

LCH ForexClear

A Global Leader

LCH The Markets' Partner

ForexClear

LCH ForexClear is LCH's foreign exchange clearing solution for deliverable and non-deliverable FX products. As a leading provider of OTC FX clearing services, ForexClear works closely with market participants to develop innovative products that meet the growing global demand for OTC FX clearing, delivering capital, margin and operational efficiencies, and enhanced risk management.

FOREXCLEAR AT A GLANCE

Volume, Partnership and Product Offering

\$112 bn

notional average daily volume (ADV) cleared across all ForexClear services (March 2022)

19

of the top 20 FX banks are ForexClear members and clients

20

clearing brokers offering client clearing (including 6 currently onboarding)

26

non-deliverable forward currency pairs (16 Emerging Market and 10 G10 pairs)

9

non-deliverable option currency pairs (4 Emerging Market and 5 G10 pairs)

8

deliverable currency pair clearing in Spot, Forwards and Options

Availability

24

hours



Tenors

1

day out to

5

years¹



¹For specific currencies only

KEY BENEFITS

ForexClear is supported by global regulatory encouragement to clear OTC FX derivatives and delivers the following benefits to participants:

Margin Reductions

01. Potential for lower margin requirements than bilateral margin for products subject to UMR, as well as through multilateral netting
02. No requirement to rely on uncleared margin models

Capital Optimisation

01. SA-CCR reduction through multilateral netting and settlement-to-market (STM) benefits
02. Reduction in RWAs resulting from lower risk weightings for CCP exposure
03. Improved leverage ratio impact
04. Reduction in gross notional, and further reduction in capital requirements, through unilateral (solo) compression

Operational Efficiencies

01. Reduction in bilateral credit line usage
02. Single margin model
03. One price, one payment
04. No disputes on initial and variation margin prices
05. Reduced operational risk

LCH FOREXCLEAR VOLUMES – ALL SERVICES

ForexClear continues to see strong growth and participation in cleared deliverable and non-deliverable FX volumes. In Q1 2022, the service cleared a record \$6.5 trn in total notional, 19% higher than the previous record in Q3 2021, with an average daily volume (ADV) of \$102 bn – the first time over \$100 bn ADV has been cleared in a single quarter.

Total Service Volumes



DELIVERABLE FX CLEARING²

In collaboration with CLS and major market participants, ForexClear pioneered the clearing of deliverable FX. In Q1 2022, a record \$186 bn in FX Options notional was cleared in the service – evidence of the growing momentum in deliverable clearing volumes.

FX Options Volumes



²FX Deliverable service is currently only available to Clearing Members

COMING SOON

Global demand for cleared deliverable OTC FX derivatives is rising, as market participants seek effective ways to reduce their margin and capital costs across their entire FX portfolio. ForexClear is developing a selective deliverable FX Forwards and FX Swaps portfolio clearing process we call 'Smart Clearing', to help maximise capital benefits without impacting initial margin.

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