



VIA CFTC PORTAL

14 December 2023

Mr. Christopher Kirkpatrick  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> 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 plan’s**, for combined non-deliverable and deliverable FX, annual fee cap will increase by £50k to £1.95m in 2024, and subsequently by another £50k to £2m in 2025.
- In addition, the **Gold fee plan** members can clear unlimited volume of outright Forward transactions into the Forward service for £200k in 2024. This will be charged on a monthly pro-rated basis and each member will be eligible for a 3-month fee holiday period. Specific information on how the fee holiday period will commence and calculation of the first month’s fee is provided in **Appendix I**.

**An LSEG Business**

LCH | 10 Paternoster Square | London EC4M 7LS | T: +44 (0)20 7426 7000 | F: +44 (0)20 7426 7001 | [lch.com](#)

LCH Group Holdings Limited | LCH Limited | Banque Centrale de Compensation | LCH.Clearnet LLC

LCH Limited. Registered in England No. 25932 Registered Office: 10 Paternoster Square, London, EC4M 7LS



### **Silver and Bronze fee plans**

- The **Silver fee plan**, for non-deliverable FX, will increase by £375k to £900k. Exemption from the non-deliverable options (NDO) clearing fees for **Silver and Bronze fee plans** has been extended for an additional year until 31<sup>st</sup> December 2024.

### **Clients**

- The **non-deliverable FX only client** fees remain the same, however they will now be displayed in a separate table for ease of reading.

### **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 throughout 2024 and 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 continue to be free for an additional year and until 1<sup>st</sup> January 2025 for all member and client fee plans.

### **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, but from the new year, it will be 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 **1<sup>st</sup> January 2024**.

## **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: <https://www.lch.com/resources/rulebooks/proposed-rule-changes>.



## **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 [aleksandra.wojcik@lseg.com](mailto:aleksandra.wojcik@lseg.com).

Yours sincerely,

Aleksandra Wojcik  
Compliance Officer  
LCH Limited



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**Appendix I**

Website changes (ForexClear fees)

<https://www.lch.com/services/forexclear/fees>

# Fees

ForexClear Clearing Members may ~~be members of either or both of the ForexClear Deliverable Service and the ForexClear Non-Deliverable Services~~ select which of the 3 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 a variety of ~~three~~ fee tariff plans: Gold – ~~c~~Combined Tariff plan, ~~Bronze~~, Silver – ~~unlimited volume and~~ Bronze – fixed plus variable fees and Zinc. Each tariff fee plan covers all house account trade registration activity for a ForexClear Clearing Member Group 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

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

<u>Annual Tariff</u> <u>Fixed fee per annum</u> <sup>*1</sup>	<u>Options/ NDOs Fee / million</u> <sup>2**</sup>	<u>FX spot / Forward Hedges/ Swap Hedges and NDF Fee / million</u>	<u>FX Forwards and FX Swaps Settlement Fee</u> <sup>**</sup> / <u>million</u> <sup>3***</sup>	<u>Annual Fee Cap</u>
GBP 1,250,000	GBP 3	n/a	0.2 EUR or USD	<u>2024 - GBP</u> 1,9 <u>50</u> ,000 <u>2025 – GBP</u> <u>2,000,000</u>

1. ~~\*The Annual Tariff includes unlimited clearing volumes for FX Swaps, FX Forwards and FX Spot (that (in each case) are not cleared for the purpose of hedging FX Options) until 1st January 2024.~~ In addition to the annual fee, Gold members can clear an unlimited amount of outright Forward transactions into the Forward service for £200,000 in 2024. 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 1<sup>st</sup> January 2024 will count as submitting members for the purposes of fee activation. The fee holiday period expires 3 calendar months ~~post of~~ from the date of the first transaction (after the fourth member threshold has been reached), and all fee holiday periods will terminate on ~~31<sup>st</sup> December 2024~~ 31<sup>st</sup>, 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.
2. ~~\*\*Options and Non-Deliverable Options (NDOs)DOs~~ fees are applicable beyond the first \$60bn cumulative notional cleared in each calendar year.
3. ~~\*\*\*This settlement fee is Oo~~ only applicable to FX Swaps and FX Forwards transactions that (in each case) are not cleared for the purpose of hedging FX Options (wh~~ere~~ich hedging is undertaken either to reduce initial margin requirements or reduce settlement risk).

**2024 Non-Deliverable FX Only Member Fees\*\***

<b><u>Tariff</u><u>Fee Plan</u></b>	<b><u>Annual</u><u>Tariff</u><u>Fixed Fee</u><u>per annum</u></b>	<b>EMTA NDF Fee / million</b>	<b>Non-EMTA NDF Fee / million</b>	<b>Annual Fee Cap</b>
<del>Client</del>	<del>n/a</del>	<del>US\$ 2</del>	<del>US\$ 1</del>	<del>n/a</del>
Silver	GBP <del>825</del> <u>900</u> ,000	n/a	n/a	n/a
Bronze	US\$ 350,000	US\$ 2	US\$ 1	US\$1,250,000

\*\*Silver and, ~~BBronze and Client tariffs~~fees are exempted from ~~Non-Deliverable Options~~DO clearing fees until 31<sup>st</sup> December 20243.

**2024 Deliverable FX Only Member Fees**

<u>Product</u>	<u>FX Options</u>				<u>FX Forwards</u>			
<u>Tariff Fee Plan</u>	<u>Annual Tariff Fixed fee per annum</u>	<u>FX Options Fee / million</u>	<u>FX spot / Forward Hedges and Swap Hedges Fee / million<sup>1</sup></u>	<u>FX Forward Settlement Fee / million**</u> <u>Annual Fee Cap</u>	<u>Fixed fee per annum</u>	<u>FX Forwards Fee / million</u>	<u>FX Forward Settlement Fee / million<sup>3</sup></u>	<u>Annual Fee Cap</u>
Silver	GBP <del>900,000</del> 885,000	n/a	n/a	n/a	<u>GBP 200,000<sup>7</sup></u>	<u>n/a</u>	<u>0.2 EUR or USD</u>	<u>n/a</u>
<del>Zinc</del> <u>Zinc<sup>2</sup></u>	<del>GBP 595,000*</del> <u>GBP 595,000</u>	<del>GBP 3</del> <u>GBP 3</u>	<del>n/a</del> <u>n/a</u>	<del>0.2 EUR or USD</del> <u>0.2 EUR or USD</u> <del>GBP 1,245,000</del> <u>GBP 1,245,000</u>	<u>GBP 200,000<sup>8</sup></u>	<u>n/a</u>	<u>0.2 EUR or USD</u>	<u>n/a</u>
Bronze	US\$ <del>400,000</del> 375,000	<del>US\$ 23.5</del> <u>US\$ 23.5</u>	<del>US\$ 2</del> <u>n/a</u>	<del>0.2 EUR or USD</del> <u>n/a</u> <del>US\$ 1,500,000</del> <u>US\$ 1,500,000</u>	<u>GBP 200,000<sup>9</sup></u>	<u>US\$ 0.5</u>	<u>0.2 EUR or USD</u>	<u>US\$ 1,500,000</u> <u>n/a</u>

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



1. Any FX Forward transaction that is deemed not to be hedge transaction and therefore considered to be an Outright FX Forward transaction and will be chargeable under the FX Forwards fee plan.
2. The Zinc fee plan expires on 31<sup>st</sup> December 2025 and is not available to any new participants.
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).
4. This is the 2024 discounted rate, with the standard Silver Forwards fixed fee per annum being GBP 900,000.
5. This is the 2024 discounted rate, with the standard Zinc Forwards fixed fee per annum being GBP 900,000.
6. This is the 2024 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 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.

~~\* The Zinc Annual Tariff includes unlimited clearing volumes for FX Swaps, FX Forwards and FX Spot that (in each case) are not cleared for the purpose of hedging FX Options) until 1st January 2024.~~

~~\*\*\*Only applicable to FX Swaps and FX Forwards transactions that (in each case) are not cleared for the purpose of hedging FX Options (which hedging is undertaken either to reduce initial margin requirements or reduce settlement risk).~~

## **ForexClear Clearing Member – Changes to Fee Plans** **Member Fees**

Where a ForexClear Clearing Member wishes to move ~~from a lower fee tariff~~ to a higher fee ~~plan~~tariff, including to the combined Non-Deliverable and Deliverable Gold ~~Tariffplan and, if the Member it~~ gives notice ~~to LCH~~ by the ~~20th~~twentieth day of the ~~preceding~~ month ~~then~~, it will move to the newly selected fee tariff plan with effect from the first~~effective the 1st day~~ of the following month. From that month the remaining monthly instalments of the calendar year will be payable at the newly elected fee ~~tariffplan~~irrespective of fee amounts already invoiced under the ForexClear Clearing Member's previous fee ~~tariffplan~~. ForexClear Clearing Members ~~may only move to a lower fee tariff at the start of the new calendar year.~~ who wish to move to a lower fee plan should contact ForexClear to discuss.

**2024 Non-Deliverable FX Only Client Fees<sup>8</sup>**

<u>Fee Plan</u>	<u>Fixed fee per annum</u>	<u>EMTA NDF Fee / million</u>	<u>Non-EMTA NDF Fee / million</u>	<u>Annual Fee Cap</u>
<u>Client</u>	<u>n/a</u>	<u>US\$ 2</u>	<u>US\$ 1</u>	<u>n/a</u>

<sup>8\*\*\*\*</sup>Client fees are exempted from NDOFX- clearing fees until 31<sup>st</sup> December 2024.

## Compression Fees (Member & Client Clearing)

- ~~Gold, Silver, Bronze, Zinc and ForexClear Clearing Members and~~ Clients ~~tariffs~~ will not be charged fees for using the ForexClear Compression ~~sServices~~ until 1<sup>st</sup> January 2025~~4~~.
- Thereafter, ForexClear Clearing Members and Clients will be charged US\$1 per US\$1 million of notional reduced using ForexClear Compression services.
- A cap of US\$500,000 per annum will apply per ForexClear Clearing Member and its affiliates ~~Group~~ for house account compression ~~of~~ ~~Member Group trades (i.e. proprietary trades)~~.
- 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 (US\$) 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 Deliverable Option or Forward Silver or Bronze ~~tariff, fee plan~~, the first 3 months of fixed and variable fees will be waived.

### Settlement Reduction Fees for the Deliverable Service

LCH will impose a fee as part of the automated settlement reduction process, ~~levied payable against~~ by 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
<b>Bps on notional</b>	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 \$70,000 will be billed one month in arrears for each new ForexClear Clearing Member, FCM Clearing Member or ForexClear Dealer ~~or Affiliate~~, which is a member of, ~~or an Affiliated Firm of, a Member~~ the same corporate Group. This onboarding fee will be capped at 5 charges per Corporate Group, with subsequent entities not incurring any onboarding fees.

~~Members clearing both non-deliverable and deliverable FX will be required to pay both non-deliverable and deliverable fees or the combined 'Gold' tariff.~~

For a member to offer Client Clearing they must be part of a fee-paying ~~Member~~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 member and its Affiliates. For these purposes, an "Affiliate" includes any entity which is a subsidiary or has the same holding company as the member, as those terms are defined in s.1159 of the Companies Act 2006.

~~A "Member Group" means a ForexClear Clearing Member or an FCM Clearing Member, its direct and indirect subsidiaries and its direct and indirect holding companies and every direct and indirect subsidiary of each such holding company, from time to time. For the purposes of this definition: (i) 'subsidiary' means a company in which an entity holds more than 50% of the voting rights; and (ii) 'holding company' means a company that holds more than 50% of the voting rights in another entity.~~

~~An "Affiliated Firm" in relation to a Member Group means a firm that satisfies both of the following tests:~~

- ~~— A ForexClear Clearing Member or a FCM Clearing Member (or any other member of its Member Group) holds 50% or more of the voting rights in the firm; and~~
- ~~— One or more ForexClear Clearing Members or FCM Clearing Members (or any other member of their Member Group) together hold more than 50% of the voting rights in the firm.~~

~~"Voting rights" means the rights conferred on shareholders in respect of their shares or, in the case of a company not having a share capital, on members, to vote at general meetings of the company on all, or substantially all, matters.~~

Changes in an entity's corporate ownership may lead to changes in the [tariff 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.