



Global Operations Managers Conference

Ensuring Readiness & Resilience

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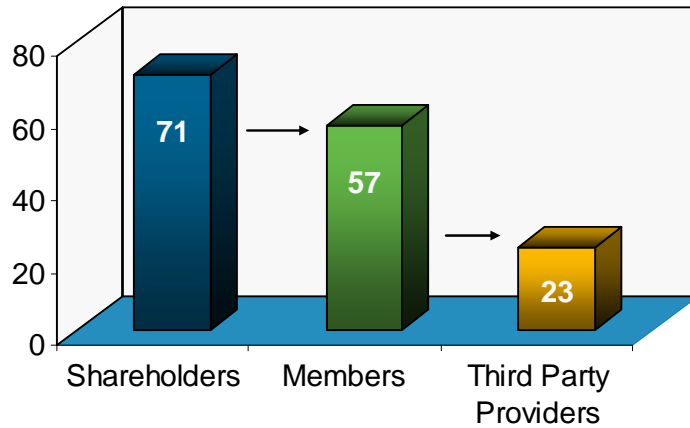
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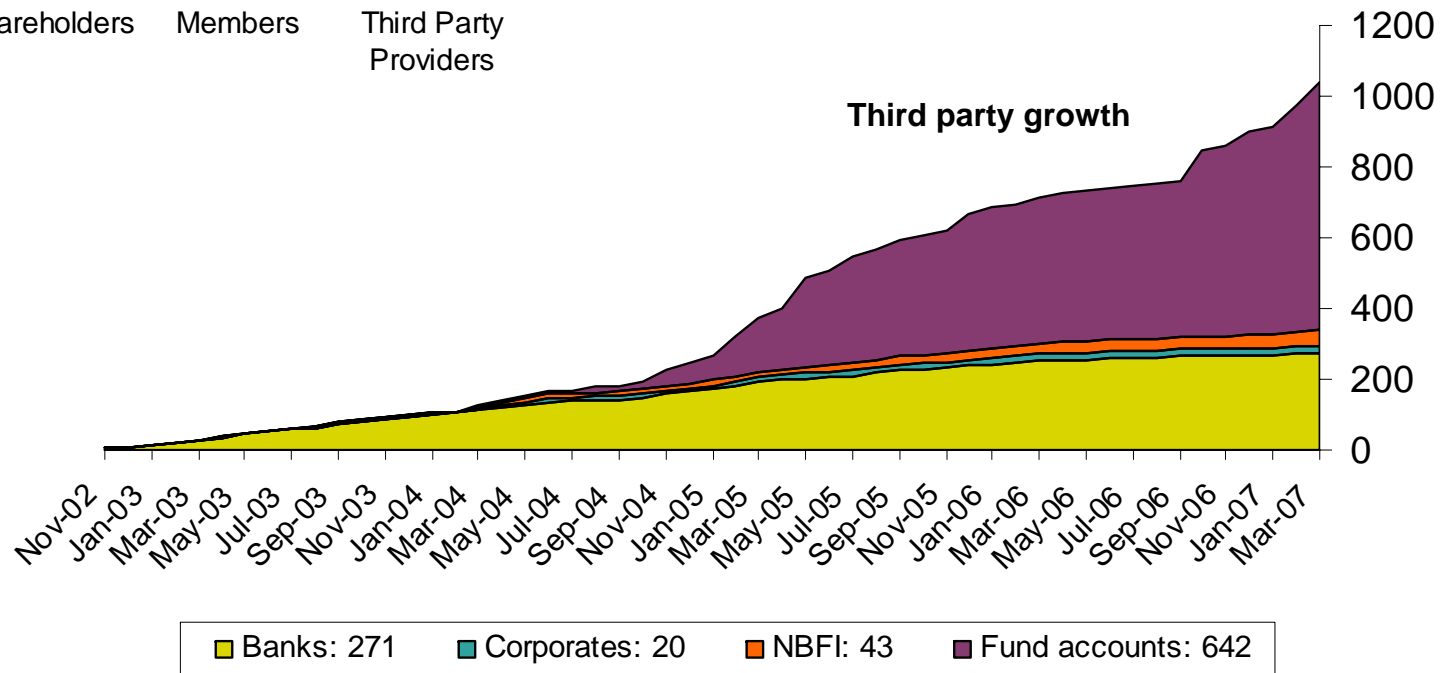
Overview

- ▶ CLS Market Position
- ▶ Business Continuity Arrangements
 - ▶ Resilience
 - ▶ Failure management tools
- ▶ Conclusions

CLS today



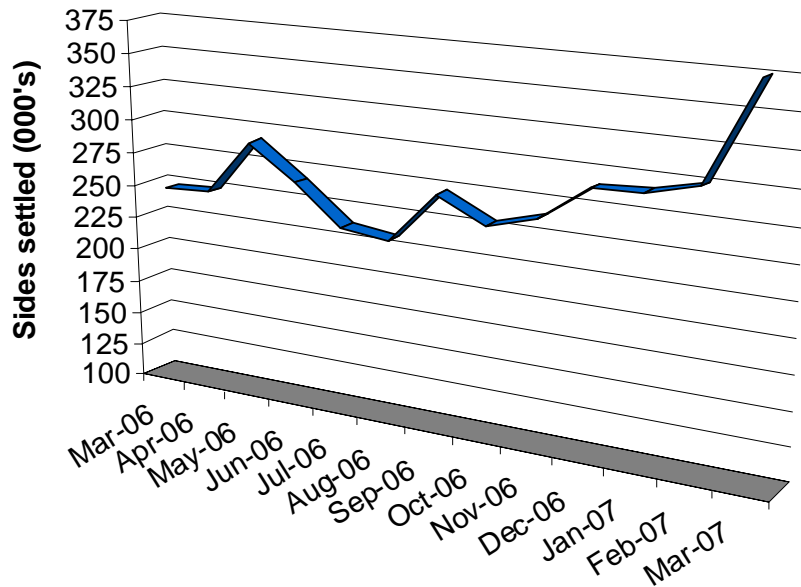
**1 April 2007
Total: 1042**



CLS growth driven by new participants, new currencies and increased usage by existing participants



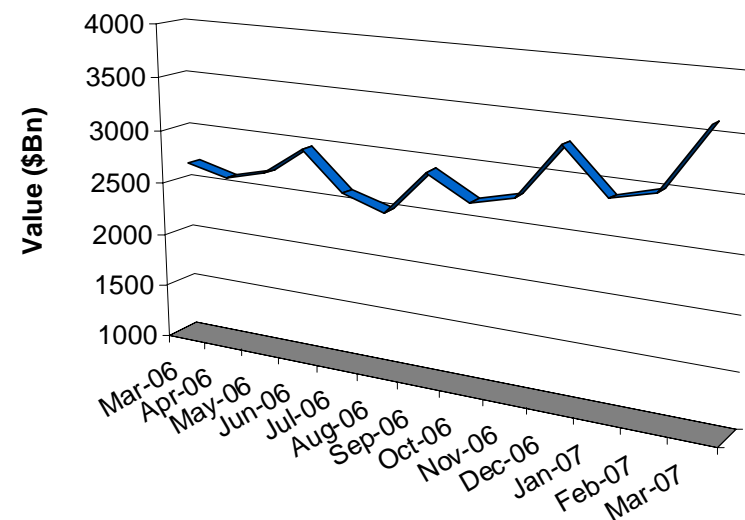
Volume



**300,000 instructions daily
(705,582 peak day)**

**\$3 trillion daily
(\$6.62 trillion peak day)**

Value



CLS – Resilient Infrastructure



- Duplicated all systems
- Separated by geography (*complete end 2007*)
- Proven contingency arrangements
 - RTGS interfaces
 - SWIFT connectivity
 - Member contingency arrangements
 - Standalone Settlement Utility – *NEW*

CLS data & command centres around the world



Tools for Failure Management



- Extend deadlines
- Act on behalf of
- Address funding & liquidity
- Intervene in Market

1 - Extend Deadlines



- ▶ Allow time to resolve
 - ▶ CLS System issue or
 - ▶ External eventthat threatens the funding and settlement process

- ▶ Defer
 - ▶ CLS internal deadline and/or
 - ▶ RTGS opening hours

2 – Act On Behalf Of



- CLS Operations act on behalf of members to enter:
 - In-Out Swap instructions
 - Standard FX instructions

- Force manual settlement after normal settlement window

3 - Address funding & liquidity



- ▶ Ensure settlement
 - ▶ Pay-in call
 - ▶ One-shot funding
 - ▶ Increase Short Position Limit – *NEW, under consideration*

- ▶ Ensure pay-out
 - ▶ Reduce Short Position Limits (Settlement against direct currency funding)
 - ▶ Call on Liquidity Providers

4 - Intervene in Market



- ▶ Suspend Member
- ▶ Suspend Currency
- ▶ Declare Short Notice Bank Holidays (Settlement Deferral).
 - ▶ single or multi-currency
 - ▶ only if no possibility of settling in the currency

Future extensions



- Improve communication
 - Establish a Crisis Communication Protocol
 - ▶ Internal crises
 - ▶ External crises
 - Will include regional FX industry groups as appropriate
- Model and analyse credit-related events
 - At a Nostro
 - At an RTGS

Conclusions



- Duplicate systems
- Develop a suite of failure management tools and procedures
- Test contingency scenarios regularly
 - Internally and with customers
- Analyse varied scenarios

Any failure will be unique – manage it using available tools