

Our bilateral payment netting solution, operating on a distributed ledger technology (DLT) platform, allows you to drive operational process efficiencies, such as optimizing intraday liquidity, enabling real-time awareness of currency and counterparty exposures, and reducing risk.

CLNet

The global FX market is limited by the lack of a standardized payment netting process for trades settling outside CLSettlement. This is often exacerbated by the high settlement costs associated with emerging market currencies, which are becoming increasingly important in today's economy. Our payment netting service for buy-side and sell-side institutions' FX trades helps address these challenges. CLNet is a standardized, automated bilateral payment netting service to support FX trades not settling in CLSettlement.

CLNet is a revolutionary FX product that addresses the wider post-trade processing needs of our clients. Operating on a DLT platform, CLNet supports trades not currently settling in CLSettlement while introducing standardization and automation for the entire FX market.

The benefits

- Operational risk mitigation
- System processing and operational efficiencies
- Liquidity enhancements

Who should use CLNet

Banks, brokers, broker dealers, asset managers, hedge funds and corporations.

Recognizing that the cost of settling non-CLS currencies is higher than for CLS currencies, our netting solution allows you to drive process efficiencies, such as optimizing intraday liquidity, enabling real-time awareness of currency and counterparty exposures, and reducing operational and credit risk.

Participants will be able to submit FX instructions to CLNet for spot, tom/next day, forwards, non-deliverable forwards (NDFs), swaps and same-day trades for approximately 120 currencies.¹ We will offer participants the option of submitting their net payment instructions via SWIFT channels.

¹ CLNet's coverage will include currencies that are not issued by countries on a sanctioned list that would prevent CLS from conducting business with those countries and their issued currencies.

Improves:

- > Intraday liquidity
- > Real-time awareness of currency & counterparty exposures
- > Market standardization for post-trade processes

Reduces:

- > Operational & credit risk
- > Funding & number of payments required for your non-CLSettlement FX trades

120+
currencies

Six

FX products – spot, tom/next day, forwards, NDFs, swaps & same-day trades

Buy-side & sell-side participants



Settlement



Processing



Data

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

How it works

CLSNNet matches FX instructions based on the same matching principles as CLSSettlement and sends a match notification to each counterparty. This notification serves as legal confirmation of the underlying FX trade.

The service offers a limited selection of cut-off times. Participants are required to assign a cut-off time for each currency. Limiting the cut-off times introduces market standardization while providing sufficient flexibility to accommodate the different operational support models of FX market participants. Once the cut-off time is reached, CLSNNet notifies participants of their net payment amounts.

The delivery of the net payment amounts is managed by participants outside of the service through existing local currency correspondent banking relationships.

Get the complete picture

Participants in CLSNNet can also access our innovative post-trade monitoring and reporting tool – CLSTradeMonitor – as a combined value-add offering. CLSTradeMonitor provides a holistic view of all trade instructions submitted to CLSNNet and CLSSettlement to enhance transparency and reduce operational risk.

The benefits in detail

Operational risk mitigation:

- Management of payment netting positions across all counterparties through a single interface
- Standardization of bilateral netting, matching criteria and payment netting logic
- Configurable payment netting cut-off time options to accommodate payment deadlines
- Real-time identification of errors and unmatched instructions
- Consistent handling of holidays and exceptional market events.

System processing and operational efficiencies:

- Automated reconciliation of individual FX trades and net payment amounts, eliminating reconciliation breaks
- Reduction in the number of SWIFT payment messages
- Reduced level of communication between counterparties to confirm positions
- Decrease in the volume of payments manually initiated, resulting in fewer late or failed payments.

Liquidity enhancements:

- Access to more bilateral payment netting counterparties
- Reduction in the value of intraday fund movements
- Real-time awareness of exposure by currency and counterparty
- Improved compliance with regulatory liquidity coverage ratios
- Reduced intraday overdraft costs, correspondent banks charges and interest claims.

FX Global Code

Using CLS products and services plays an integral part in helping you comply with the FX Global Code. Find out more at cls-group.com

CLS helps clients navigate the changing FX marketplace – reducing risk and creating efficiencies. Our extensive network and deep market intelligence enable CLS specialists to lead the development of standardized solutions to real market problems. Our innovative, forward-looking products make the trading process faster, easier, safer and more cost-effective – empowering our clients' success.

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