

# What are the current NDF Clearing Options from a Dealer perspective?



## Current Market State

- Contrast to other asset classes - Rates
- FX NDFs Dealer to Dealer 2 CCPs- LCH and SGX
- LCH –
  - 14 member banks
  - Volumes \$246bn Q1 2013 (approx \$80bn per month)
  - Less than 10% of overall market

## Dealer Clearing Options

1. Self Clear - Direct member of Clearing House
2. Appoint another Clearing Bank to clear trades on their behalf

## Points for consideration

- Cost: capital, default fund; membership fees, infrastructure and technical commitments
- Strategic: importance of being a direct clearing member?
- Further market expansion?

# How are the NDF Markets expected to change, if at all?



## Costs of Business

- FX Portfolios split apart- products and legal entities
- 'Trapped Capital'
- CCP Costs and Margin
- Infrastructure investment

## Trading and Deal Flow

- Centralised Clearing- increased efficiencies or more complexity?
- SEFs- Electronic trading; impact to business models and liquidity?

## Risk Pricing

- Centralised Clearing- new pricing considerations?
- Real-time trade reporting and impacts to liquidity?