

ForexClear quick-start guide

For Approved Trade Source (ATS) connectivity

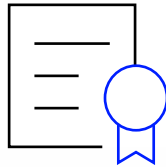
This quick-start guide provides an overview of the requirements for connecting your ATS to LCH ForexClear, either directly or via a Middleware platform.

Why ForexClear?

ForexClear is LCH's market leading FX clearing service. ForexClear covers 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, with 24-hour/5.5-days-a-week service.



Getting started

First, you will need to decide how you would like to connect to ForexClear:

DIRECT

Connect to ForexClear via ClearLink

INDIRECT

Connect to ForexClear via a middleware provider

Connecting to ForexClear as an ATS takes approximately three months, from initiation to go live. The exact timing is dependent upon the level of independent testing you wish to conduct as well as upon meeting each of the key milestones, which will be discussed in more detail in the sections to follow.

01. **Initiation and documentation**

02. **Connectivity and build**

03. **Testing**

04. **Approval and go-live**



Go-live timeline

Weeks 1–8		Weeks 8–10	Weeks 10–12
LCH documentation	Connectivity and build	Testing	Approval and go-live

Initiation and documentation

Our product and onboarding teams will help get you started, providing full details on all the steps required to go live. Whether you connect to ForexClear directly or indirectly, you will need to complete the following legal and operational documents as part of the ForexClear ATS onboarding process:

ATS CONNECTION DOCUMENTATION

Document	Description
Non-disclosure agreement (NDA)	Legal confidentiality agreement between LCH ForexClear and ATS
Clearing services agreement (CSA)	Legal agreement between LCH ForexClear and ATS
Joint operating procedures	Addendum to CSA detailing principles around operating procedures and SLAs that must be adhered to
Super user form	Form to enable a participant to be set up with portal access to view technical specification documentation
BCP procedures	Business continuity/disaster recovery outline, if connecting directly
Static data form	ForexClear venue onboarding questionnaire

ATS's connecting to ForexClear will also be subject to internal approval from LCH as well as approval from the relevant regulatory bodies.

Connectivity and build: Direct connectivity

Choosing a direct connection will allow you to submit trades for clearing directly into ForexClear via the LCH ClearLink API.

Direct connectivity on the ClearLink API is supported over MQ. To help fully integrate your connection, ForexClear will provide:

- Full messaging and product specifications
- Structured testing to rigorously check your messaging build
- Technical support as needed

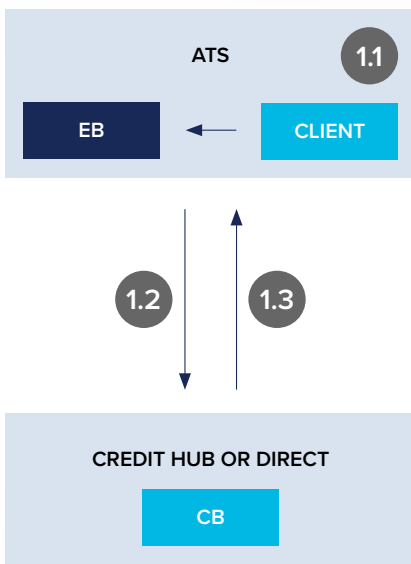
A direct connection to ForexClear allows you to benefit from:

- Direct queues into the clearing house
- No additional Middleware provider fees
- Lower latency due to omission of Middleware
- Incident management procedures between ForexClear and your organization, reviewed on a regular basis

Direct Connectivity to ForexClear is established in accordance with our ClearLink specification, available on the LCH Knowledge Centre [here](#).

01.

Pre-trade credit check*

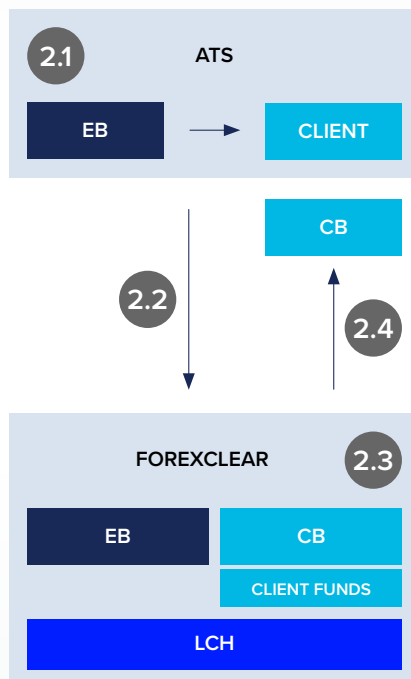


- EB** Execution Broker
- CB** Clearing Broker

- 1.1** Price taker (Client) submits order to ATS along with CB and CCP selection.
- 1.2** If required, ATS either a) sends credit approval request to CB or b) does a credit check based on limit uploaded on behalf of CB.
- 1.3** In the case of credit approval request, the CB performs a pre-trade credit check on the client account and either accepts or rejects the trade.

02.

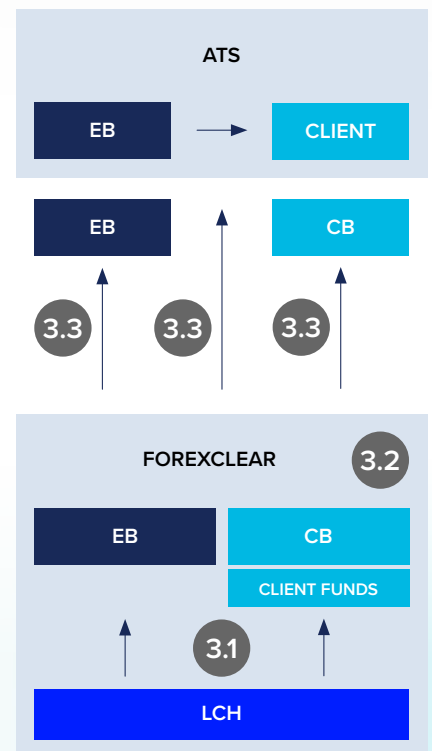
Submission for clearing



- 2.1** Price maker (EB) fills client order.
- 2.2** ATS sends matched trade direct to LCH, with CB credit token, if applicable.
- 2.3** LCH performs trade eligibility check.
- 2.4** In the case where there is no pre-trade credit check on the platform, LCH sends 'requestconsent' message to CB, to accept/reject the trade. In case of pre-credit check, CB is notified once the trade has been accepted/rejected for clearing.

03.

Clearing



- 3.1** LCH splits both sides of the trade between EB house and client fund accounts, with both facing LCH as the counterparty.
- 3.2** LCH runs incremental risk check and trade is novated or rejected for clearing. If accepted, LCH books the trades in the relative clearing account.
- 3.3** LCH sends 'clearingconfirmed' or 'clearingrefused' message to ATS, including a ForexClear unique trade identifier (UTI).

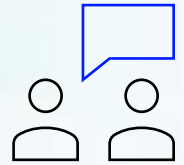
*If applicable and not participating in the ForexClear enhanced trade registration workflow

Connectivity and build: Indirect connectivity

If you choose to submit trades for clearing via a Middleware provider, you will need to establish a relationship with a ForexClear-approved provider. Middleware providers can also be used by participants to submit trades to clearing after execution, with no relationship to the execution venue. More information can be found here: [Essentials | LCH Group](#)

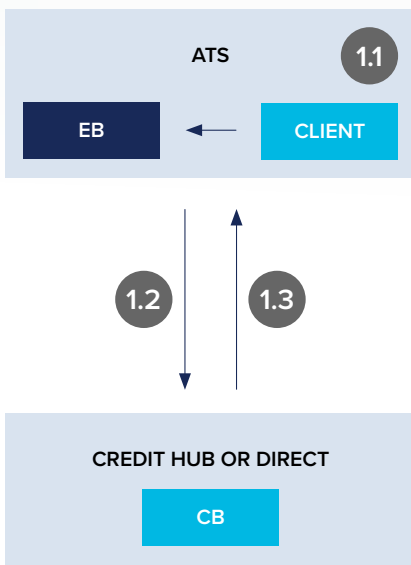
To help fully integrate your connection, ForexClear will provide:

- Full messaging and product specifications
- Technical support as needed



01.

Pre-trade credit check*

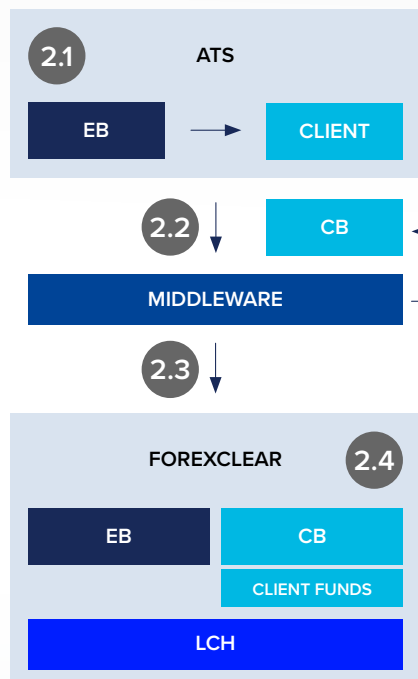


EB Execution Broker
CB Clearing Broker

- 1.1** Price taker (Client) submits order to ATS along with CB and CCP selection.
- 1.2** If required, ATS either a) sends credit approval request to CB or b) does a credit check based on limit uploaded on behalf of CB.
- 1.3** In the case of credit approval request, the CB performs a pre-trade credit check on the client account and either accepts or rejects the trade.

02.

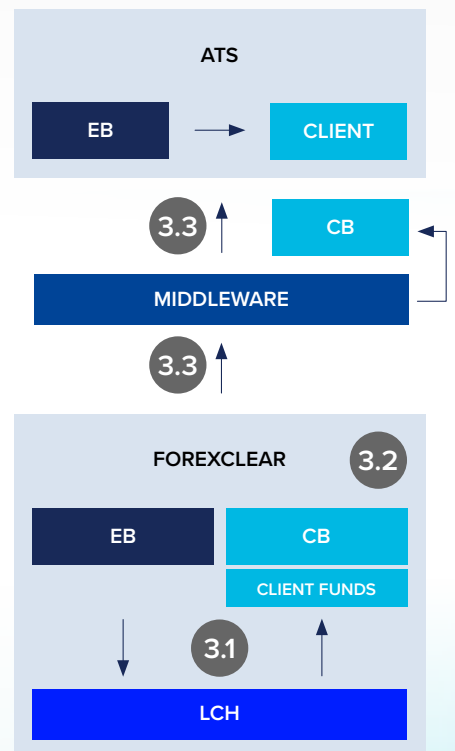
Submission for clearing



- 2.1** Trade is executed on the venue.
- 2.2** ATS sends matched trade instruction to Middleware, which will submit the trades to LCH.
- 2.3** LCH performs trade eligibility check.
- 2.4** In the case where there is no pre-trade credit check on the platform, LCH sends 'requestconsent' message to CB, to accept/reject the trade. In case of pre-credit check, CB will be notified once the trade has been accepted/rejected for clearing.

03.

Clearing



- 3.1** LCH splits both sides of the trade between EB house and client fund accounts, with both facing LCH as the counterparty.
- 3.2** LCH runs incremental risk check and trade is novated or rejected for clearing. If accepted, LCH books the trades in the relative clearing account.
- 3.3** LCH sends 'clearingconfirmed' or 'clearingrefused' message to Middleware platform, including a ForexClear unique trade identifier (UTI). Middleware platform routes message to ATS.

Testing

Once connectivity is established, our team will guide you through each stage of the testing process. We offer dedicated testing cycles to allow for easy planning and to ensure you are ready to begin clearing OTC FX with ForexClear.

TESTING OUTLINE

Direct ATS	Indirect ATS	Testing type	Description
✓	✗	Connectivity testing	Initial ping and messaging testing, build out to ClearLink specifications and physical connectivity testing.
✓	✓	End-to-end certification testing	Fully scripted, customized tests to cover all your specific business-as-usual scenarios.
✓	✗	Disaster recovery and business continuity testing	Tests performed between all data centers to demonstrate service resilience during disruption to normal business operations.

Approval and go-live

01.

ForexClear coordinates several pre-go live checks to ensure you are fully connected, static data is reconciled, and you are ready to begin trade submission.

02.

To guarantee your connectivity is fully integrated and you are ready to launch, we will conduct a final production smoke test to ensure all relevant mapping and connections are in place.

03.

Once integration is validated, and the trade source is approved by LCH, trades become fully eligible for production submission to LCH ForexClear. The ForexClear Member community is then informed that the new venue is live and available for trade submission in to clearing.



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TRADE

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