

# Onboarding quick-start guide

## Non-deliverable FX

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 are looking to join as a ForexClear Clearing Member (FXCCM), with the ability to offer client clearing under the International Clearing Model (ICM), a Futures Commission Merchant (FCM), or a client.

### Why ForexClear?

ForexClear is LCH's market leading FX clearing service. ForexClear clears over 95% 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 25 NDF CCY pairs (11 Emerging Market and 14 G20 pairs) and 9 NDO CCY pairs (4 EM and 5 G10) with 24-hour/5.5-days-a-week service



#### 03.

Real-time liability vs. collateral position

#### 04.

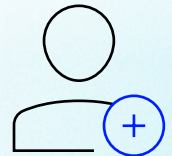
Margin segregation between house and client accounts

#### 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 – FXCCM, ICM or FCM

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:

### A. ForexClear FX clearing member (FXCCM)

Clearing your own house business.

### B. ForexClear dealer (FXD)

Clear as affiliate or branch entity via a clearing member (FXCCM)

### C. ForexClear client

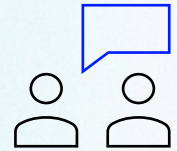
Clearing as a client through a ForexClear Clearing Member (ICM or FCM)

### D. ForexClear clearing member (LSOC)

Clearing client business on behalf of clients under the LSOC structure

### E. ForexClear FX clearing member (ICM)

Clearing client business on behalf of clients under the EMIR account structure (ISA, OSA Net/Gross)



# 02a.

## Documentation – clearing member

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

### A. Clearing approval letter

Application to clear FX trades at ForexClear

### B. ForexClear legal opinion

Independent legal opinion provided by an external legal advisor practicing in the relevant jurisdiction

### C. NDF master confirmation agreement

Master agreement for NDF FX transactions between LCH and the member

### D. Banking arrangements

Requirements for setting up Protected Payments System (PPS) bank accounts in the UK and US

### E. Clearing member static data form

Details of Member BIC and regulatory reporting identifiers

### F. ISDA master agreement and schedule

### G. Contacts form

Details of operational contacts

### H. Super user form

For access to the LCH portal



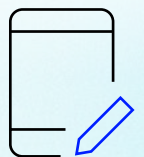
# 02b.

## Documentation – client

Clearing broker to complete an application to onboard a client. Application templates are available on the LCH Portal:

[ForexClear - Onboarding - FCM](#)

[ForexClear - Onboarding - ICM](#)



# 03.

## Connectivity

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

### A. Decide

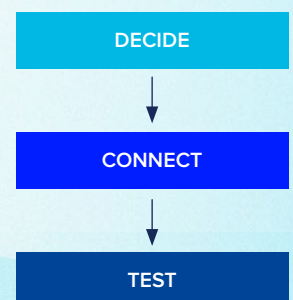
Connectivity via middleware providers and SEFs for trade submission and Clearing Broker take-up/give-up

### B. Connect

Direct connectivity to ForexClear via Clearlink for Clearing Broker notification/ take-up/give-up

### C. Test

Clearlink technical specification available on the LCH portal: [Clearlink Specification](#)





# 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.

### A. SFTP

Connectivity via Internet or CMC will be required to SFTP our suite of reports

### B. Portal

- Users can access our service documentation
- In this web-based GUI, users can log in and physically download reports and access real-time margin simulation tool as needed

#### LCH REPORTS PORTAL TOOL

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

Report type	Description
Risk and margin reports	Margin liabilities detailed at account, client and fund level
Trade reports	Member trading events and positions at individual trade level
Trade fixing and settlement reports	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

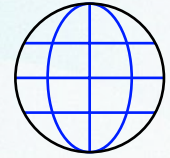
- Fully scripted texts provided to every member
- All BAU scenarios covered
- Member reporting validation
- Client portability
- Full default management initiation, auction and bid valuation



# 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 (DF) contribution.
- In depth training is available across all of our 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 functioning 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



**LSEG** POST  
TRADE

### Contact us

Email [lchsales@lseg.com](mailto:lchsales@lseg.com)

Website [lch.com/services/forexclear](http://lch.com/services/forexclear)

Sign up for the latest news and insights from ForexClear: [lch.com/services/forexclear/resources](http://lch.com/services/forexclear/resources)

## 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, 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 S.A. 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 S.A. also hold licenses or authorisations in other jurisdictions in which they offer their services. More information is available at [www.lch.com](http://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 2024. All rights reserved. Copyright © LCH S.A. 2024. All rights reserved. LCH SwapClear, LCH CDSClear, LCH ForexClear, LCH RepoClear, LCH EquityClear, LCH SwapAgent and €GCPlus are registered trademarks of LCH.