

Onboarding Quick-Start Guide

Non-Deliverable Service

LCH The Markets' Partner

ForexClear

This quick-start guide provides a high-level view of what is required in order to start clearing OTC Non-deliverable Forwards (NDFs) and Non-deliverable Options (NDOs) with ForexClear, whether you're looking to join as a direct Clearing Member (FXCCM), Futures Commission Merchant (FCM), or client.

WHY FOREXCLEAR?

ForexClear is LCH's market leading FX clearing service.

ForexClear clears over **97 percent** of the cleared NDF market, which includes the most actively traded currencies in the marketplace.

01.

Award-winning, market-leading FX clearing service

02.

Global offering including **12** emerging market (EMTA) currencies and **12** Non-EMTA currencies for NDFs and **9** NDO CCY pairs with 24-hour/5.5-days-a-week service



03.

Real-time liability vs. collateral position

04.

Margin segregation between house and client accounts

05.

Full suite of reporting and service MIS to support customer audit and reconciliation requirements

GETTING STARTED

Onboarding onto ForexClear is an expected three-month cycle. This is dependent upon the level of independent testing you wish to conduct as well as meeting each of the below key principles that this document will discuss.

GO-LIVE TIMELINE—CLEARING MEMBERS AND FCMS

Weeks 1–8		Weeks 8–10	Weeks 10–12
LCH Membership Documentation and Approval	Connectivity and Build	Scripted BAU and Default Management Testing	Go-Live

01.

Clearing Choices

Whether you wish to clear your own interbank business, clear on behalf of clients or act as a client yourself, there are membership options available:

- 01. ForexClear FX Clearing Member (FXCCM)**
 - Clearing your own house business
 - Clearing your client business via a choice of Individually Segregated Accounts (ISA) and Net/Gross Omnibus Segregated Accounts (OSA)
- 02. ForexClear FCM Clearing Member (FCM)**
Clearing client business on behalf of clients under the LSOC structure
- 03. ForexClear Dealer (FXD)**
Registering trades in ForexClear via a clearing agreement with an FXCCM
- 04. ForexClear Client**
Clearing as a client through a ForexClear Clearing Member or FCM



02.

Documentation

Depending on membership type, listed are some of the main legal and operational documents you may expect to complete as part of the ForexClear onboarding process.

- 01. Clearing Approval Letter**
Application to clear ForexClear transactions
- 02. ForexClear Legal Opinion**
Independent legal opinion provided by an external legal advisor practicing in the relevant jurisdiction
- 03. NDF Master Confirmation Agreement**
Master Agreement for NDF FX transactions between LCH and the Member
- 04. PPS Mandates**
Requirements for setting up Protected Payments System (PPS) bank accounts in the UK and US
- 05. Clearing Member Static Data Form**
Details of Member BIC and regulatory reporting identifiers



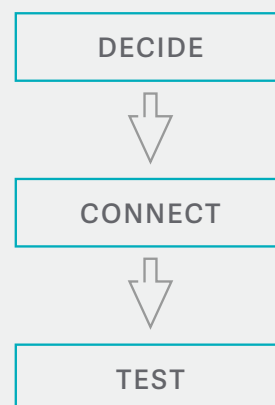
Further testing and connectivity-related documentation is provided throughout the onboarding process to ensure you are fully set up and ready to go-live.

03.

Connectivity

Connectivity is integral to using ForexClear. To get started, you will need to decide on your chosen method of connectivity.

01. Connectivity via middleware providers and SEFs for trade submission and clearing broker take-up/give-up
02. Direct connectivity to ForexClear via Clearlink for clearing broker notification/take-up/give-up



04. Reporting

ForexClear provides extensive intraday and overnight reporting to enable your operations, risk and treasury staff to fully reconcile all trade, liability and accounting positions. Our reports are accessed via SFTP and a web-based GUI.

01. **SFTP**
Connectivity via Internet or BT Radianz will be required to SFTP our suite of reports
02. **Secure Area**
Users can access our service documentation and real-time margin simulation
03. **Portal**
In this web-based GUI, users can log in and physically download reports as needed



LCH Reports Portal Tool

- Access to ForexClear market data reporting
- All reporting available at account, client and fund level

Report Type	Description
Margin Reports	Full margin liabilities detailed at account, client and fund level
Trade Reports	Detailing member trading events and positions at individual trade level
Trade Fixing & Settlement Reports	Detailing of fixed trades and settlement amounts, along with VM paid/received to date at trade, account and fund level
Collateral Usage Information	Real-time information on Member liability vs. total collateral
Market Data Reports	Regularly scheduled market data reports detailing market data shifts for each historic scenario
Banking (Treasury) Reports	Treasury reports detailing cash postings, account movements and collateral

05. Testing

Once connectivity is fully established, our dedicated testing team will guide you through each stage of the testing process. This includes scripted "business as usual" and scripted default management testing to ensure you are ready to begin clearing your OTC FX derivatives with ForexClear.

Testing Outline
Fully scripted tests provided to every Member
All BAU scenarios covered
Member reporting validation
Client portability
Full default management initiation, auction and bid valuation

06. Go-Live

Several go-live checks are completed within ForexClear to ensure you are fully set up and familiar with the service, and have submitted your default fund contribution.

In depth training is available across all of your global locations, ensuring all operational and risk management staff are able to manage ForexClear at all levels.



Training Outline

Operations	Risk Management and Margining
Clearing Function and Matching	Margin Types
24-Hour Operating Model	Margining Methodology (VaR)
Trade Lifecycle Events	Risk Reports
Future Developments	Default Management Process
Treasury Operations and Banking Reports	Collateral Lodgement and Withdrawal Procedures
The role of LCH Collateral Operations	Acceptable Collateral
Protected Payment System (PPS) Process	Regulation
Banking Reports	Collateral Management System
	Collateral Reports

CONTACT US

Clive Hadingham

Head of FX Sales

Email clive.hadingham@lseg.com

Mobile +44 (0) 7980 775371

Phone +44 (0) 20 7426 7631

Email globalforexclearsales@lch.com

Website lch.com/services/forexclear

Twitter [@LCH_Clearing](https://twitter.com/LCH_Clearing)

DISCLAIMER This document has been provided to you for informational purposes only and is intended as an overview of certain aspects of or proposed changes to the SwapClear, ForexClear, Listed Interest Rates, SwapAgent and/or any other service provided by LCH Group Holdings Limited ("LCH Group") or any of its group undertakings (group undertakings shall be construed in accordance with section 1161 of the Companies Act 2006; each an "LCH Group Company"). LCH Limited is supervised by the Bank of England within the UK regulatory framework, registered as a derivatives clearing organisation with the U.S. Commodity Futures Trading Commission ("CFTC") and recognised as a third-country CCP under Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("EMIR"). LCH SA is regulated and supervised in France by the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the Banque de France, authorised as an E.U. CCP under EMIR, registered as a derivatives clearing organisation with the CFTC and as a clearing agency with the U.S. Securities and Exchange Commission. LCH Limited and LCH SA also hold licenses in other jurisdictions in which they offer their services. More information is available at www.lch.com. The relationship of an LCH Group Company with its members is governed solely by its rulebook and certain other ancillary documentation, as applicable. This document does not, and does not purport to, contain a detailed description of any aspect of a service provided by an LCH Group Company or any other topics discussed in this document, and it has not been prepared for any specific person. This document does not, and does not seek to, constitute advice of any nature. You may not rely upon the contents of this document under any circumstance and should seek your own independent legal, investment, tax and other advice. The information and any opinion contained in this document does not constitute a recommendation or offer with respect to any derivative contract, financial instrument, security or service. No LCH Group Company makes any representation, warranty, condition or guarantee (whether express or implied) that the contents of this document are accurate, complete or up-to-date, and makes no commitment to offer any particular product or service. No LCH Group Company shall have any liability for any losses, claims, demands, actions, proceedings, damages, costs or expenses arising out of, or in any way connected with, the information contained in this document, except that each LCH Group Company accepts liability that cannot be excluded by applicable law. Copyright © LCH Limited 2022. All rights reserved. SwapClear, ForexClear and SwapAgent are registered trademarks of LCH. The information contained in this document is confidential. By reading this document, each recipient agrees to treat it in a confidential manner and will not, directly or indirectly, disclose or permit the disclosure of any information in this document to any other person (other than its regulators or professional advisers who have been informed of the confidential nature of the information) without the prior written consent of LCH Group Company.