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?