



Global Payments Week 2006

*FX settlement risk - the response of the
global banking community: CLS Bank*

5 October 2006

Rob Close
President and CEO
CLS Bank International



www.cls-group.com

CLS - The New Market Standard



- Eliminates FX settlement risk
- Fifteen currencies
- Settles on a payment versus payment (PvP) basis
- Multi-laterally nets all obligations per value date.
- Payment instructions related to trades executed in four main instruments:
 - FX spot
 - FX forwards
 - FX option exercises
 - FX swaps

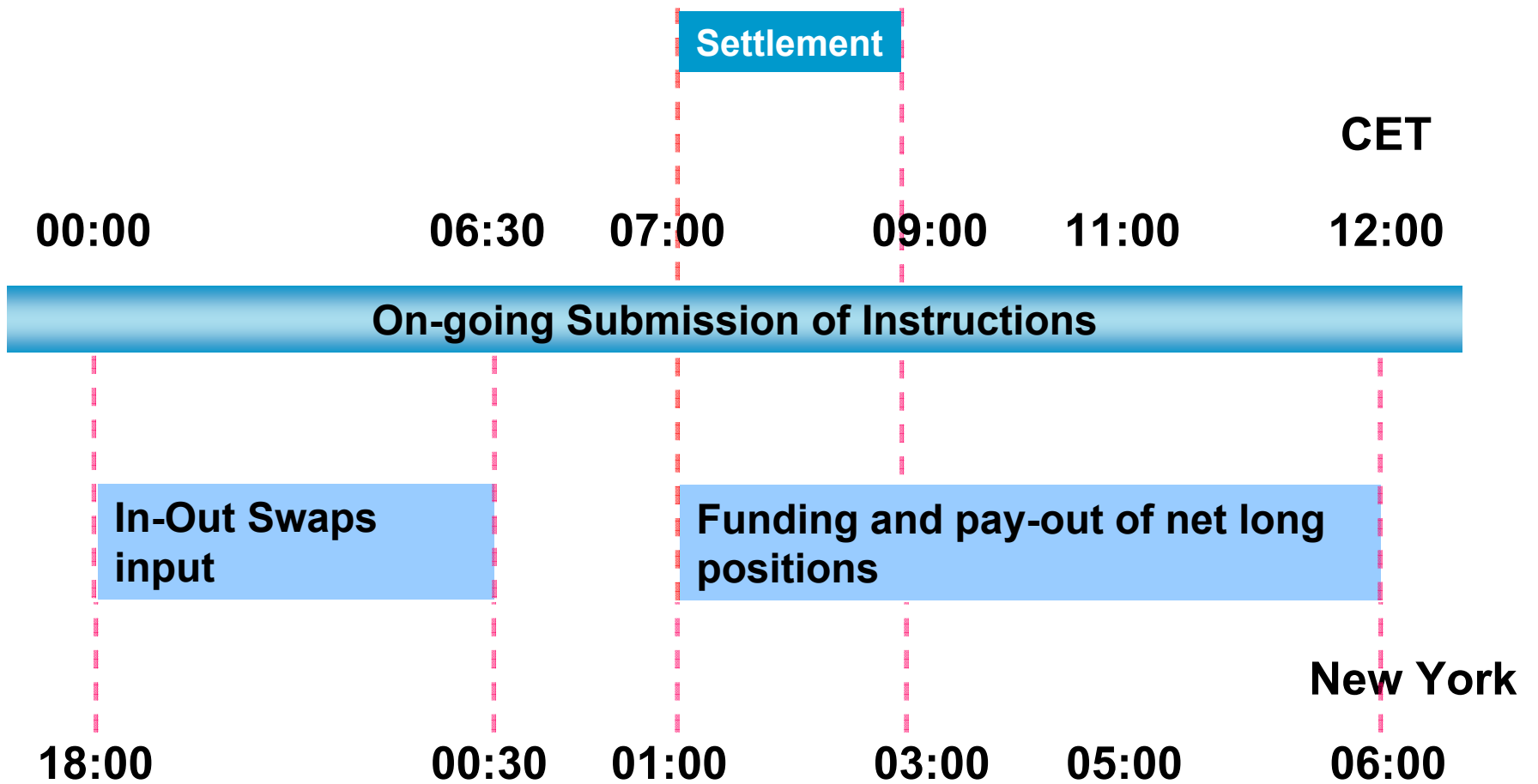


**Source: BIS 2004 FX Survey*

Settlement Accounts with 15 Central Banks



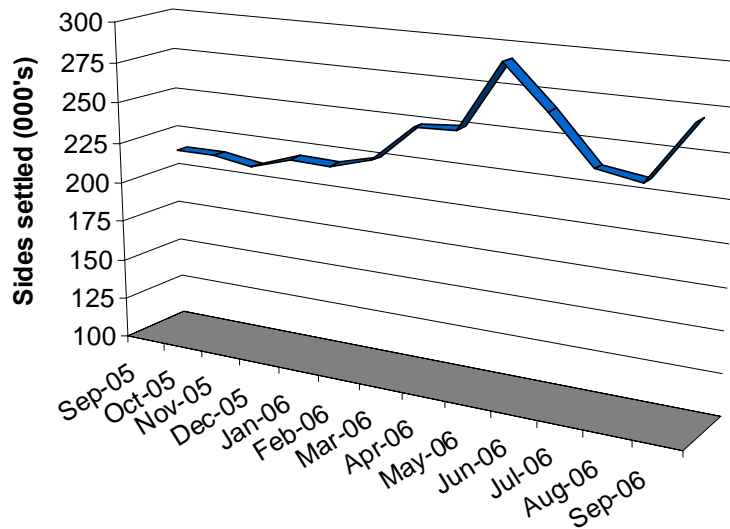
Processing Timeline – 24 x 5.5



CLS growth



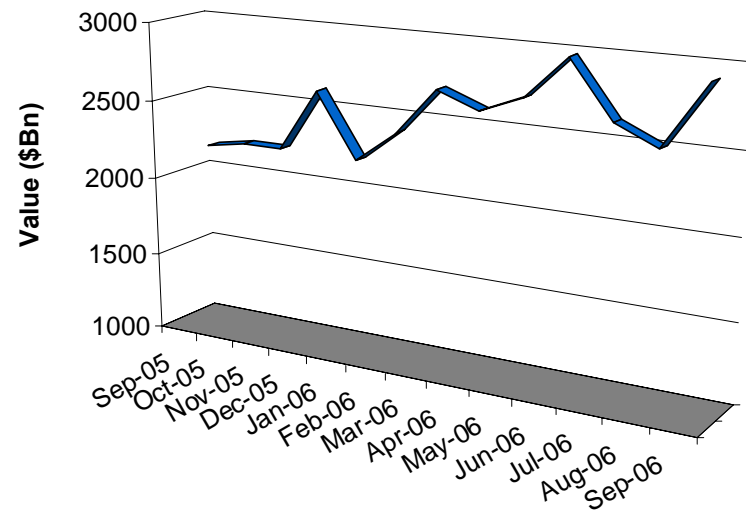
Volume



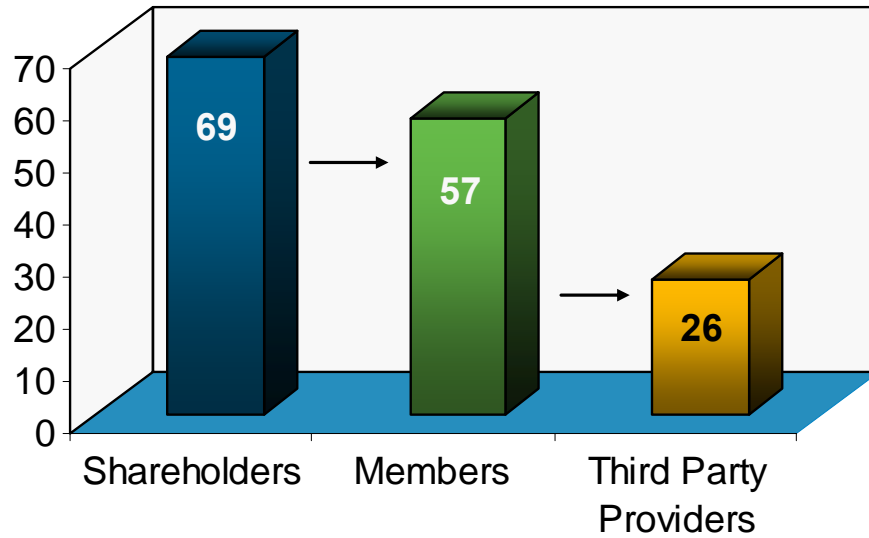
**260,000 instructions daily
(502,384 peak day)**

**\$2.9 trillion daily
(\$5.47 trillion peak day)**

Value

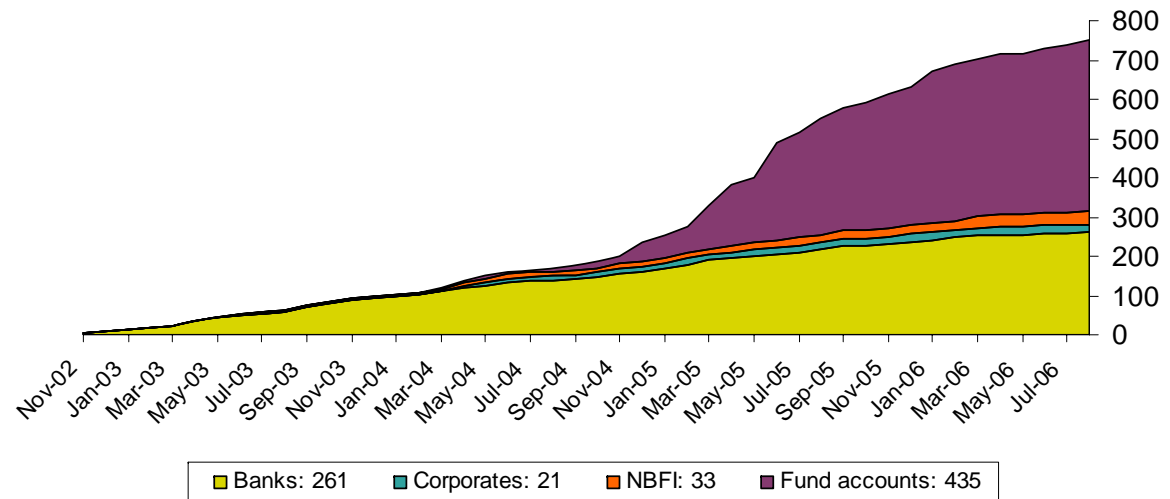


Growing participation

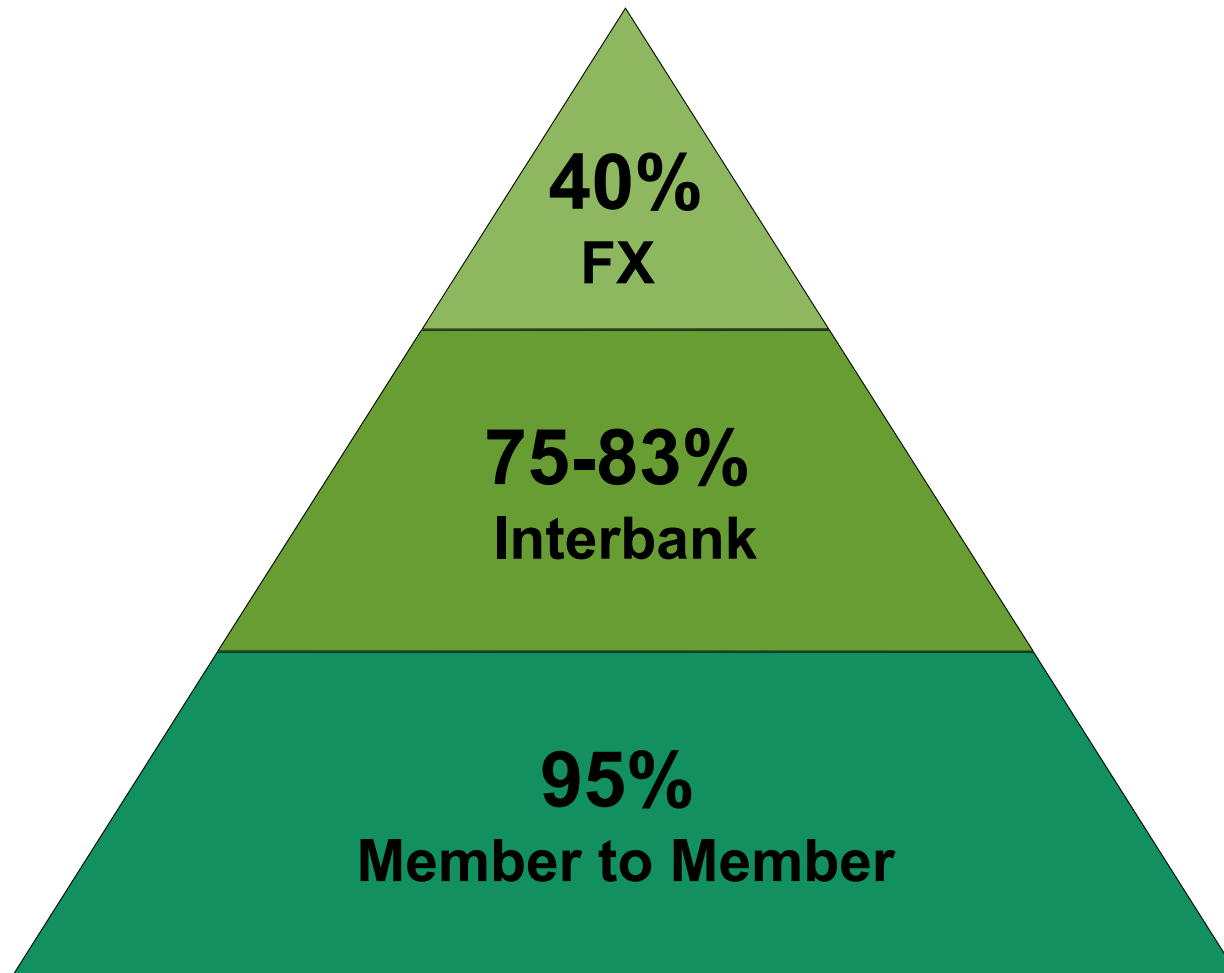


Growth in third parties

As at 1 September 2006
Total: 750



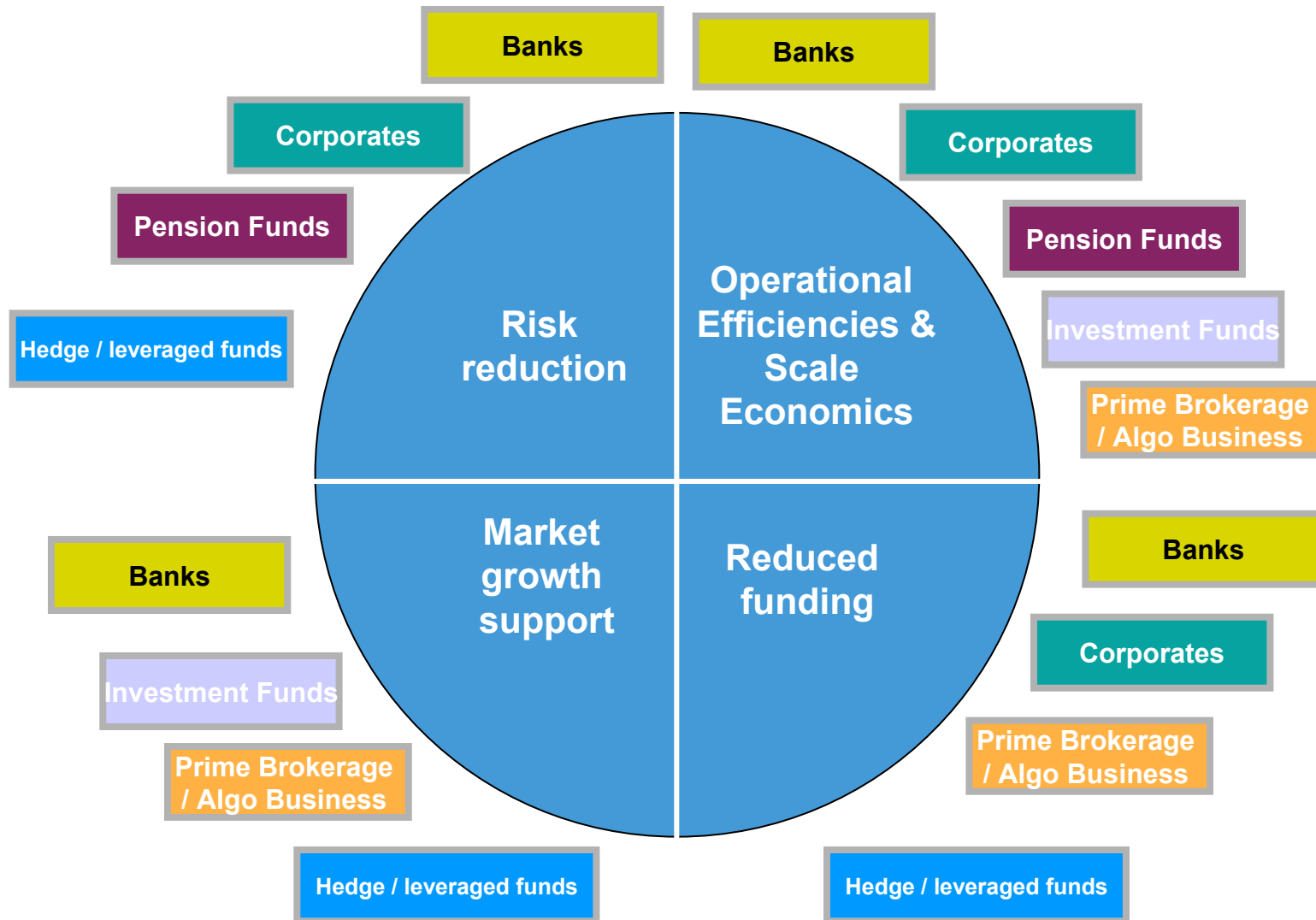
Growing market share



CLS Value Proposition



CLS value proposition – segment drivers

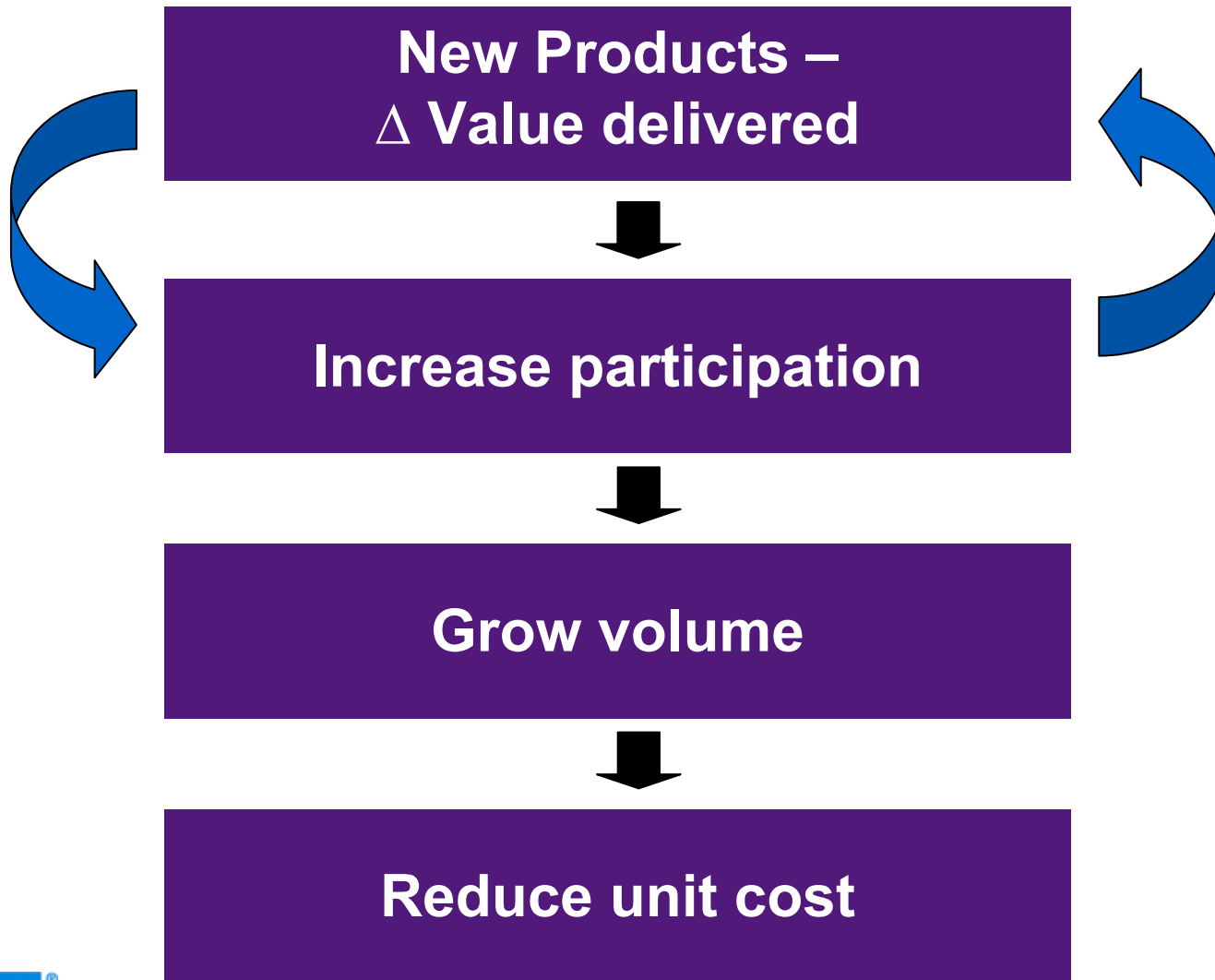


Today's changing market



- FX is an asset class – increasing buy side participation
- Programme trading growing but volatile
- Hedge Funds and Prime Brokerage driving market growth
- Strong growth in FX derivatives, e.g. NDFs & FX option premiums
- Growth in emerging markets
- Focus on cost reduction

CLS strategy overview



Areas of growth



- Fund management
- Other buy side
- Non-Deliverable Forwards
- FX option premiums
- Potential settlement of other traded instruments



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