

# ForexClear

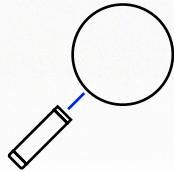
## Compression overview

### What is compression?

Compression is the process of identifying offsetting trades that can be collapsed into smaller positions.\* LCH ForexClear compression cycles are risk-free and do not change the risk profile of the parties portfolio.

LCH ForexClear offers compression for both deliverable and non-deliverable forwards (NDFs) for all currency pairs.

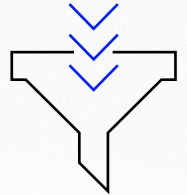
\*Compression does not always result in smaller positions; directional flow can be combined into one larger position, if desired.



### How it benefits our members and clients

Gross notional is one of the measures used in assessing a bank's capital requirements. Compression:

- **reduces trade count** to provide operational efficiency
- **reduces gross notional** outstanding, which can contribute to capital savings under Basel III regulations

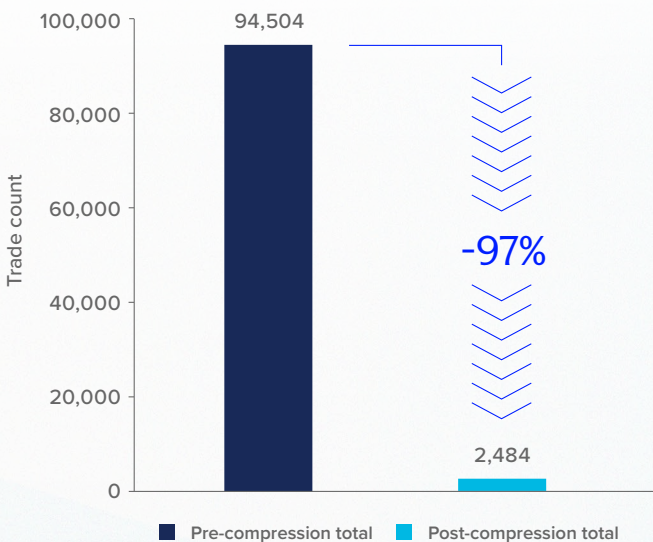


### A spotlight on compression in 2024 – a record year so far for LCH ForexClear

In H1 2024, LCH ForexClear conducted new compression records in both notional and trade count reductions, with 94,504 trades and US\$588bn notional being compressed.

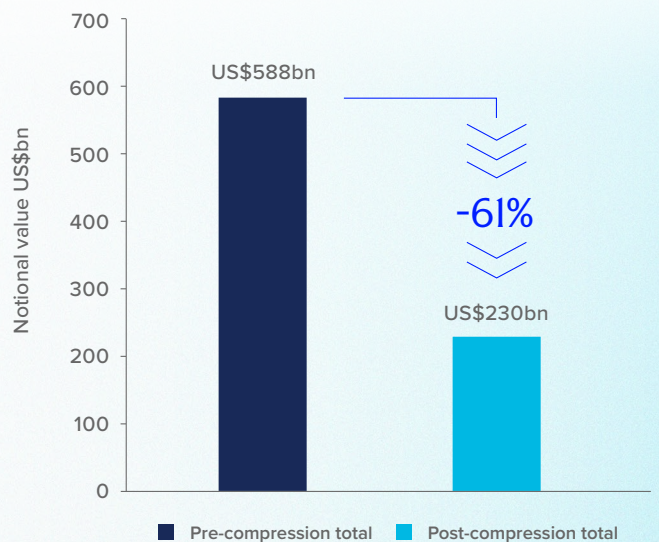
### 94,504 trade count

compressed across members in H1 2024



### US\$588bn notional

compressed across members in H1 2024



## Steps to compress

### 01.

#### Identifying compression-eligible trades

When a compression-eligible trade is cleared at LCH ForexClear (NDFs and forwards), it is assigned a netting identifier. Trades that share the same netting identifier are eligible for compression with each other and can be reviewed in trade level reports FREP0001/1c and FREP0009/9c.

### 02.

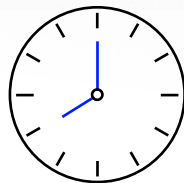
#### Submit a netting request (and choosing to add EIDs)

We suggest that potential compression outcomes are reviewed via the compression tool in the LCH Portal to confirm that you are happy with the projected remnant positions. Once verified, participants can request netting by reaching out to [forexclearclientservices@lch.com](mailto:forexclearclientservices@lch.com).

### 03.

#### Compression cycle

Trades instructed for compression are processed as part of a daily compression cycle which runs at 20:00 London time.



### 04.

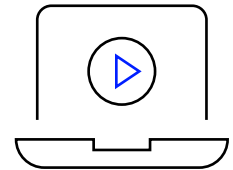
#### Post compression

Participants can consume the details of any trades terminated and any new trades created from the compression cycle under reports FREP0059/59c and FREP0060c for members and clients, respectively.

## Access today

Access the LCH ForexClear Compression Tool through the [LCH Portal](#). Watch our video guide for a [portfolio compression demo](#) or access our full compression guide in the LCH Knowledge Centre.

Sign up for the latest news and insights [here](#).



**LSEG** POST  
TRADE

Contact us

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

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

## 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](https://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.