

Factsheet

Cash Flow Netting module

Confirmation Matching Service (CMS) Cash Flow Netting module helps to mitigate your risk by electronically confirming your netting values prior to settlement.

CMS can automatically net your Foreign Exchange (FX) and Money Market (MM) payable and receivable amounts by currency, counterparty and entity according to the date the payments need to be made – aligning with your settlement process.

As you know, the manual steps in the settlement process are fraught with risk, such as missing payment cut-off times, paying funds to the wrong account and accidentally sending multiple payments.

This module automates the aggregation of your matched FX (MT 300) gross and, if needed, FX option (MT 305) gross trades. MM (MT 320) gross trades are aggregated separately. CMS can then electronically confirm the nets with your counterparty, thereby assuring your netting values are paid/received on time, are the correct amounts and are made to the correct accounts.

Cash flow netting allows you to define by currency, a payment cut off day(s) and time in the maintenance screen. This means you can see when the payment needs to be made, prior to the value date, to help avoid late payment fees. A bank holiday maintenance screen helps you to avoid invalid trading days by allowing you to create bank holiday templates. They can be created to account for your own bank holidays and for your counter parties, according to the country and region they reside in.

These templates can then be applied to each currency in the payment cut off maintenance screen. If the payment date lands on an invalid trading day, the next earliest valid trading day will be selected as the payment date.



// *Cash flow netting ensures that payments are initiated in time to make the value date."*

The cash flow netting module allows you to automatically enrich your net trade with your settlement instructions using Corporate Instructions (CI).

The whole process can be completely automated using our API – from the creation of nets to the enrichment of the SSIs.

How it works

In the Cash Flow Netting Summary screen, you can see the automatic aggregation of trades available for netting. You can then create and allege them to your counterparty. You can also easily see the confirm status of the nets.

Additional features for you to use are viewing the underlying trades, modifying instructions, adding comments and cancelling nets (if needed).

You can decide which underlying trades to include or exclude from the net and then allege the cash flow net to your bank counterparty.

Your bank counterparty can review and either confirm or reject the net you've alleged to them.

As shown in the following screen shot, comments can be added to each net and be read by both parties to help in communication and clarification.



Payable currency nets are automatically enriched with your broker's Standard Settlement Instructions (SSIs) if they have active instructions stored in CMS's SSI module. Receivable nets will also be enriched with your active CIs if you've entered them.



If you are managing the sell instructions on your counterparty's behalf in our CI module, the system will automatically enrich the payable currency net with the active sell CI if no active stored counterparty SSI exists.

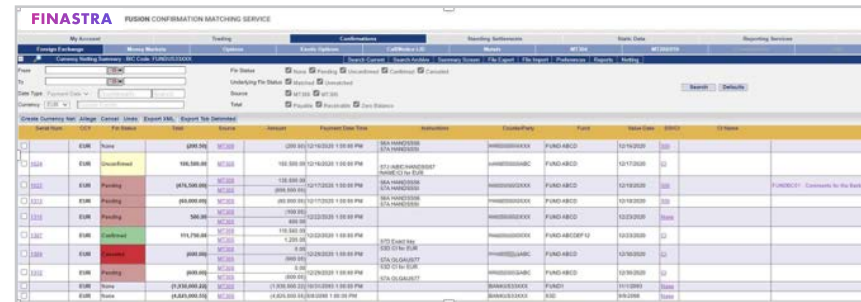


Cash Flow Netting functionality can be fully automated using the CMS Web API. This includes creating, updating instructions, alleging, cancelling and confirming Cash flow nets. This will help to significantly reduce your time consuming and error prone manual processes.



The Cash Flow Netting Summary screen shown below allows you to manage your cash flow netting workflow. It automatically aggregates and displays trades available for netting, allowing you to create and allege them to your counterparty.

You can easily see the confirm status of the nets and may also use additional features such as viewing underlying trades, modifying Instructions, adding comments and cancelling nets (if needed).



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