

triReduce CLS FX

Multilateral compression is a vital tool in portfolio and capital management. With the latest service enhancements, participants can also choose to reduce net bilateral exposures by offsetting them with new trades, all in one combined cycle.

Features

- Market risk neutral per counterparty, maturity, and currency/currency pair
- Available for dealer, prime broker and CLS third parties
- Choice of compression or offsetting methodology
- Monthly multilateral cycles for optimal efficiency
- New trades delivered via Thomson Reuters TRTN

Benefits

- Reduce both gross and net notional positions
- Enhance capital efficiency and leverage ratios
- Manage counterparty credit risk
- Reduce operational risks and costs

HOW IT WORKS

Example for Bank X in EUR/USD FX forwards position at a given end-date:



Bank X has a market risk flat position, consisting of 3 trades, one each with counterparty A, B, and C. Trades versus A and C are deemed eligible to compress but the position versus B is only eligible to offset.

The trades versus counterparties A and C are compressed and a new trade versus counterparty B is created. The result is that net exposures versus counterparties A, B, and C are all reduced, line items have decreased and market risk remains unchanged.

**Award-Winning
Innovation**

**Winner
FX Week
e-FX
Awards
2016** **FX Week Awards**
Best Post Trade
Services Provider

FOW Awards
Best New Post Trade
Technology Product

**Sell-Side
Technology Awards**
2018 Best Sell-Side
Analytics Product

The Process

Trade Submission and Matching

CLS provides all eligible forward-dated trade data for participating settlement members and third party clients to triReduce. Participants confirm the trades eligible for compression and the net positions to be offset.

Dress Rehearsal

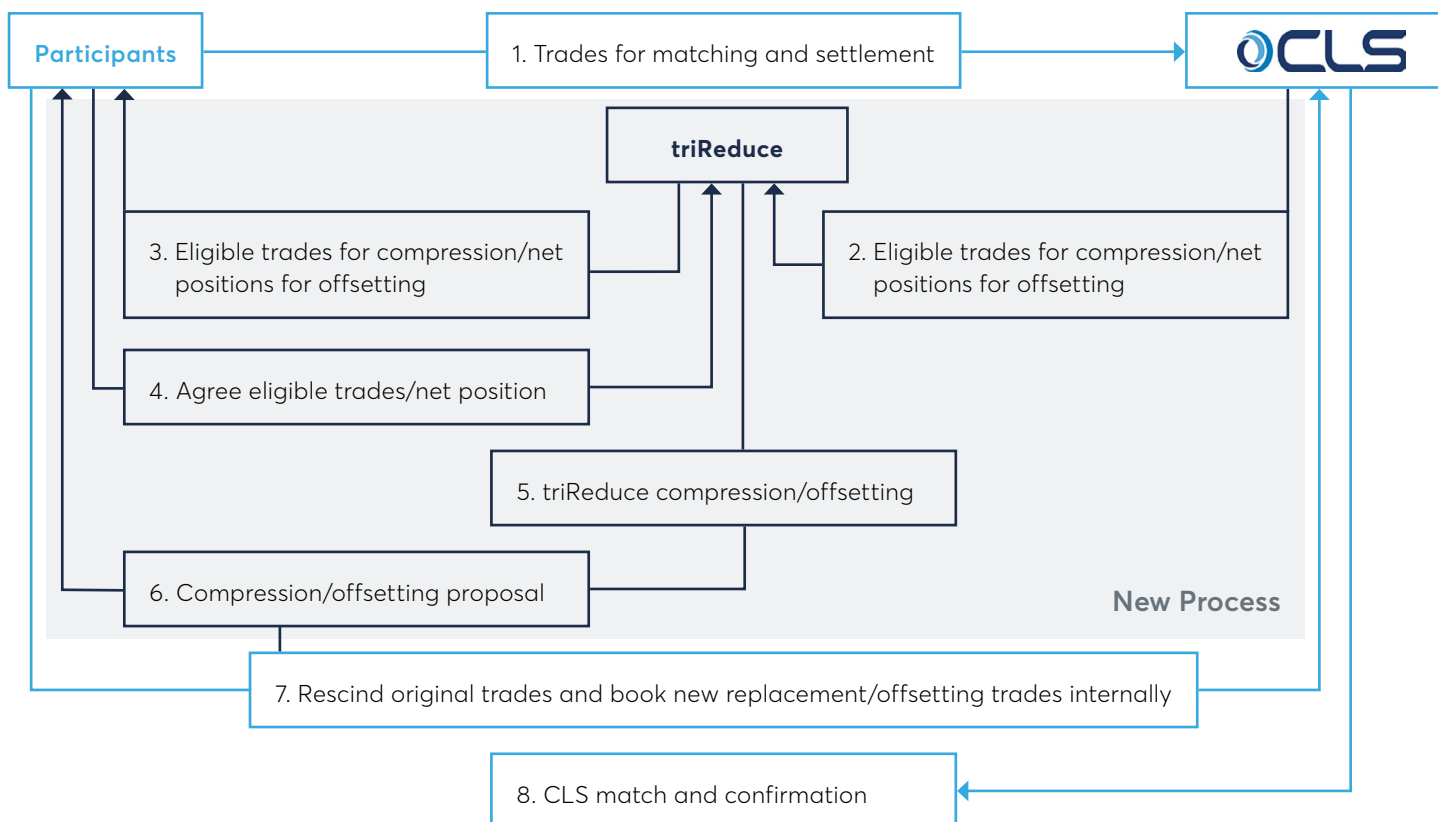
Participants set risk tolerances. The triReduce team delivers a dress rehearsal result for verification.

Live Execution

TriOptima runs its compression algorithm on the final set of trades using the risk parameters submitted by participants and recommends a set of termination and replacement/offsetting trades for agreement.

Downstream Processing

Settlement members rescind original trades, book replacement/offsetting trades, and submit settlement instructions to CLS in the same manner they submit all other FX instructions for settlement. Participants can elect to receive replacement trades via Thomson Reuters Trade Notification Service (TRTN).



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