

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



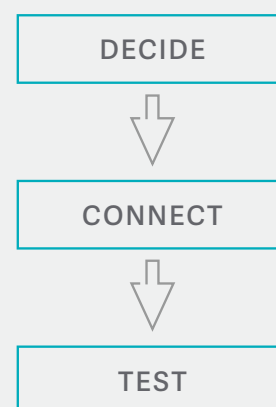
Further testing and connectivity-related documentation is provided throughout the onboarding process to ensure you are fully set up and ready to go-live.

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

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