



*A complete solution
to support communication
between CLS members
and third parties*

Benefits

- A comprehensive solution
- Reduced settlement risk
- Industry messaging standards
- Based on an existing, proven infrastructure
- Low cost, low risk
- Straightforward implementation
- Widely used today

SWIFT's CLS[®] Third Party Service

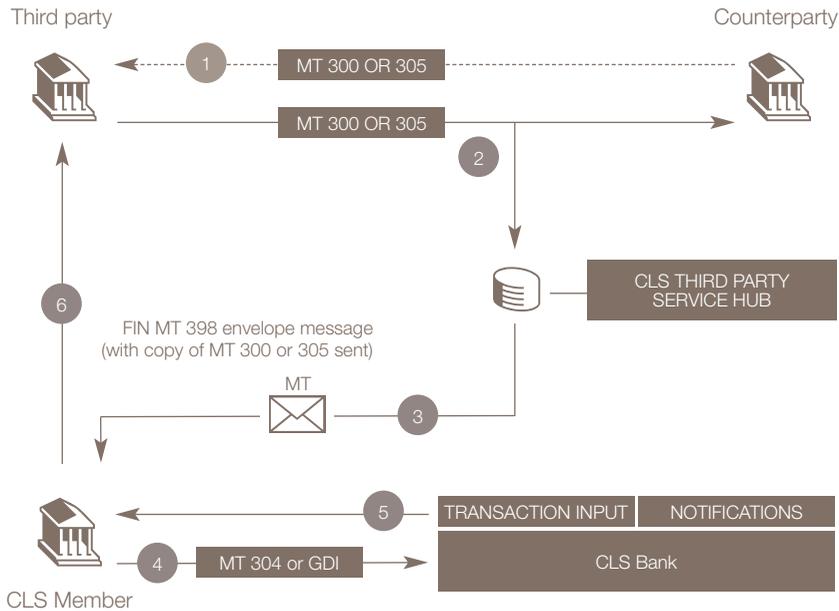
Providing a global FX settlement solution for non-CLS members

CLS (Continuous Linked Settlement) Bank provides a global settlement system that reduces bank and systemic risk. However, achieving significant reduction in settlement exposures requires a critical mass of settlement value. CLS members need to settle trades between themselves but may also act upon trades with non-CLS members (third parties).

Many CLS members currently offer services to third parties whereby they input and settle trades on behalf of their third-party customer(s) with CLS Bank. Likewise, third parties communicate their foreign exchange transactions to their CLS settlement members. CLS members can use this SWIFT solution to obtain a real-time copy of an agreed subset of confirmation messages sent by their third-party customer.

SWIFT provides a global comprehensive solution to support the communication flow between CLS members and third parties (most of whom already use SWIFT), so that they can provide cost-effective services to their customers.

The service covers all FX-related instruments supported by CLS: FX transactions including NDFs and FX option premiums including NDOs.



Who offers this solution?

This solution is currently offered by 24 CLS settlement members to more than 300 active users.

Who is eligible as a third party?

- Financial institutions that are not CLS members
- Any other SWIFT-eligible institution involved in cross-currency trading
- Corporates

How many transactions?

There are currently close to 1 million transactions per month.

How does it work?

CLS members receive copies of their customers' transactions via FIN (using an MT 398 envelope message). The process flow is described above.

Process flow

As the third party exchanges an MT 300 or 305 (1) with its counterparty, a copy of that MT 300 or 305 will go to the CLS Third Party Service hub (2).

The hub forwards a copy of the MT 300 or 305 to the CLS member servicing this specific third party using an MT 398 (3). The CLS member submits the information to CLS (4) via Gross Direct Input (GDI) or MT 304, and then receives the matching status from CLS (5).

This model offers a proven methodology and a straightforward implementation for both the third party and the CLS member, including Nostro account reporting using FIN messages (6) which are actively used in the market.

For more information, please contact your SWIFT account manager or visit www.swift.com