



UBS has reduced exposure to settlement risk in emerging market currencies through the use of our bilateral payment netting calculation service, CLSNet.

“CLSNet replaced our manual netting calculations with other participants, and enabled us to automate our processes. By doing so, we have removed reconciliation discrepancies from the netting process and reduced any subsequent interest claims attributed to delayed netting.”

Steve Forrest

Global Head of FX Operations
UBS

47%

of trade instructions include an emerging market currency

CLSNet our Network

“CLSNet removes ambiguity through standardized cut-off times and a centralized, automated process that increases STP rates and supports our adherence to the FX Global Code.”

Steve Forrest Global Head of FX Operations
UBS



Industry issue:

The lack of automation across FX bilateral netting processes resulted in market participants dedicating significant resources to manually agreeing netting transactions with other market participants, relying on emails and phone calls. This manual approach is not only inefficient, it also creates operational risk, as even a few unmatched trades can prevent the processing of all transactions. Additionally, the complexity of manual netting processes and negotiations between counterparties can lead to disputes, late payments and reconciliation challenges.

Our solution:

CLSNet helped automate UBS's netting calculation processes and reduced time-consuming manual operations by providing counterparties with a notification of their net payment obligations through a single common record. Under the standardized rules of the service, net positions are calculated at pre-agreed cut-off times for matched details of trades between UBS and its counterparties, helping to prevent disputes that may arise. The standardized rules ensure that UBS and its counterparties are clear on the deadlines for the netting process to take place. Additionally, UBS can now quickly address any unmatched trades on an exception basis, effectively mitigating operational risk and further enhancing operational efficiency.

Client benefits:

- Standardized cut-off times increase STP rates, reducing reconciliations and improving operational efficiencies
- A single common record of net payment obligations reduces communications
- Supports payment netting, which reduces the number of payment obligations exposed to settlement risk, particularly in emerging market currencies.

For more information about CLSNet please email enquiries@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.

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