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CLS Bank to enhance product portfolio

Following approval by the Board of CLS Group, CLS Bank International (CLS Bank) announces its plans to extend the CLS Settlement product. By 2007, CLS Bank will offer a complete end-to-end service post execution to settlement of cash flow positions for non-deliverable forwards (NDFs) and FX option premiums.

CLS Bank currently settles payment instructions related to trades executed in four main instruments – FX spot, FX forwards, FX option exercises and FX swaps. Extending CLS Settlement to NDFs and FX option premiums will mean that manual intervention will be eliminated from the process for both instruments. CLS Bank will provide complete all-in-one straight through processing with considerable cost benefits, and an accompanying standard legal framework to govern the process.

Mark Garvin, Chairman of CLS Group and CLS Bank, said: "CLS Bank was created by the industry for the industry, and its current service has exceeded expectations. Volumes are ahead of plan and participation continues to grow. The decision to extend the service to NDFs and FX option premiums was taken only after an extensive consultation process with our Members. We have the support of the major market participants in these instruments and the time is now right to bring the many benefits of CLS Settlement to new areas."

Joseph De Feo, Chief Executive Officer of CLS Group and President and CEO of CLS Bank, added: "The main objective for CLS Bank is to deliver value to our participants. Extending our product portfolio encourages greater participation and volume growth. This in turn reduces the unit cost of CLS Settlement for all instruments, and keeping this on a downward trajectory for all participants is a key priority for the

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company. The extension of CLS Settlement to NDFs and FX option premiums is the first of many steps that will see CLS Bank look to deliver its benefits to a wider cross-section of the market. Over the coming years we will be reviewing ways of extending CLS Bank's settlement window to offer multiple settlement sessions, as well as researching possible services for currencies not currently eligible for CLS Settlement. CLS has fast become the market standard, and it is our goal to build on this achievement for the benefit of the market as a whole."

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