NDF Master Confirmation – Proposal to CLS

The FMLG favors a two part approach to achieve a broad application of the NDF Master Confirmation terms:

1. The CLS Handbook will be amended to provide that all NDF transactions between CLS members (Settlement Members and User Members) [including dealer affiliates of CLS members] [that are settled through CLS] shall be subject to the terms of the master confirmation.
   - The terms of the master confirmation (other than currency specific terms) will be included in the Handbook rather than incorporated by reference from a website.
   - As with the bilateral master confirmation, the CLS Handbook provision would incorporate the currency specific terms for each NDF currency pair posted on the EMTA website.
   - Joint calculation agent will apply.

2. CLS will sponsor and host a protocol open to all market participants. A participant that signs up to the protocol will be agreeing that the NDFs between it and any other party to the protocol will be governed by the master confirmation terms.
   - The terms of the master confirmation (other than currency specific terms) will be included in the protocol rather than incorporated by reference from a website.
   - As with the bilateral master confirmation, the protocol would incorporate the currency specific terms for each NDF currency pair posted on the EMTA website.
   - In transactions between (1) a CLS member or a dealer affiliate of a CLS member and (2) a party that is not a CLS member or a dealer affiliate, the CLS member or dealer affiliate will be sole calculation agent.
   - In transactions between two parties, neither of which is a CLS member or dealer affiliate, joint calculation agent will apply.
   - Transactions between two CLS members [including dealer affiliates] will be governed by the CLS Handbook provisions rather than the protocol.