

Clearstream

Banking services – Foreign Exchange (FX) services

Product information

Gear up to manage Emerging Market currencies

Key benefits

Stability

By preserving the anonymity of its underlying customers, Clearstream operates as a neutral and highly regulated market infrastructure, who complies with market conformity while fostering market stability.

Transparency

Clearstream seldom does proprietary FX trading, ensures best execution, hence is less exposed to conflicts of interest.

Operational efficiency

In addition to its robust and risk mitigating post trade processes, Clearstream offers state of the art connectivity tools to enhance the customer's experience for an efficient liquidity and currency management.

The growing importance of investing in Emerging Markets (EM) requires access to liquidity across time zones as well as reliable strategies and tools to manage market exposures. Alongside our global market expansion to EM, we have enhanced our Foreign Exchange (FX) service capabilities to deliver greater flexibility and certainty for FX transactions in these currencies.



Compared to G10 currencies, most EM currencies are subject to restrictions related to their conversion. Local governments have adopted a regulatory regime with the aim to ensure financial stability while protecting their currencies from massive capital outflows in case of economic shocks.

Despite this stringent regulatory framework, EM exchange rates may suffer severe swings due to financial market volatility resulting from the joint impact of international and domestic factors.

Greater portfolio diversication

Investing in EM is seen by portfolio managers as a tool to create greater portfolio diversification and benefit from higher expected returns on investments. However, investing in financial instruments denominated in foreign currencies comes with inherent risks, including the currency risk linked to the volatility of exchange rates.

Ease your currency risk management

Portfolio managers have developed strategies to hedge the currency risk and avoid any overexposure to risky currencies through a combination of options and futures contracts.

Unfolding these strategies for each individual EM currency might become costly and inefficient. The operational execution of such risk hedging strategies does furthermore not by-pass the local regulation that involves a certain level of administrative effort (e.g. providing a proof of transaction confirmation to the local authorities) to allow the currency conversion.

Mitigate currency risk

To support customers in deploying their currency risk hedging strategies, Clearstream offers a suite of FX services to facilitate the currency risk management.

Clearstream offers a centralised connection to 60 domestic markets, with 45 settlement currencies and 41 currencies eligible for FX services.

Eligible currencies for the Automatic FX service, case-by-case and FX services for securities settlement instructions are shown below¹.

Clearstream's FX service offering at a glance

Your requirements	Our solution	Our role
Automate your transactions related to the purchase or sale of securities, funds units, custody proceeds, interest charges or standard monthly fees	Automatic FX Services – for custody proceeds – for interest charges – standard monthly fees	Clearstream acts as Agent, executing orders on your behalf
Initiate your own FX transactions and manage your foreign currency position	FX for securities settlement instructions	Clearstream acts as Agent, executing orders on your behalf
	FX on request with Clearstream	Clearstream acts as Principal

AED, AMD, AUD, BGN, BHD, CAD, CHF, CNY, CZK, DKK, EUR, GBP, GEL, HKD, HRK, HUF, IDR, ILS, ISK, JPY, KZT, MXN, MYR, NOK, NZD, OMR, PEN, PHP, PLN, RON, RSD, RUB, SAR, SEK, SGD, THB, TRY, UAH, USD, UYU, ZAR.

How to subscribe

Customers can subscribe to the Automatic FX services by submitting a completed FX application form available on our website under Banking Services.

Communication media

Customers must submit FX instructions using any of the following media:

- free format message in the Xact Web Portal, or
- send a SWIFT MT299 for the attention of Forex

For SWIFT ISO 15022, the FX request must be added in the field :11A: of against payment securities settlement instructions.

¹ The list of eligible currencies may be modified at any time without prior notification by Clearstream depending on market conditions.

Contact Information

For further information, please contact your Relationship Manager.

www.clearstream.com