

CLSNNet

Our bilateral payment netting calculation service for buy-side and sell-side institutions, enhances risk mitigation for trades not settling in CLS Settlement by standardizing and automating post-trade matching and netting processes.

The global FX market is limited by the lack of a standardized payment netting process for trades settling outside CLS Settlement. This is often exacerbated by the high settlement costs associated with emerging market currencies, which are becoming increasingly important in today's economy. Our payment netting service for buy-side and sell-side institutions' FX trades helps address these challenges. CLSNNet is a standardized, automated bilateral payment netting calculation service to support FX trades not settling in CLS Settlement.

CLSNNet is a revolutionary FX product that addresses the wider post-trade processing needs of our clients. It supports trades not currently settling in CLS Settlement while introducing standardization and automation for the entire FX market.

Who should use CLSNNet

Asset managers, banks, corporations, hedge funds and non-bank financial institutions.

Recognizing that the cost of settling non-CLS currencies is higher than for CLS currencies, our netting calculation solution allows you to drive operational efficiency, unlock liquidity and reduce operational and credit risk.

Participants can submit FX instructions to CLSNNet for spot, tom/next day, forwards, non-deliverable forwards (NDFs), swaps and same-day trades for over 120 currencies.¹ We offer participants the option of submitting their net payment instructions via SWIFT channels.

¹ CLSNNet's coverage will include currencies that are not issued by countries on a sanctioned list that would prevent CLS from conducting business with those countries and their issued currencies.

Improves

- Intraday liquidity
- Real-time awareness of currency & counterparty exposures
- Market standardization for post-trade processes

Reduces

- Operational & credit risk
- Funding & number of payments required for your non-CLS Settlement FX trades

120+

currencies

Six

FX products – spot, tom/next day, forwards, NDFs, swaps & same-day trades

Buy-side & sell-side participants

Awards

- Best Clearing and Settlement Provider 2024 / 2023
- Market Infrastructure Project of the year Global Custodian 2023

Benefits:

- Operational risk mitigation
- Reduced credit consumption
- Mutual system processing and operational efficiencies
- Removal of manual reconciliation
- Liquidity enhancements



How it works

CLSNet matches FX instructions based on the same matching principles as CLSSettlement and sends a match notification to each counterparty. This notification serves as legal confirmation* of the underlying FX trade.

The service offers a limited selection of cut-off times. Participants are required to assign a cut-off time for each currency. Limiting the cut-off times introduces market standardization while providing sufficient flexibility to accommodate the different operational support models of FX market participants. Once the cut-off time is reached, CLSNet notifies participants of their net payment amounts.

The delivery of the net payment amounts is managed by participants outside of the service through existing local currency correspondent banking relationships.

Get the complete picture

Participants in CLSNet can also access our innovative post-trade monitoring and reporting tool – CLSTradeMonitor – as a combined value-add offering. CLSTradeMonitor provides a holistic view of all trade instructions submitted to CLSNet and CLSSettlement to enhance transparency and reduce operational risk.

* Whether a CLSNet notification constitutes legal confirmation of an underlying FX trade depends on the laws of the applicable jurisdiction(s).

Benefits in detail

Operational risk mitigation:

- Management of payment netting positions across all counterparties through a single interface
- Standardization of bilateral netting, matching criteria and payment netting logic
- Configurable payment netting cut-off time options to accommodate payment deadlines
- Real-time identification of errors and unmatched instructions
- Consistent handling of holidays and exceptional market events.

System processing and operational efficiencies:

- Automated reconciliation of individual FX trades and net payment amounts, eliminating reconciliation breaks
- Reduction in the number of SWIFT payment messages
- Reduced level of communication between counterparties to confirm positions
- Decrease in the volume of payments manually initiated, resulting in fewer late or failed payments.

Liquidity enhancements:

- Access to more bilateral payment netting counterparties
- Reduction in the value of intraday fund movements
- Real-time awareness of exposure by currency and counterparty
- Improved compliance with regulatory liquidity coverage ratios
- Reduced intraday overdraft costs, correspondent banks charges and interest claims.

FX Global code

Using CLS products and services plays an integral part in helping you comply with the [FX Global Code](#).

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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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Tokyo

New York
New Jersey

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