

VIA CFTC Portal

11 December 2024

Mr Christoper Kirkpatrick

Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington, DC 20581

LCH Limited Self-Certification: ForexClear Fee Changes

Dear Mr. Kirkpatrick, Pursuant to the Commodity Futures Trading Commission (“CFTC”) Regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the CFTC, is submitting for self-certification changes to the ForexClear fees that will be published on the LCH website.

Part I: Explanation and Analysis

The ForexClear service charges fees to Clearing Members in relation to their activity in eligible deliverable and non-deliverable FX products. These include fixed and variable components that are charged at the Clearing Member Corporate Group level. For more information, please see Fees | LCH Group.

Part II: Description of Rule Changes

There are no changes to the LCH Rulebook, however LCH will make changes to the fee pages on its website. Please refer to Appendix I to see all the changes in blackline. The most substantive changes have been summarised below:

Gold fee plan

- The Gold fee plans, for combined non-deliverable and deliverable FX, annual fee cap will increase by £50k from £1.95m to £2m in 2025.
- As certified last year, the Gold fee plan members can clear unlimited volume of outright Forward transactions into the Forward service for £200k. This is charged on a monthly pro-rated basis and each member will be eligible for a 3-month fee holiday period.
- All other gold plan fees remain unchanged

Silver and Bronze fee plans

- The Silver fee plan, for non-deliverable FX, will increase by £50k from £900k to £950k.
- A separate fee for non-deliverable options will be introduced for Bronze plans. This will be set at \$4 per million cleared
- Non-ETMA NDF Variable fees will also be aligned with the \$2 per million cleared ETMA fee.

Clients

- Non-deliverable FX forward client fees will be aligned with the ETMA variable fee rate of \$2 / million cleared.
- A separate fee for non-deliverable options will be introduced for client plans as with Bronze plans above. This fee will be \$4 per million cleared.

Deliverable service



- FX Options and FX Forwards fees for all fee plans will be displayed on the website (please see Appendix I for more details). However, ForexClear is currently in the process of making changes to the settlement process into Q1 2025 to further enhance clearing of deliverable FX Options, Forwards, Swaps and Spot transactions. As a result, anyone who wishes to join as an FX Option or Forward only member during that time is invited to reach out to ForexClear via the Contact Us page to better understand the implications of the enhancement.

Compression service

- The compression service will now introduce fees as follows:
 - o Variable fees of \$1 per million of notional reduced for member groups
 - o Variable client fees will be waived
 - o Annual cap reduction of \$375,000 to \$125,000 for member groups using the compression service.

Onboarding fee

- The one-off onboarding fee will continue to be \$70k per each new ForexClear Clearing Member, FCM ForexClear Clearing Member or ForexClear Dealer, and remains capped at 5 charges per Corporate Group, with subsequent entities not incurring any onboarding fees.

The new ForexClear fees will be published on the LCH website no earlier than 1st January 2025.

Part III: Core Principle Compliance

LCH reviewed the proposed changes against the requirements of the Core Principles and finds it will continue to comply with all the requirements and standards set forth therein. Specifically, these rule changes have potential relevance to Core Principle L under CFTC regulation §39.21 (Public information). The changes described in this filing ensure that LCH meets the objectives of Core Principle L on Public Information, which requires DCOs to make publicly available clearing and other fees charged to Clearing Members. Publishing the changes to the ForexClear clearing fees in a timely manner will provide sufficient information to market participants to enable them to identify and evaluate accurately the costs associated with using its services. The above changes have also been discussed with the existing Clearing Members during a consultation period.

Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at: [Proposed Rule Changes | LSEG](#).

Part V: Opposing Views

There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participants. Certification LCH hereby certifies to the CFTC, pursuant to the procedures set forth in CFTC Regulation §40.6, that the attached submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Should you have any questions please contact me at james.woolley@lseg.com

Yours sincerely,



James Woolley
Regulatory Compliance Analyst
LCH Limited



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LCH

Appendix I

Website Changes (ForexClear fees)

[ForexClear Fees | LSEG](#)

ForexClear Fees

ForexClear Clearing Members may select which of the ~~three~~ ForexClear product offerings they wish to clear, from Non-deliverable Forwards (NDFs), Deliverable Options and Deliverable Forwards, and the corresponding fee plan. ForexClear Clearing Members may choose from three fee plans: Gold – combined plan, Silver – unlimited volume and Bronze – fixed plus variable fees. Each fee plan covers all house account trade registration activity for a ForexClear Clearing Member and its affiliates, for the selected products.

For the purposes of all fee plans, a reference to a “ForexClear Clearing Member” includes an “FCM ForexClear Clearing Member”.

Member Fee Plans

Client Fee Plans

Additional Fee Plans

Member Fee Plans

ForexClear Gold Tariff – Combined Non-Deliverable and Deliverable FX Fee

Fixed Fee per annum ^[1]	Options / NDOs Fee / million ^[2]	FX Spot / Forward Hedges / Swap Hedges and NDF Fee / million	FX Forwards and FX Swaps Settlement Fee / million ^[3]	Annual Fee Cap
GBP 1,250,000	GBP 3	n/a	0.2 EUR or USD	2024 – GBP 1,950,000 2025 – GBP 2,000,000

^[1] In addition to the annual fee, Gold ~~m~~Members can clear an unlimited amount of outright Forward transactions into the Forward service for £200,000 in 202~~5~~4, ~~charged on a monthly pro-rated basis. Any ForexClear Clearing Member that has cleared Forward transactions in 2024 will be eligible for the monthly charge from 1 January 2025. New participating ForexClear Clearing Members will receive a~~Each ForexClear Clearing Member is eligible for a 3-month fee holiday, ~~commencing on the date that a fourth ForexClear Clearing Member has submitted an outright Forward transaction for clearing. Any Forward transactions cleared in 2023 will be considered to be trial transactions and, therefore, only eligible trades cleared by ForexClear Clearing Members from 1st January 2024 will count as submitting members for the purposes of fee activation.~~The fee holiday

period expires 3 calendar months from the date of the first transaction. ~~(after the fourth member threshold has been reached), and all fee holiday periods will terminate on 31st December 2024.~~ The £200,000 fixed fee will be charged on a monthly pro-rated basis, and the calculation of the first month's fees will use the number of remaining business days in that month, following the expiration of the fee holiday. To opt out of the Forwards service, ForexClear Clearing Members must provide 3 months' notice to LCH ForexClear.

^[2]Options and Non-Deliverable Options (NDOs) fees are applicable beyond the first \$60bn cumulative notional cleared in each calendar year

^[3]This settlement fee is only applicable to FX Swaps and FX Forwards transactions that (in each case) are not cleared for the purpose of hedging FX Options (where hedging is undertaken either to reduce initial margin requirements or reduce settlement risk)

202~~4~~⁵ Non-Deliverable FX Only Member Fees

Fee Plan	Fixed f Fee per annum	EMTA NDF Fee / million	Non-EMTA NDF NDO Fee / million	Annual Fee Cap
Silver	GBP 9 50 ⁵⁰ ,000 ^[4]	n/a	n/a	n/a
Bronze	USD 350,000	USD 2	USD 4 ⁴	USD 1,250,000 ^{n/a}

~~Silver and Bronze fees are exempt from NDO clearing fees until 31st December 2024.~~

^[4]The 2025 Silver NDF fee is increasing for any members that have been live for longer than 6 months as of 31st December 2024.

202~~5~~⁴ Deliverable FX Only Member Fees

Product		FX Options FX Forwards			FX Forwards			
Fee Plan	Fixed f Fee per annum	FX Options Fee / million	FX spot / Forward Hedges and Swap	Annual Fee Cap	Fixed F fee per annum	FX Forwards Fee / million	FX Forward Settlement Fee / million ^[67]	Annual Fee Cap

			Hedges Fee / million^[45]					
Silver	GBP 900,000	n/a	n/a	n/a	GBP 200,000 ^[78]	n/a	0.2 EUR or USD	n/a
Zinc ^[56]	GBP 595,000	GBP 3	n/a	GBP 1,245,000	GBP 200,000 ^[69]	n/a	0.2 EUR or USD	n/a
Bronze	USD 375,000	USD 3.5	n/a	USD 1,500,000	GBP 200,000 ^[109]	USD 0.5^{n/a}	0.2 EUR or USD	n/a

Note: New Clearing Members of the ForexClear FX Options or Forwards Services will be eligible for a fee discount - please refer to 'Fee Discounts'

^[54] Any FX Forward transaction that is deemed not to be hedge transaction and therefore considered to be an Outright FX Forward transaction, will be chargeable under the FX Forwards fee plan.

^[65] The Zinc fee plan expires on 31st December 2025 and is not available to any new participants.

^[67] This settlement fee is only applicable to FX Swaps and FX Forwards transactions that (in each case) are not cleared for the purpose of hedging FX Options (where hedging is undertaken either to reduce initial margin requirements or reduce settlement risk).

^[78] This is the 202~~5~~⁴ discounted rate, with the standard Silver Forwards fixed fee per annum being GBP 900,000.

^[98] This is the 202~~5~~⁴ discounted rate, with the standard Zinc Forwards fixed fee per annum being GBP 900,000.

^[109] This is the 202~~5~~⁴ discounted rate, with the standard Bronze Forwards fixed fee per annum being USD 375,000, capped at USD 1,500,000 with a variable fee of USD 0.5 per million.

In order to make future enhancements to the clearing of deliverable FX Options, Forwards, Swaps and Spot transactions, ForexClear is making changes to the existing settlement process ~~throughout 2024 and into Q1 in H1~~ 2025. Any entity wishing to begin clearing deliverable FX Options or Forwards only during this time should use the [Contact Us](#) page to discuss the implications of our enhancements.

ForexClear Clearing Member - Changes to Fee Plans

Where a ForexClear Clearing Member wishes to move to a higher fee plan, including to the combined Non-Deliverable and Deliverable Gold plan and it gives notice to LCH by the twentieth day of the month then it will move to the newly selected fee plan with effect from the first day of the following month. From that month the remaining monthly instalments of the calendar year will be payable at the newly elected fee plan irrespective of fee amounts already invoiced under the ForexClear Clearing Member's previous fee plan. ForexClear Clearing Members who wish to move to a lower fee plan must provide 3 months' notice to LCH ForexClear. ~~should contact ForexClear to discuss.~~

Member Fee Plans

Client Fee Plans

Additional Fee Plans

Client Fee Plans

202~~4~~⁵ Non-Deliverable FX Only Client Fees

Fee Plan	Fixed f ^F Fee per annum	EMTA -NDF Fee / million	Non-EMTA-NDF ^{NDO} Fee / million	Annual Fee Cap
Client	n/a	USD 2	USD 4 ⁴	n/a

~~Client fees are exempt from NDO clearing fees until 31st December 2024.~~

<u>Member</u> <u>Fee</u> <u>Plans</u>	<u>Client</u> <u>Fee</u> <u>Plans</u>	<u>Additional</u> <u>Fee Plans</u>
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Additional Fee Plans

Compression Fees (Member & Client Clearing)

- ~~ForexClear Clearing Members~~ and will be charged for ForexClear Compression services from 1st January 2025.
- ForexClear Clients will not be charged fees for using the ForexClear Compression services ~~until 1st January~~ in 2025.
- ~~Thereafter,~~ ForexClear Clearing Members ~~and Clients~~ will be charged USD 1 per USD 1 million of notional reduced using ForexClear Compression services.
- A cap of USD ~~500~~125,000 per annum will apply per ForexClear Clearing Member and its affiliates for house account compression.
- ~~There is no cap on compression fees for clients.~~

Variable Fee Calculation

The Variable tariff fees are calculated on each trade as:

- [Notional amount of trade] * the per million (USD) notional fee from the relevant tier in the schedule above.
- ForexClear Client Clearing fees are calculated based on the total cleared notional in a calendar month for each independent Client Clearing portfolio.

Fee Discounts

ForexClear Deliverable Service

When first selecting the Option or Forward Silver or Bronze fee plan, the first 3 months of fixed and variable fees will be waived.

ForexClear Client to Member Conversion

When a ForexClear Clearing Client (or FCM Client)s, accessing the service via a Clearing Broker converts to joining the ForexClear service as a direct ForexClear Clearing Member, the first 3 months of fixed membership fees will be waived. Variable fees will apply.

Settlement Reduction Fees fFor Ftthe Deliverable Service

LCH will impose a fee as part of the automated settlement reduction process, payable by **M**members who are in breach of relevant settlement limits at end of day on Settlement Date -2.

The fee will take the form of a “per unit of notional” charge against settlement amounts in excess of relevant currency settlement limits applied in respect of the excess of a ForexClear Clearing Member’s Settlement Position Amount over the Settlement Position Limit as per table below:

	AUD	CHF	EUR	GBP	JPY
Bps on notional	0.26	0.23	0.2	0.22	0.2

EMIR Account Structures

For more information on EMIR account structure charges please click [here](#).

Fee Notes

All fees are billed monthly in arrears.

Fixed Member fees are pro-rated monthly where a ForexClear Clearing Member joins intra year.

A one-off on-boarding fee of USD 70,000 will be billed one month in arrears for each new ForexClear Clearing Member, FCM Clearing Member or ForexClear Dealer, which is a **M**member of the same corporate Group. This onboarding fee will be capped at 5 charges per Corporate Group, with subsequent entities not incurring any onboarding fees.

For a **M**member to offer Client Clearing they must be part of a fee-paying Corporate Group.

Client Clearing fees are billed to Clearing Members.

A "Client Clearing Portfolio" is a separate legally identified Client Account that exists at a specific Clearing Member. A Client Clearing Portfolio is unique to each Clearing Member.

A "Corporate Group" means a **M**ember and its Affiliates. For these purposes, an "Affiliate" includes any entity which is a subsidiary or has the same holding company as the **M**ember, as those terms are defined in s.1159 of the Companies Act 2006.

Changes in an entity's corporate ownership may lead to changes in the fee plan that applies to it.

Terms used herein are as defined in the rulebook of LCH, which you can access from the Quick Links below:

- [LCH Ltd Rulebook](#)
- [LCH SA Rulebook](#)
- [Proposed Rule Changes](#)