

CLS and Non-CLS Pairs

PFI can elect to include/exclude different currency pairs/products from the credit lines they extend to clearing counterparties in any combination of the following groups:

- CLS pairs (<http://www.cls-group.com/ABOUT/Pages/Currencies.aspx>)
- Non-CLS pairs
- Metals (Gold, Silver, Platinum and Palladium)
- Forwards

Each PFI can maintain only one limit against each counterparty PFI, and can choose among the currency/product groups above. It is not currently possible to manage four discrete limits for each currency pair/product categories in parallel.

Note that there is no change to the credit structure/management process for Forwards trades.

Exposure Calculation

Cboe FX calculates currency exposure trading by breaking down positions in different pairs into individual currencies to arrive at the net position per currency. Cboe FX then uses the sum of the USD equivalent of all short positions, including the USD position if it is short, to determine exposure. Cboe FX uses the current midpoint rate in the Cboe FX marketplace in all calculations. Examples below:

#	Currency	Currency Amount	Rate	Counter Currency	Counter Amount
1	EUR	(6,455,244.50)	1.549128	USD	10,000,000.00
2	USD	(10,000,000.00)	96.867461	JPY	968,674,610.00

In this example the net positions are:

- EUR (6,455,244.50)
 - JPY 968,674,610.00
 - USD flat
- Exposure = SUM (USD equivalent of short positions) =
(USD rate * EUR 6,455,244.50) = USD 10,000,000.00

#	Currency	Currency Amount	Rate	Counter Currency	Counter Amount
1	EUR	10,000,000.00	1.510423	CHF	(15,104,230.00)
2	USD	(12,500,000.00)	0.996382	CHF	12,454,775.00
3	EUR	(10,000,000.00)	134.195165	JPY	1,341,951,650.00
4	USD	12,500,000.00	96.867461	JPY	(1,210,843,262.50)

In this example the net positions are:

- EUR flat
 - USD flat
 - CHF (2,649,455)
 - JPY 131,108,387.50
- Exposure = SUM (USD equivalent of short positions) =
(USD rate * CHF 2,649,455) = USD 2,639,869.27

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