

R⁵C3

CENTRAL CREDIT & CLEARING

Responding to Changing Credit Profiles and Increased Regulation.

R5C3 provides clients with choice:

- A Choice of Clearing or Credit Models
- A Choice of Netting services
- A Choice of Settlement methods
- A Choice of Blockchain Technologies
- A Choice of OTC or Exchange prices

Change is coming to the FX market.

Upcoming regulation in the form of MiFID II and BCBS 270 (under Basel III) aims to increase market transparency, which will have a significant impact on the FX market.

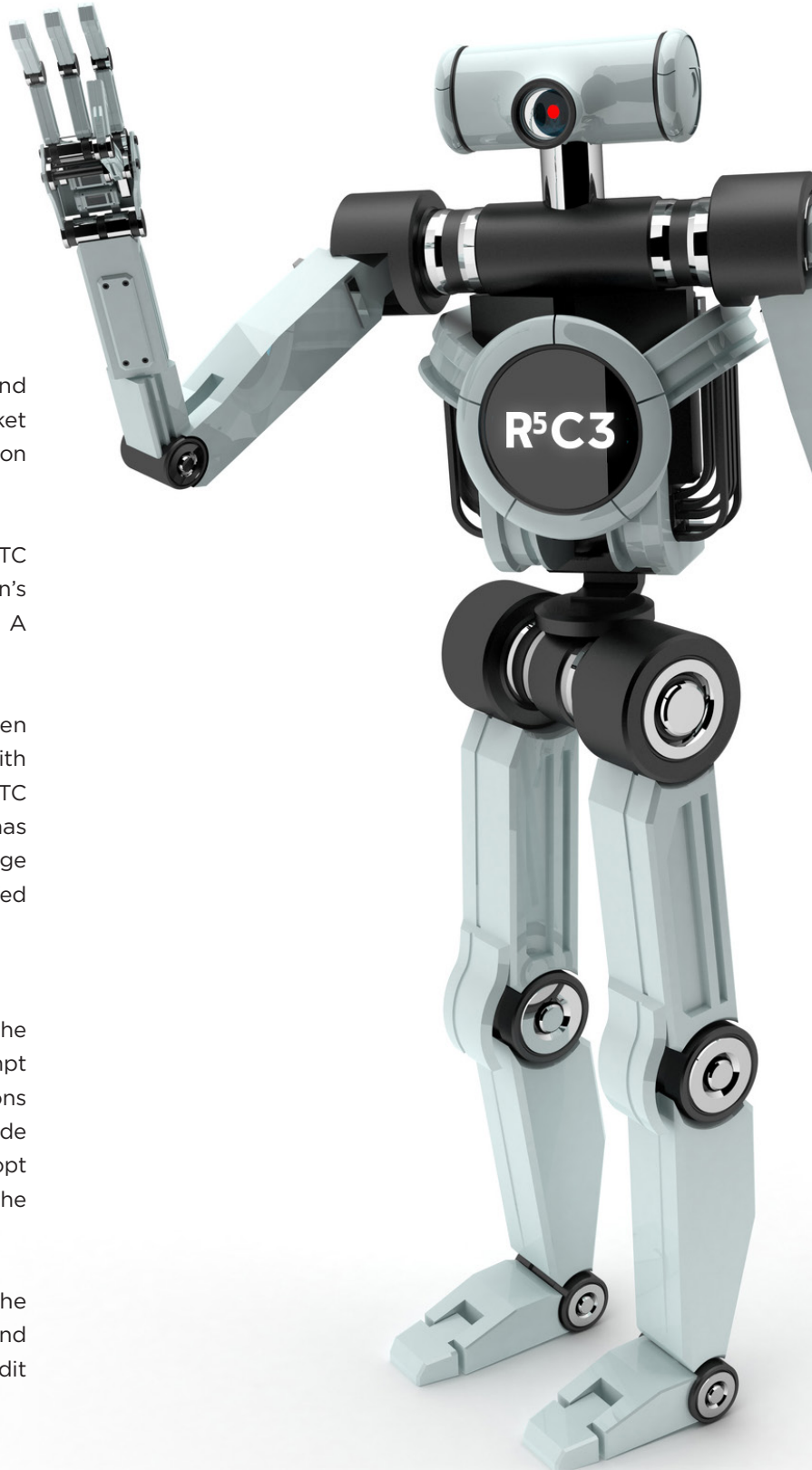
This shift will be seen in market structure, in both OTC and Exchange trading, in clearing, and in institution's appetite to make markets and warehouse risk. A fundamental change is on the way.

In the past, the wholesale FX market has been limited to a defined universe of counterparties, with liquidity fragmented between two distinct areas, OTC and Exchange trading. Local exchange trading has grown in recent years, with many establishing a large presence, but to date exchange trading is still dwarfed by OTC volumes.

The FX market continues to evolve.

Increased regulation is generating more interest in the clearing of FX trades. Even though spot FX is exempt from current regulation, there are many organisations that are considering clearing their FX trades alongside other mandated products. The benefit is that they adopt just one process, and maximise margin offsets in the process, potentially reducing the cost of credit.

In response to regulatory requirements, and the increasing cost of capital, there is a growing demand from the buy-side and sell-side for a new hybrid credit and clearing model.



THE eMERGING MARKET PLACE

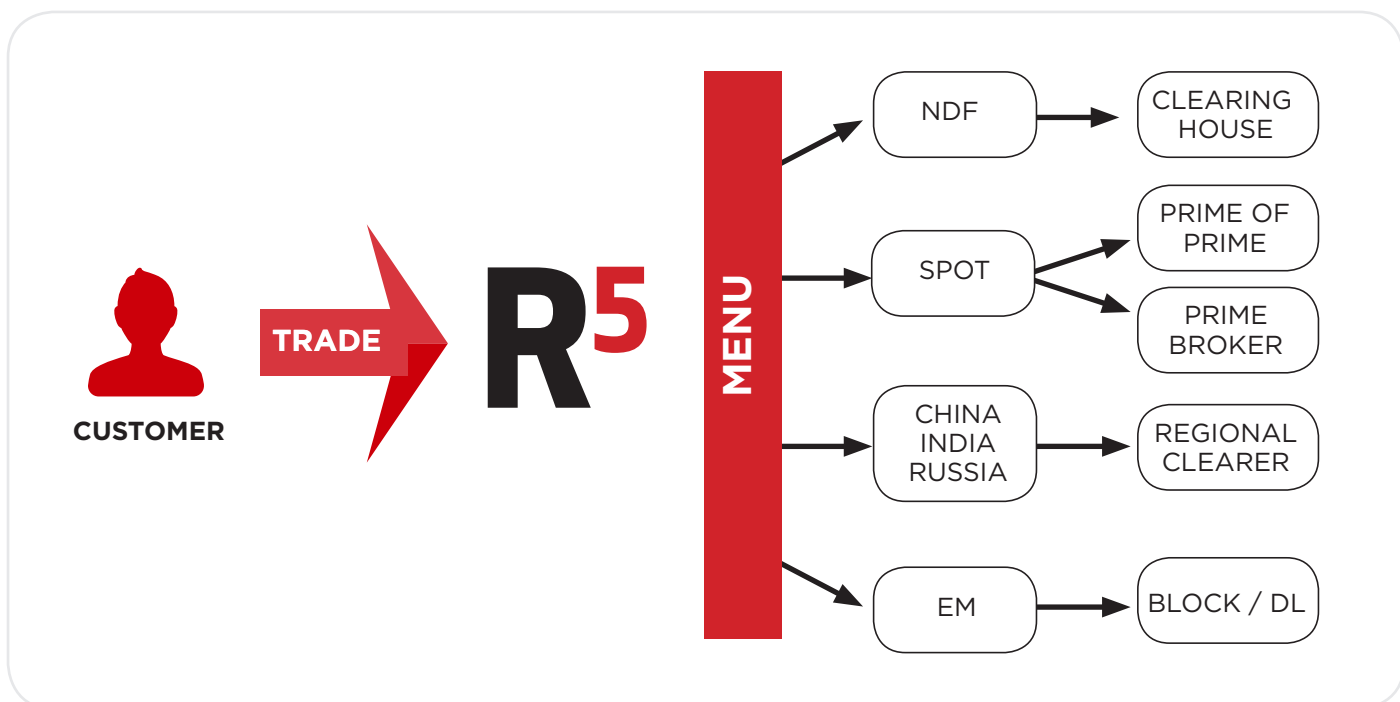
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Although still relatively new, a Central Credit and Clearing (C3) model is evolving, supporting All-to-All trading in both OTC and Exchange flows, enabling Clearing and Netting functionality. C3 gives clients a choice of what liquidity sources they access and how specific trades are routed post trade.

C3 is in production at R5, the emerging markets FX marketplace. To date, the need for C3 has been greatest in emerging markets, which often have relatively small and illiquid trading pools. By increasing access to clearing and settlement services, R5C3 enables clients to choose how trades are dealt with in the middle- and back-office, providing increased credit efficiency.




R5C3 also increases access to trade with an expanded group of counterparties without the need for bilateral collateralisation and brings together Exchange and OTC flows on one platform.

R5C3 clients use the same platform to trade, then select from a menu to choose how to clear and settle, automatically routing trades to clearing houses, prime brokers, prime of primes, regional clearers and Blockchain/DLT. R5 is also working with new emerging technologies, which will be added to R5C3 in the future.










AVAILABLE IN SPOT & eNDF PAIRS







LATAM

-  BRL - Brazilian Real
-  COP - Colombian Peso
-  CLP - Chilean Peso

ASIA

-  TWD - Taiwan Dollar
-  CNY - Chinese Renminbi
-  IDR - Indonesian Rupiah
-  INR - Indian Rupee
-  MYR - Malaysian Ringgit
-  PHP - Philippine Peso
-  KRW - Korean Won

SPOT

-  CNH - China
-  RUB - Russia
-  TRY - Turkey
-  ZAR - South Africa
-  MXN - Mexico
-  THB - Thailand