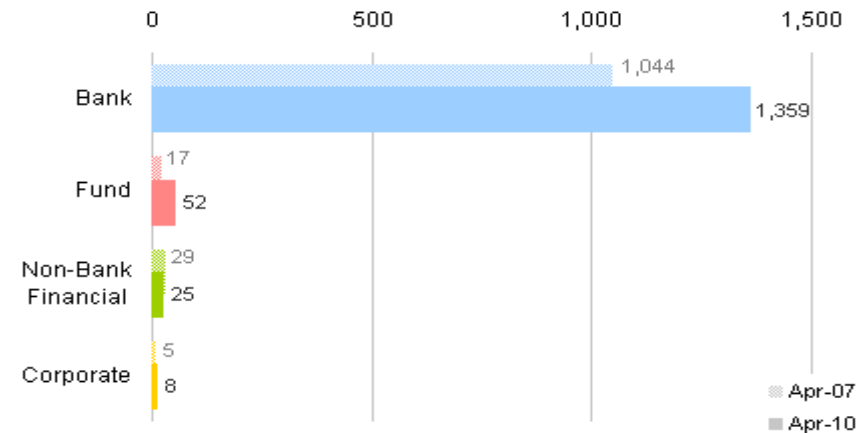


Average daily traded values by counterparty type



- “Bank” includes all inter-bank trades, “Fund” all trades with a fund as one counterparty, “Non-Bank Financial” all trades with a NBF counterparty, and “Corporate” all trades with a Corporate as one counterparty.

Average daily values (USD billions) by counterparty type

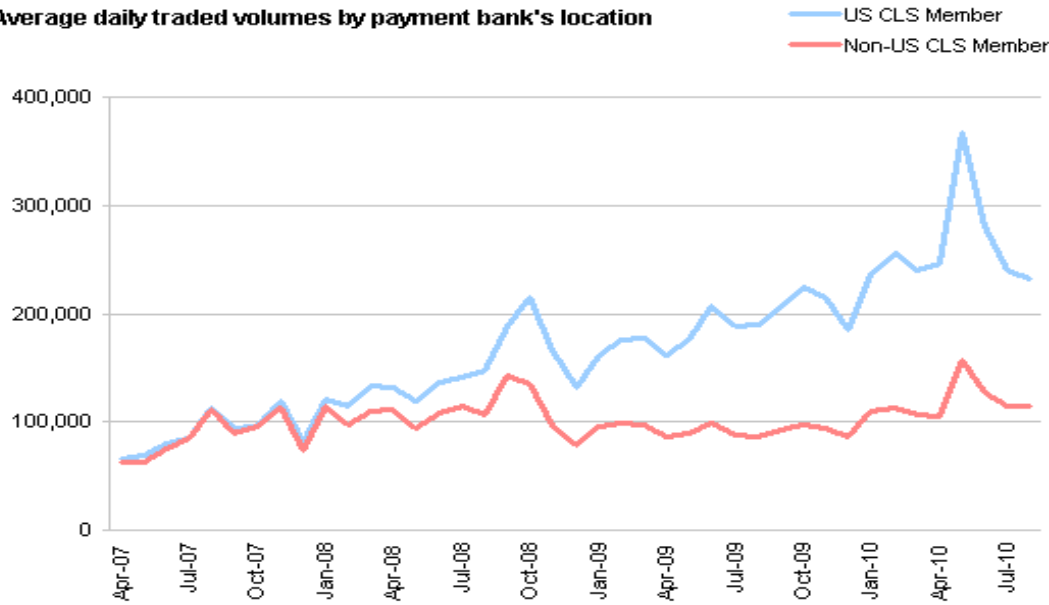


%	2007	2010
Bank	95	94
Fund	1.5	3.5
NBF	3	2
Corporate	0.5	0.5

Payment bank location — average traded volume



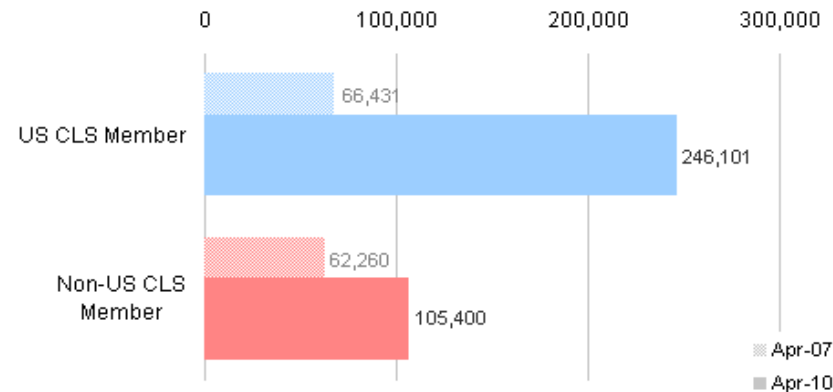
Average daily traded volumes by payment bank's location



- “US” includes all trades with at least one US Member

%	2007	2010
US CLS Member	31	44
Non-US CLS Member	69	56

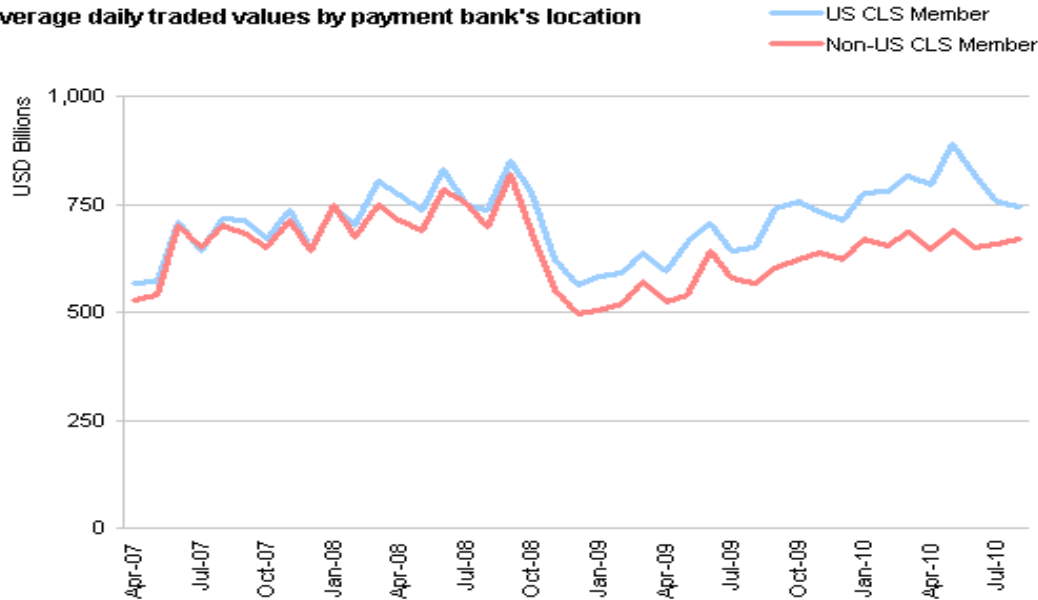
Average daily volumes by payment bank's location



Payment bank location — average traded value

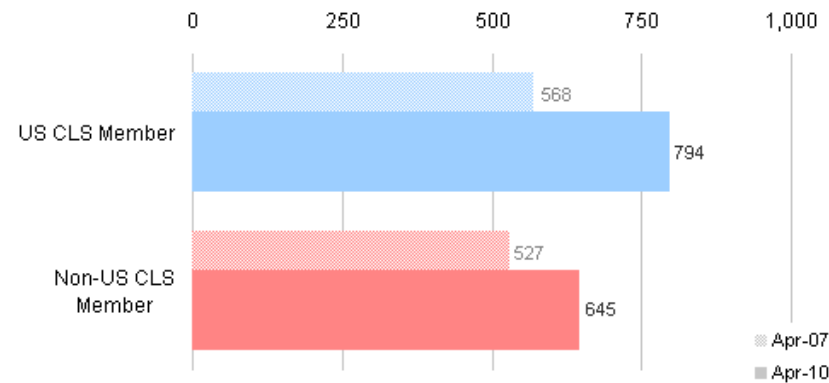


Average daily traded values by payment bank's location



• “US” includes all trades with at least one US Member

Average daily values (USD billions) by payment bank's location



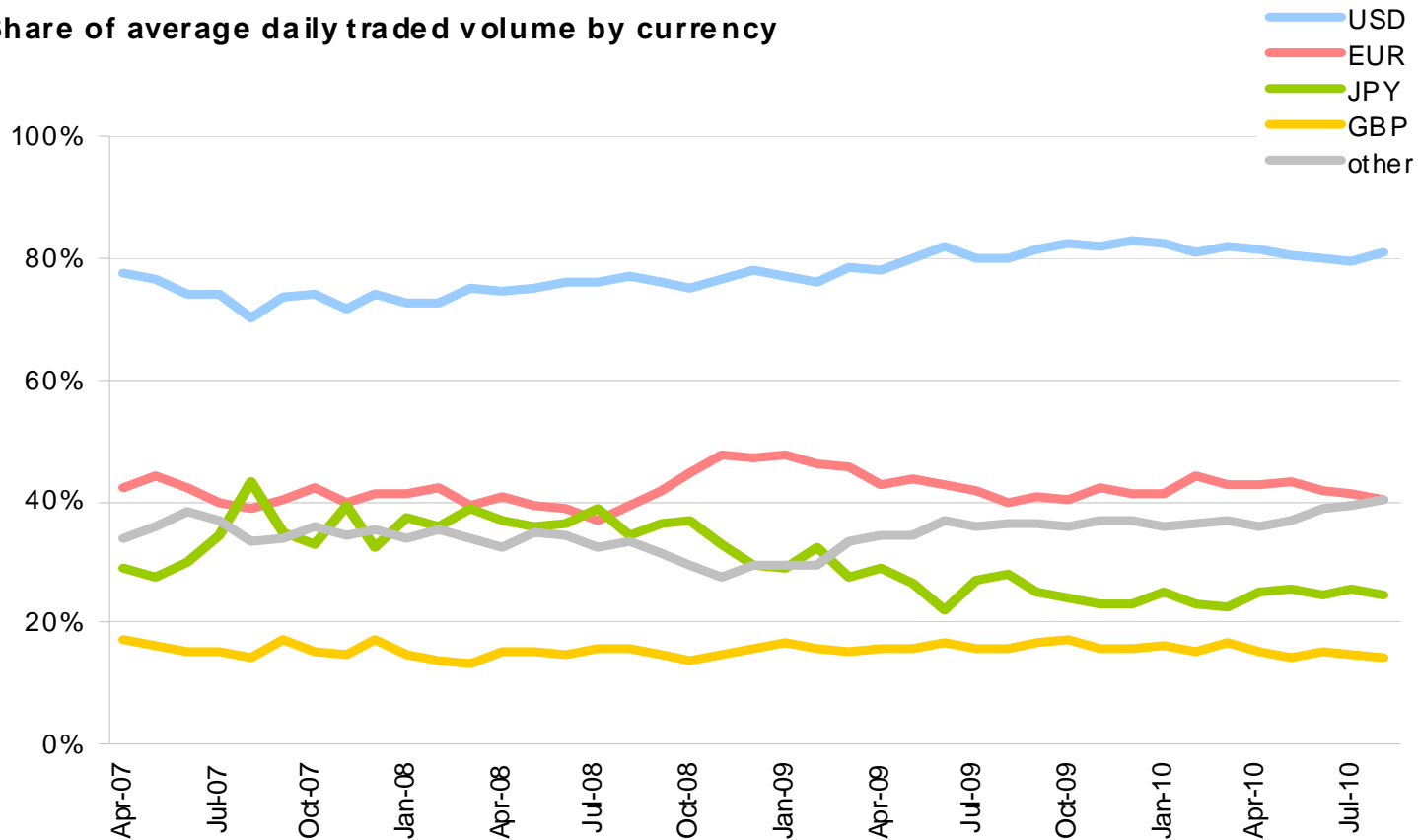
%	2007	2010
US CLS Member	52	55
Non-US CLS Member	48	45



Currencies — share of average volume



Share of average daily traded volume by currency

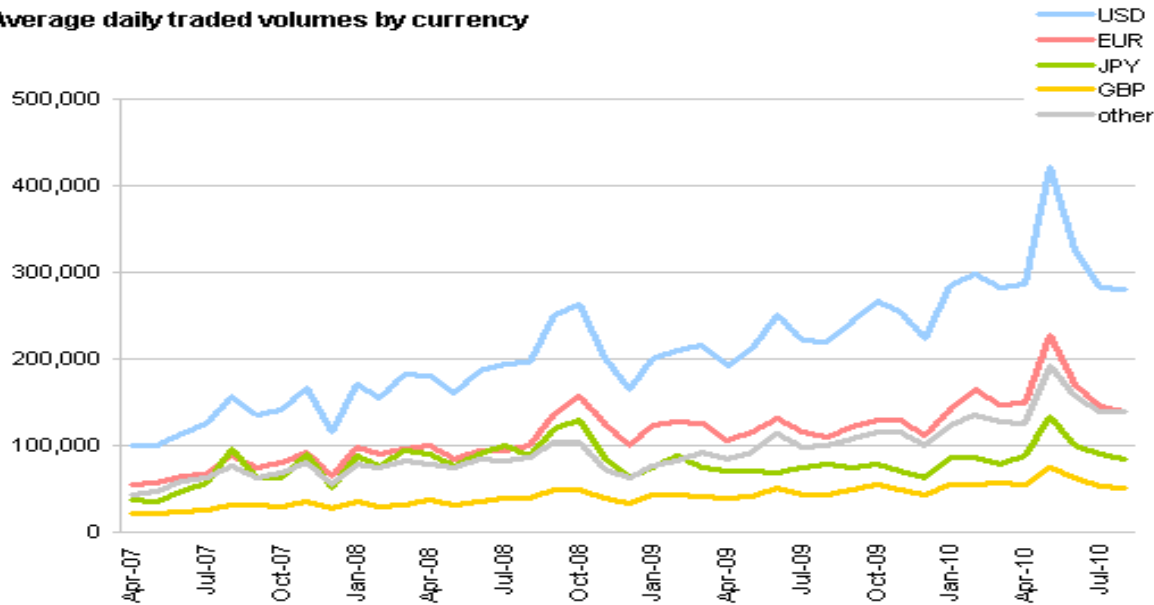


- Total will add up to 200% as each trade involves two currencies.
- “Other” refers to remaining currencies (AUD, CAD, CHF, DKK, HKD, ILS, KRW, MXN, NOK, NZD, SEK, SGD & ZAR).

Currencies — average traded volume

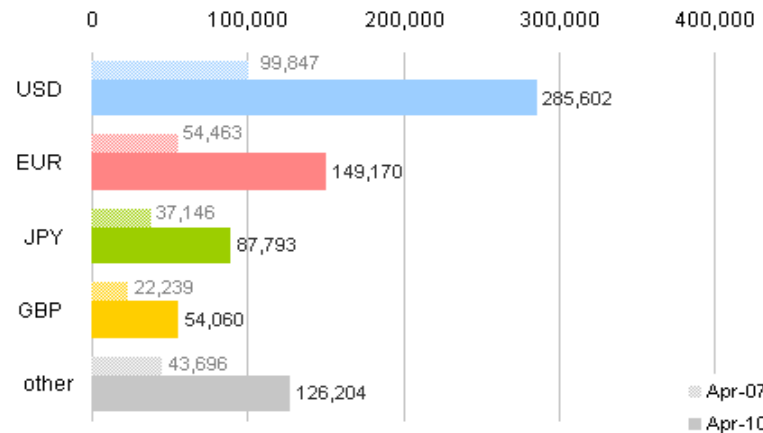


Average daily traded volumes by currency



- “Other” refers to remaining currencies (AUD, CAD, CHF, DKK, HKD, ILS, KRW, MXN, NOK, NZD, SEK, SGD & ZAR).

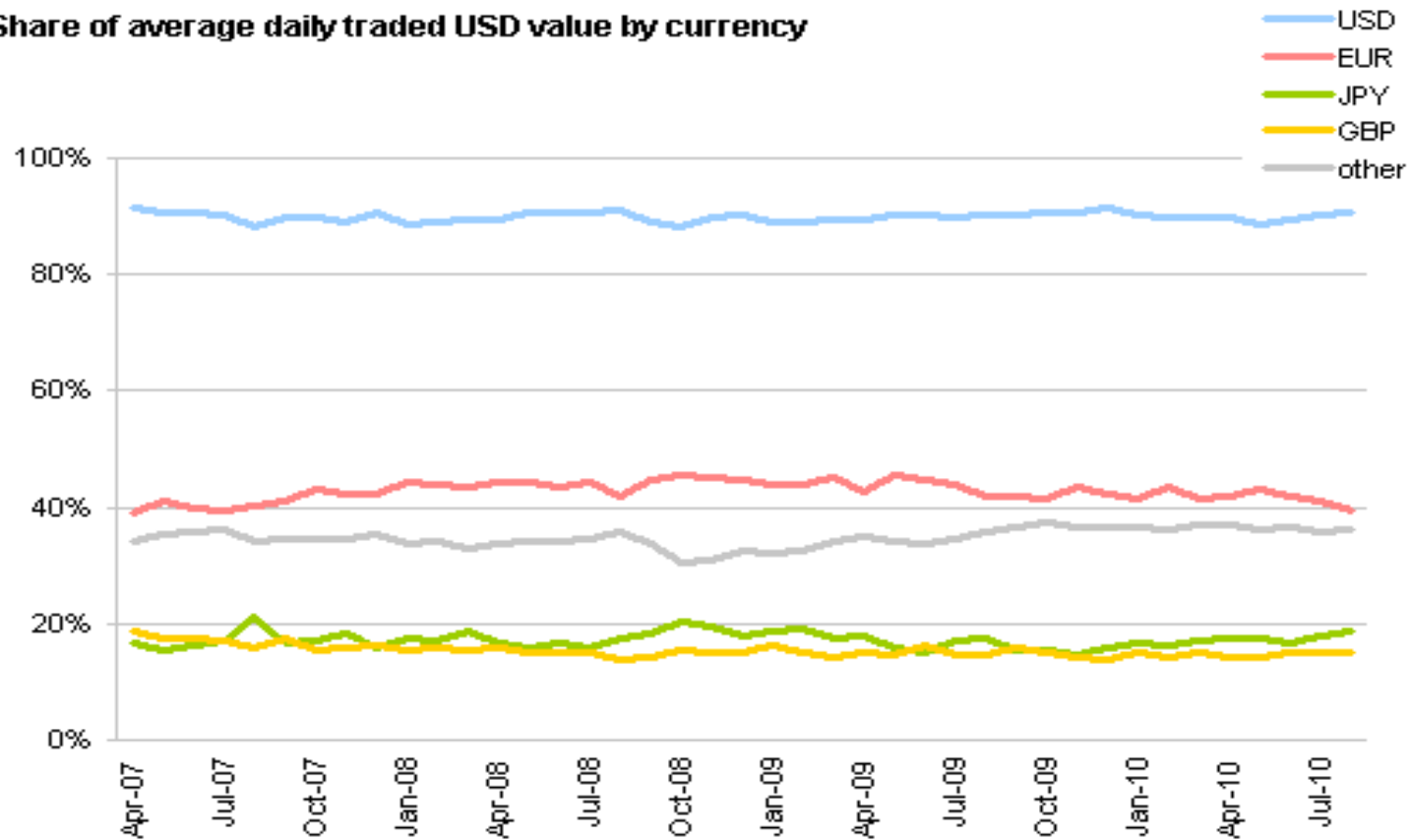
Average daily volumes by currency



Currencies — share of average traded value



Share of average daily traded USD value by currency

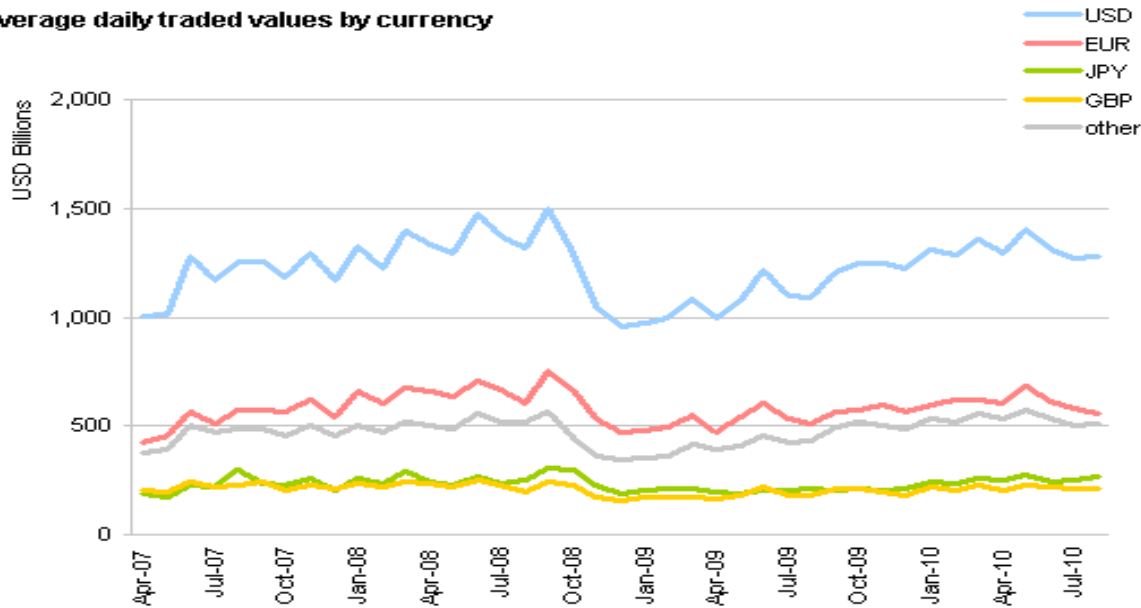


- Total will add up to 200% as each trade involves two currencies.
- “Other” refers to remaining currencies (AUD, CAD, CHF, DKK, HKD, ILS, KRW, MXN, NOK, NZD, SEK, SGD & ZAR).

Currencies — average traded value

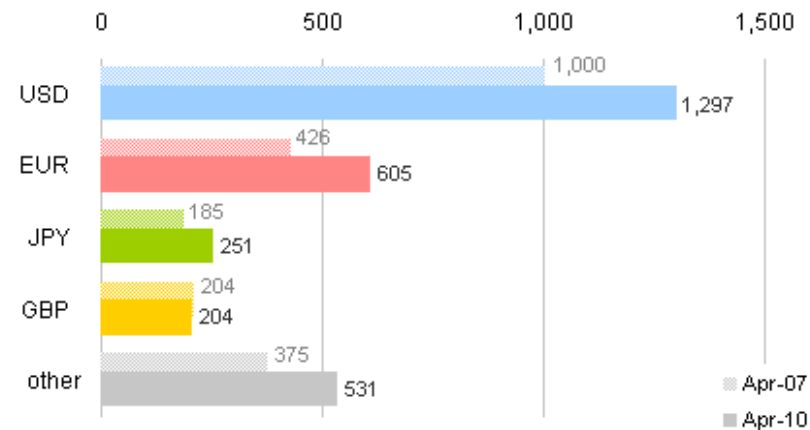


Average daily traded values by currency



- “Other” refers to remaining currencies (AUD, CAD, CHF, DKK, HKD, ILS, KRW, MXN, NOK, NZD, SEK, SGD & ZAR).

Average daily values (USD billions) by currency

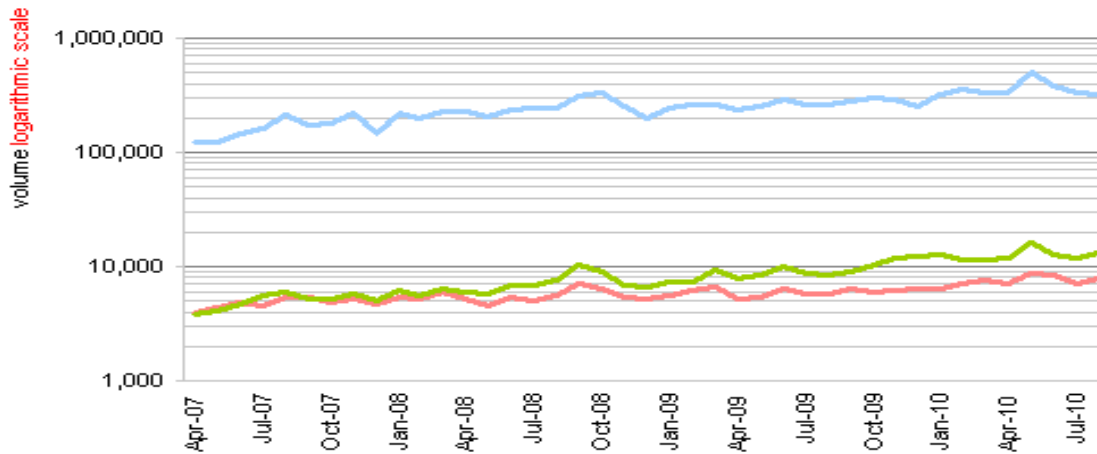


Product type — average traded volume



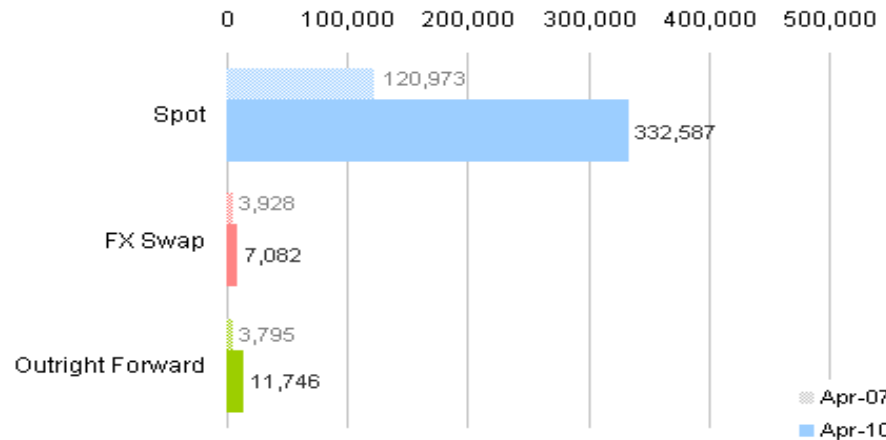
Average daily traded volumes by product

Spot
FX Swap
Outright Forward



Average daily volumes by product

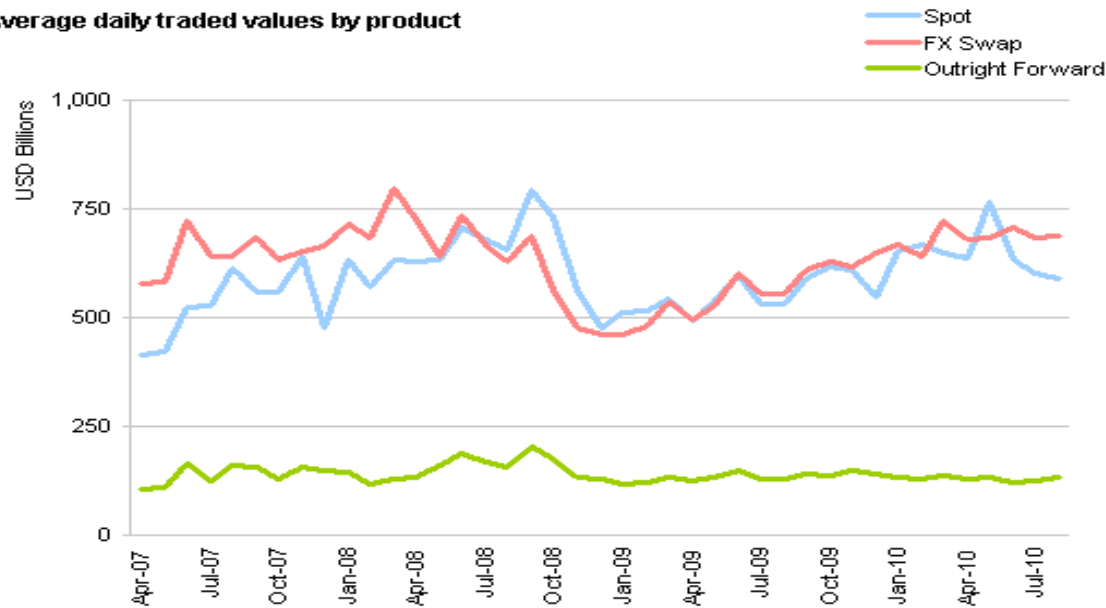
%	2007	2010
Spot	94.0	94.6
FX Swap	3.1	2.0
Outright Forward	2.9	3.4



Product type — average traded value

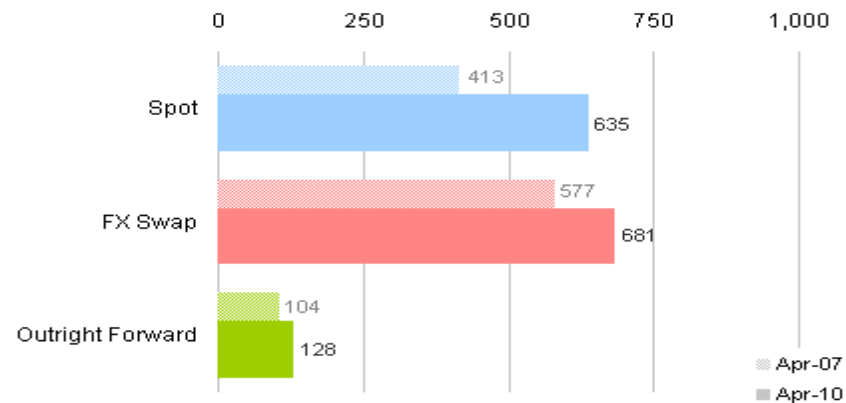


Average daily traded values by product



Average daily values (USD billions) by product

%	2007	2010
Spot	38	44
FX Swap	53	47
Outright Forward	9	9





Settlement and funding



Gross settlement values & multilateral net funding



Gross value of trades settled in April 2010 and corresponding funding requirement resulting from multilateral net

■ Gross value of trades settled
■ Multilateral net funding requirement

