MUFG / CLSNet

MUFG has reduced the number of payments and funding required for settlement

92% Reduction in the number of payments*

43% Reduction in funding requirements*

* By settling net payment amounts calculated by CLSNet

> “CLSNet has significantly de-risked our netting processes and enabled greater operational efficiencies through centralization, standardization and automation. By implementing CLSNet, we have alleviated the need for numerous emails and phone calls required to negotiate end-of-day calculations with all counterparties.”
>
> **Toru Yamasaki**
> FX Operations department

Industry issue:
Aligning with aspects of the FX Global Code was challenging due to the settlement risk associated with segments of the market not currently covered by PvP, like emerging market currencies.

MUFG had previously relied on gross settlement methods with its counterparties, some of which were participants in CLSNet. This required settling each transaction individually, which increased the likelihood of settlement failures.

When a failure occurs, resolving it can be time-consuming and costly, leading to inefficiencies and operational risk. Even a few unmatched trades can prevent the processing of all transactions and delay settlement.

Our solution:
The automated and centralized features of CLSNet enable MUFG to implement solutions that reduce settlement risk for non-CLSSettlement eligible currencies and more directly support its adherence to the FX Global Code. CLSNet’s implementation has standardized MUFG's netting calculation processes and has exceeded initial expectations for operational efficiencies.

In addition, MUFG can now quickly identify and resolve trade exceptions that previously caused delays to settlement. This improvement is crucial for enhancing MUFG’s intraday liquidity management, especially in light of evolving market conditions and ongoing volatility in the FX market.

Client benefits:

- By settling net payment amounts calculated by CLSNet, MUFG experienced a 92% reduction in the number of payments and a 43% decrease in funding requirements
- Internet-based API connectivity for outbound messages, enabled simpler integration and full automation of the previously manual netting calculation processes
- Reduced number of communications required to confirm positions prior to settlement, leading to lower operational risk
- Reduced overdraft costs and correspondent bank charges.

> “Settling net amounts calculated by CLSNet has proven to be so valuable that we are considering its feasibility for other major offices. This move could further reduce settlement risk and create operational efficiencies across our global business.”
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> **Toru Yamasaki** FX Operations department, MUFG

For more information 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

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