

Harness the joint infrastructure power of CLS and DTCC to better manage your OTC credit derivatives cash flows. Improve overall post-trade efficiency and risk management.

# OTC Derivatives

## Asset managers

**Regulatory reform has led to a changing FX settlement landscape with a heightened focus on pre- and post-trade transparency and an increased requirement for transactional reporting.**

CLS's OTC Derivatives is an enhanced settlement service model for instructions relating to bilateral net payment obligations for the OTC credit derivatives market. Created in partnership with The Depository Trust & Clearing Corporation (DTCC), the service links DTCC's Trade Information Warehouse with CLS's central multicurrency cash settlement service and automates the processing of OTC credit derivatives-related cash flows.

### The benefits

- Fully automated processing to improve post-trade efficiency for derivatives instruments (CDS, CDX, CDT) and greatly reduce operational risk
- Optimize your operations – through straight-through processing and real-time information regarding settlement and confirmation
- Drive funding efficiency and lower your liquidity requirement through the use of multilateral netting

### How it works

Asset managers access the service via their custodians – a CLS Settlement member.

The service supports nine currencies: AUD, GBP, CAD, CHF, EUR, HKD JPY, SGD and USD.

Instruction submissions: For each custodian participating in CLSsettlement, DTCC submits netted cash flow amounts for the next value date to CLS in the relevant currencies.

Validation: CLS accepts and validates the cash flows and the accounts.

Settlement: The DTCC cash flows are then incorporated into the custodian's CLSsettlement pay-in schedule and settlement cycle for the next day, along with their submitted FX payment instructions.

Notifications: Notifications are sent back to DTCC following settlement on value date.

### Improves:

- > Post-trade processing
- > Operational & funding efficiencies

### Reduces:

- > Operational risk

**6.5+**  
**USD trillion**  
average settled each day

### Awards:

Best Settlement Initiative 2023  
FX Markets e-FX 2023  
Best FX Settlement & Risk Mitigation Solution  
FX Markets Asia 2022 / 2021 / 2020  
Best Trading Infrastructure Provider  
American Financial Technology 2021



Settlement



Processing

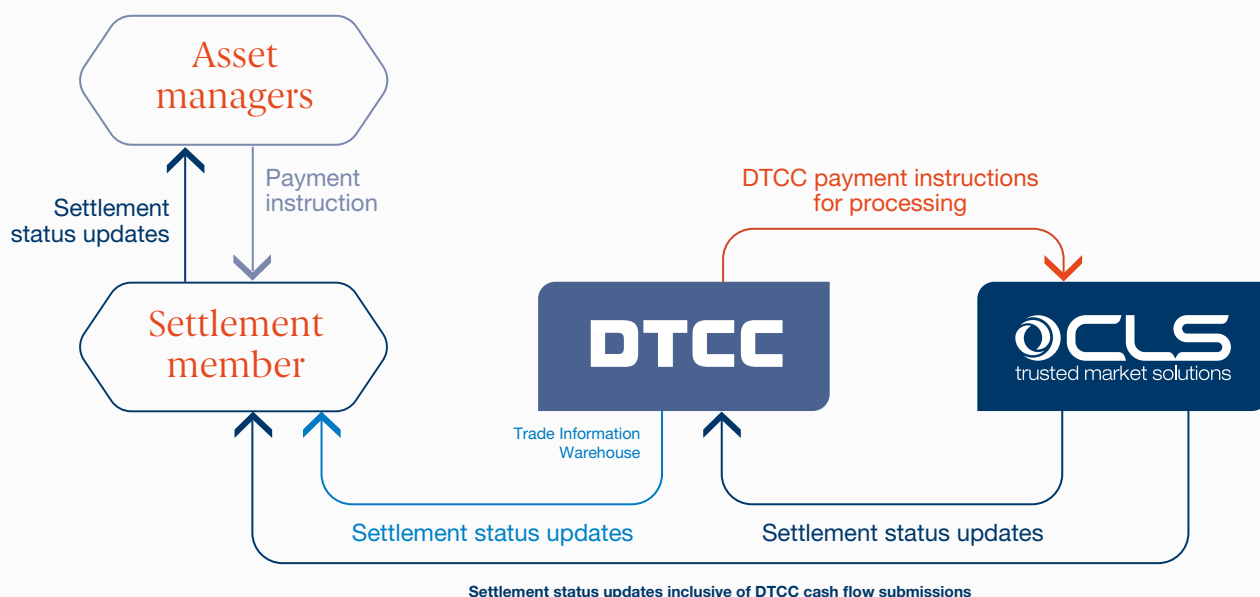


Data

**DTCC**

ADVANCING FINANCIAL MARKETS. TOGETHER.™

## Settlement service model with DTCC



### Next steps for asset managers

If you are considering how to better manage risk for your OTC derivatives cash flows:

1. Contact your custodian(s) about the settlement solutions they offer for credit derivatives, including CLS Settlement
2. Contact DTCC to request that central settlement is enabled for your account
3. DTCC will provide you with the necessary documentation and forms to complete
4. Send the form to your custodian to authorize
5. Once complete send the form back to DTCC for final validation. DTCC then submits the form to CLS
6. CLS will then take the necessary steps to permission your account.

For more information about the service and DTCC's Trade Information Warehouse, please contact [TIW@DTCC.com](mailto:TIW@DTCC.com)

For more information please email [sales@cls-group.com](mailto:sales@cls-group.com)

### 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](http://cls-group.com)

Trusted by thousands of counterparties within the global FX ecosystem, CLS makes FX safer, smoother and more cost effective. Trillions of dollars' worth of currency flows through our systems each day.

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