

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

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 optimizes 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

Supports CLS settlement members and their third-party participants in nine currencies: AUD, GBP, CAD, CHF, EUR, HKD JPY, SGD and USD.

Instruction submissions: For each participating CLS settlement member, 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 each settlement member's pay-in schedule and settlement cycle for the next day, along with their submitted FX payment instructions. These cash flows can be seen in the CLS GUI.

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

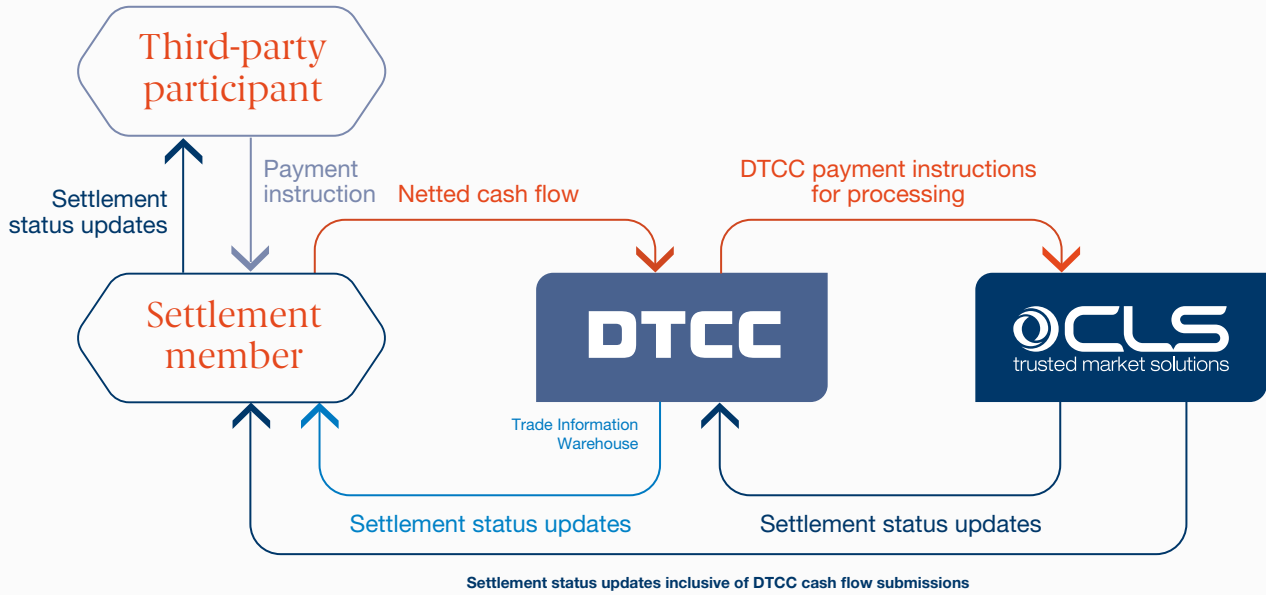


Data

DTCC

ADVANCING FINANCIAL MARKETS. TOGETHER.™

Settlement service model with DTCC



CLS Bank operational timeline – normal processing with Deriv/SERV (Northern Hemisphere summer time)

Settlement date -1		Settlement date					
Sydney	04:00	08:00	14.30	16:00	17:00	18:00	20:00
Tokyo	03:00	07:00	13:30	14:00	16:00	17:00	19:00
C.E.T.	20:00	00:00	06:30	07:00	09:00	10:00	12:00
London	19:00	23:00	05:30	06:00	08:00	09:00	11:00
New York	14:00	18:00	00:30	01:00	03:00	04:00	06:00
		IPIS¹	RPIS²	ST³	SCTT⁴	FCTT(AP)⁵	FCTT(OC)⁶

Real-time information available on status of payment instructions to members and Deriv/SERV

- ¹ IPIS - Initial pay-in schedule issued
- ² RPIS - Revised pay-in schedule issued
- ³ ST - Start of CLS Bank settlement

- ⁴ SCTT - Settlement completion target time
- ⁵ FCTT(AP) - Asia Pacific funding completion target time
- ⁶ FCTT(OC) - Non-Asia Pacific funding completion target time

Potential market use cases

FX derivatives traders and brokers:

- Increases efficiency by simplifying the settlement process
- Access to a 21-day cash flow report and customized reports via DTCC to monitor and track both net and gross payments in detail for more efficiency around settlement and reconciliation

For more information please email enquiries@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

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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