

CLS business update

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cls-group.com





CLS strategy update

Marc Bayle de Jessé
CEO





2023 operational highlights

CLS Settlement recorded an average daily settled value of **over USD6.6 trillion** in 2023.

6.6
USD
trillion

New record value settled of USD16.0 trillion on 20 December, surpassing the previous record of USD15.0 trillion.

Funding required to settle the record value was just USD78 billion, resulting in significant capital and liquidity savings for our clients and the wider FX ecosystem.

CLSNet saw strong growth with an average daily netted value of net calculations of **USD115 billion** and a **record of USD445 billion netted** in December 2023.*

115
USD
billion

Trades involving **emerging market currencies** accounted for **70%** of total instructions in CLSNet.

Three additional institutions – **BNY Mellon, ING and Taipei Fubon Bank** – committed to implementing CLSNet. The community now includes eight of the top ten global banks.**

Cross currency swap service has a year-on-year increase of 48% in values of trades processed in 2023.

CLSMarketData strong year-on-year revenue growth.

* Netted value refers to bilateral net payment amounts calculated by CLSNet.
March 2024 - CLSNet record day USD468 billion.
** According to the 2022 Euromoney Foreign Exchange Survey.



2023 key strategic priorities

1

Further strengthen the settlement service and resilience

2

Enhance our risk and control environment

3

Grow the business

4

Preserve and enhance our product offering – focus on settlement and netting services

5

Evolve our human capital

6

Ensure financial resilience



2023 key strategic priorities

① Further strengthen the settlement service and resilience

- **Substantial enhancements of resilience and technology capability**
(Cyber resilience program completed)
- **Alternative Processing Site for CLSSettlement being created**
(On the public cloud)
- **Modernizing the hosting infrastructure supporting CLSSettlement**

② Enhance our risk and control environment

- **Strengthening the control environment and 3 Lines of Defense capabilities**
(Chief Controls Officer, Target Operating Model for 1st line of defense)
- **Strengthening and standardizing risks and controls**
- **Remediating Third-Party Risk Management function**



2023 key strategic priorities

3 Grow the business

- **Step up ecosystem engagement and innovation**
(T+1 surveys, white paper publication, CBDC exploration)
- **Increase participation and revenue across our service lines**
(Growth in third-party participation to over 35,000)
- **Deliver value for our clients through improved client experience**

4 Preserve and enhance our product offering – focus on settlement and netting services

- **Delivering operational excellence across the settlement estate**
- **Reducing settlement risk for non-CLS settlement eligible currencies**
(Continue to build CLSNet network, ongoing work to explore solutions for emerging market currencies)
- **Supporting members in dealing with SA-CCR and cleared FX**



2023 key strategic priorities

⑤ Evolve our
human capital

- **People and ways of working**
(Recognition by The Sunday Times as one of the best places to work for two consecutive years)
- **Environment, Social and Governance**
(Continue to focus on Diversity, Equity and Inclusion)

⑥ Ensure financial
resilience

- **Managing and optimizing costs / capital while retaining and generating revenue**



Financial update

6 Ensure financial
resilience

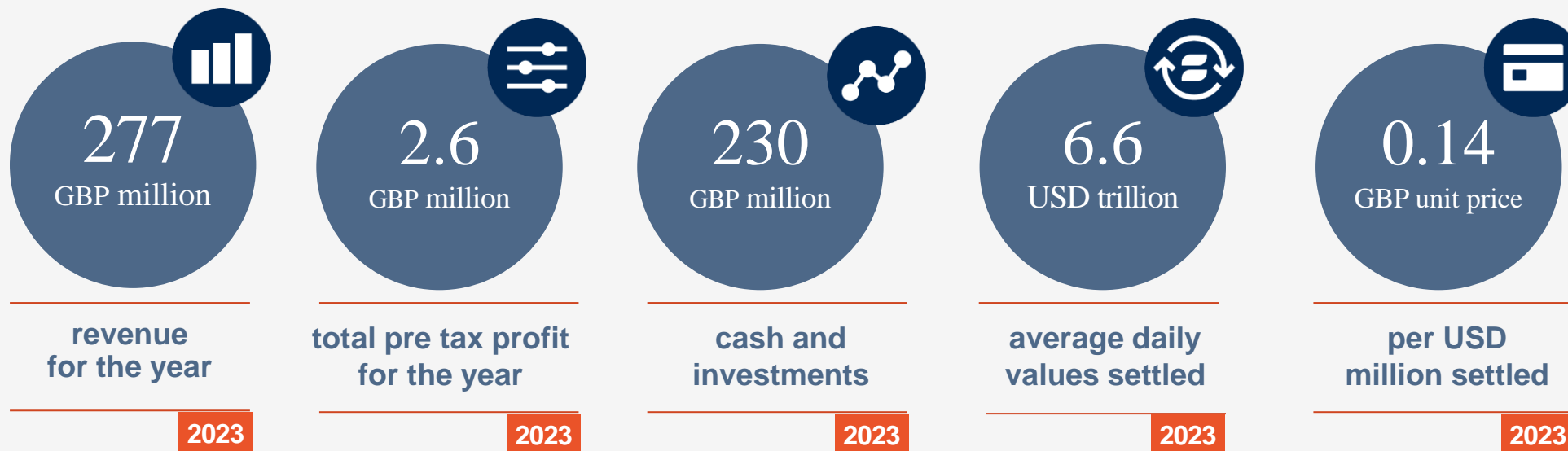
Trevor Suarez
CFO





2023 key metrics at a glance

Our financial performance was driven by record levels of activity in CLS Settlement, supported by growth in CLSNet and other ancillary products





Increased level of investment

As a critical service provider to the FX market, we maintained high levels of operational resilience, whilst simultaneously ensuring strong financial resilience

- Our financial performance was **driven by record levels of activity in CLSSettlement**, supported by growth in CLSNet and other ancillary products
- **The increase in revenues has supported a significantly increased level of investment** across resilience, risk and control, cybersecurity and infrastructure enhancements
- **Capital resources have also increased**, and we continue to hold an additional amount of capital over and above regulatory capital in the form of 'Risk Capital' – reinforcing our commitment to ensuring financial resilience



2024 financial priorities and progress to date

- **Strong financial performance** for the first five months of the year driven by strong activity levels in both average daily values and billable instructions
- Financing of a **material investment program continues** including technology infrastructure, resilience initiatives, risk and control activity and other key initiatives
- **Balance sheet strength is maintained** in parallel with CLS continuing to hold ‘available’ capital in excess of total risk capital
- Work is in progress to **assess investment program** for future years and **ensure adequacy of capital**



2024 and beyond

Marc Bayle de Jessé
CEO





2024 and beyond

Our focus

Global FX market:

- **An evolving landscape** of technology advancements, increased cybersecurity risk, political and economic instability
- **Growth in the trading of non CLS-eligible currencies**, regulatory changes and shortening settlement cycles
- **Emergence of FinTech** competition and the likely advent of **CBDCs**
- **Rising costs** and inflationary pressures

Our priorities:

- **Enhance our resilience and technology capability**
- **Strengthen our risk and controls**
- **Grow the business:**
 - Evolve CLSSettlement and CLSNet
 - Explore innovative solutions to address the evolution of the FX market
 - Drive adoption of our products
- **Ensure we attract and retain a diverse workforce** through a culture focused on a sense of well-being and inclusivity
- **Remain financially resilient**



Trusted by thousands of counterparties within the global FX ecosystem. We make FX safer, smoother and more cost effective.

Created by the market for the market, our unrivaled global settlement infrastructure reduces systemic risk and provides standardization for participants in many of the world's most actively-traded currencies.



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