

ISDA[®]

Research Note

Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: First Quarter of 2024

This report analyzes interest rate derivatives (IRD) trading activity reported in Europe. The analysis shows European IRD transactions based on the location of reporting venues (EU versus UK), currency, product taxonomy and execution venue. The report also compares European-reported IRD trading activity to what is reported in the US.

The analysis is based on transactions publicly reported by 30 European approved publication arrangements (APAs) and trading venues (TVs). US trading activity analysis is based on information from the Depository Trust & Clearing Corporation's (DTCC) swap data repository (SDR), which only includes trades that are required to be disclosed under US Commodity Futures Trading Commission (CFTC) regulations.

EXECUTIVE SUMMARY

European IRD Trading Activity¹

In the first quarter of 2024:

- European IRD traded notional reported by APAs and TVs in the EU and UK rose by 5.1% to \$55.5 trillion in the first quarter of 2024 from \$52.8 trillion in the first quarter of 2023.
- Euro-denominated IRD traded notional increased by 11.1% to \$33.2 trillion from \$29.9 trillion and accounted for 59.9% of total European IRD traded notional. Contracts denominated in US dollars dropped by 21.8% to \$7.9 trillion from \$10.1 trillion, representing 14.2% of European IRD traded notional. Sterling-denominated IRD traded notional increased by 4.9% to \$8.5 trillion from \$8.1 trillion and comprised 15.4% of the European total. Other currencies made up 10.5% of total European IRD traded notional².
- Overnight index swaps (OIS) traded notional rose by 11.3% to \$37.2 trillion from \$33.4 trillion, accounting for 67.0% of the European total. Fixed-for-floating interest rate swaps (IRS) traded notional dropped by 6.2% to \$11.0 trillion from \$11.7 trillion and comprised 19.7% of total European IRD traded notional. Forward rate agreement (FRA) traded notional fell by 16.9% to \$4.9 trillion from \$5.9 trillion and represented 8.9% of the European total.
- 32.0% of European IRD traded notional occurred on TVs and 38.4% was executed by systematic internalizers (SIs)³. The remaining 29.6% of IRD traded notional was reported as XOFF⁴.

UK IRD Trading Activity

In the first quarter of 2024:

- IRD traded notional reported by APAs and TVs in the UK declined by 4.6% to \$36.3 trillion in the first quarter of 2024 compared to \$38.0 trillion in the first quarter of 2023, representing 65.4% of total European IRD traded notional.
- Euro-denominated IRD traded notional fell by 8.5% to \$15.9 trillion from \$17.4 trillion, US-dollar-denominated IRD dropped by 19.4% to \$7.1 trillion from \$8.8 trillion and sterling-denominated IRD traded notional increased by 4.2% to \$8.3 trillion from \$7.9 trillion. Euro-, sterling- and US-dollar-denominated transactions accounted for 43.9%, 22.8% and 19.6% of total UK IRD traded notional, respectively. Other currencies accounted for 13.7% of the UK total.
- OIS traded notional increased by 0.4% to \$26.2 trillion from \$26.1 trillion. Fixed-for-floating IRS traded notional declined by 5.2% to \$6.0 trillion from \$6.4 trillion, while FRA transactions fell by 49.3% to \$2.0 trillion from \$4.0 trillion. OIS accounted for 72.3% of total UK IRD traded notional, fixed-for-floating IRS comprised 16.6% and FRAs represented 5.6%.
- 38.5% of UK IRD traded notional took place on TVs, 38.2% was executed by SIs and 23.3% was reported as XOFF.

¹ European interest rate derivatives (IRD) trading activity is measured by IRD traded notional and trade count reported by approved publication arrangements (APAs) and trading venues (TVs) in the EU and UK. The list of APAs and TVs is included in Appendix 1

² Other currencies include Czech koruna, Japanese yen, Norwegian krone, Polish zloty, South African rand, Swedish krona and 'other.' Cross-currency swaps are also included in other currencies

³ This includes financial instruments admitted to trading or traded on a trading venue, where a transaction on that financial instrument is executed by a systematic internalizer (SI). SIs are investment firms that deal on their own account by executing client orders outside a regulated market (RM) or TV

⁴ The XOFF market identifier code is used for financial instruments admitted to trading or traded on a trading venue or for which a request for admission was made, where the transaction on that financial instrument is not executed on a trading venue, SI or organized trading platform outside of the EU and UK, or where an investment firm does not know it is trading with another investment firm acting as an SI

EU IRD Trading Activity

In the first quarter of 2024:

- IRD traded notional reported by APAs and TVs in the EU rose by 30.2% to \$19.2 trillion in the first quarter of 2024 versus \$14.7 trillion in the first quarter of 2023, accounting for 34.6% of total European IRD traded notional.
- Euro-denominated IRD traded notional grew by 38.5% to \$17.3 trillion from \$12.5 trillion and accounted for 90.0% of total EU IRD traded notional. US-dollar-denominated IRD dropped by 38.0% to \$0.8 trillion from \$1.3 trillion and represented 4.1% of EU IRD traded notional. Sterling-denominated IRD comprised 1.3% of EU traded notional, while other currencies accounted for 4.6%.
- OIS traded notional increased by 50.3% to \$11.0 trillion from \$7.3 trillion, fixed-for-floating IRS traded notional fell by 7.4% to \$4.9 trillion from \$5.3 trillion and FRA traded notional rose by 51.0% to \$2.9 trillion from \$1.9 trillion. OIS, fixed-for-floating IRS and FRAs made up 57.0%, 25.7% and 15.1% of total EU IRD traded notional, respectively.
- 19.8% of EU IRD traded notional took place on TVs, 38.7% was executed by SIs and 41.5% was reported as XOFF.

European and US IRD Trading Activity

In the first quarter of 2024:

- IRD traded notional reported in the US fell by 3.8% to \$100.5 trillion in the first quarter of 2024 compared to \$104.5 trillion in the first quarter of 2023⁵. Combined EU, UK and US traded notional dropped by 0.8% to \$156.0 trillion from \$157.3 trillion. US-reported traded notional accounted for 64.4% of the combined total, while the EU and UK made up 12.3% and 23.3%, respectively.
- Of the combined \$156.0 trillion in EU, UK and US IRD traded notional, 29.0% was denominated in US dollars, 44.0% was in euros and 11.6% was in sterling. Other currencies accounted for 15.4% of the total, with Australian dollar, Japanese yen and Canadian dollar representing the largest share.
- US-dollar-denominated IRD traded notional declined by 15.8% to \$45.2 trillion compared to \$53.8 trillion. 82.6% of US-dollar-denominated IRD traded notional was reported in the US, 15.7% was reported in the UK and 1.7% was reported in the EU.
- Euro-denominated IRD traded notional rose by 2.6% to \$68.6 trillion from \$66.9 trillion, of which 23.2% was reported in the UK, 25.2% was reported in the EU and 51.6% was reported in the US.
- Sterling-denominated IRD traded notional grew by 3.7% to \$18.0 trillion from \$17.4 trillion. 45.8% of sterling-denominated IRD traded notional was reported in the UK, 52.8% was reported in the US and 1.4% was reported in the EU.
- OIS accounted for 65.0% of total EU, UK and US IRD traded notional, while single currency fixed-for-floating IRS and FRAs made up 18.8% and 7.1%, respectively.

⁵ Based on data from the Depository Trust & Clearing Corporation (DTCC) swap data repository (SDR). This data covers only transactions required to be disclosed under US Commodity Futures Trading Commission (CFTC) regulations. Most recent data on US trading activity is available on the ISDA SwapsInfo website <http://swapsinfo.org>

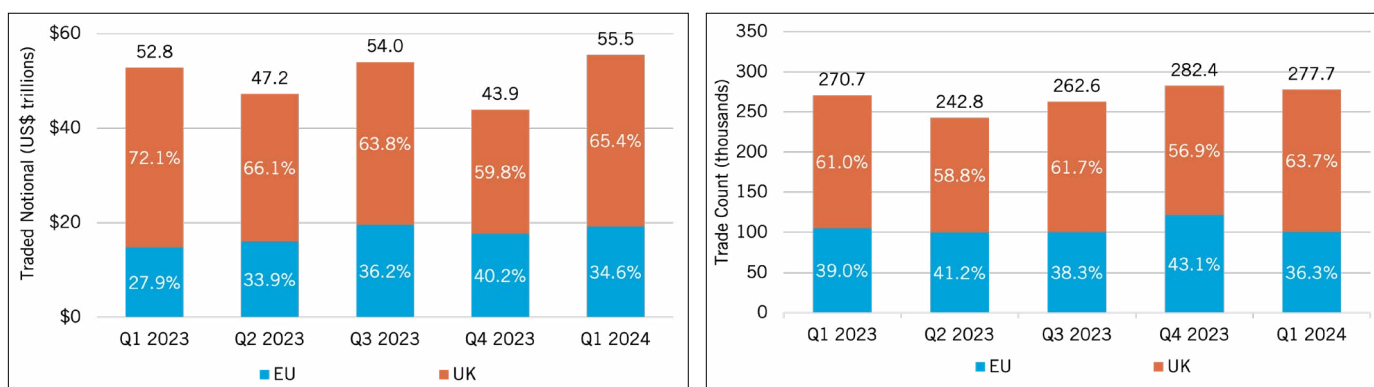
EUROPEAN IRD TRADING ACTIVITY

In the first quarter 2024:

European IRD traded notional reported by APAs and TVs in the EU and UK grew by 5.1% to \$55.5 trillion in the first quarter of 2024 versus \$52.8 trillion in the first quarter of 2023. Trade count rose by 2.6% to 277.7 thousand versus 270.7 thousand over the same period.

IRD traded notional reported in the UK accounted for 65.4% of the European total, while EU-reported traded notional comprised 34.6%. UK-reported trade count made up 63.7% of total European trade count and the EU accounted for 36.3% (see Chart 1)⁶.

Chart 1: European IRD Traded Notional and Trade Count



Source: European APAs and TVs

Euro-denominated IRD traded notional increased by 11.1% to \$33.2 trillion from \$29.9 trillion and accounted for 59.9% of total European traded notional. Euro-denominated contracts made up 50.0% of European trade count (see Chart 2).

US dollar IRD traded notional dropped by 21.8% to \$7.9 trillion from \$10.1 trillion, while sterling-denominated IRD traded notional grew by 4.9% to \$8.5 trillion from \$8.1 trillion.

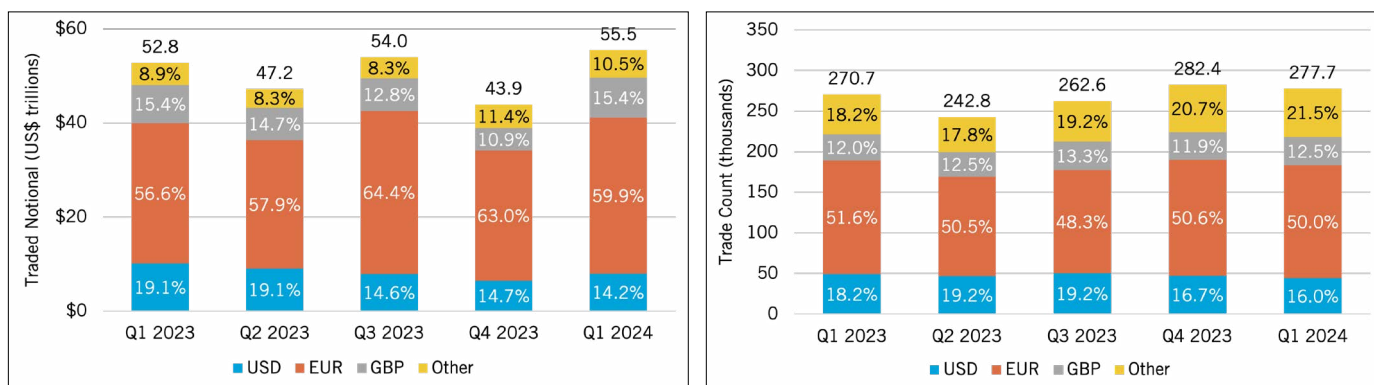
US dollar contracts represented 14.2% of total European IRD traded notional and 16.0% of trade count, while sterling-denominated transactions comprised 15.4% of European traded notional and 12.5% of trade count.

Other currencies accounted for 10.5% of total European IRD traded notional and 21.5% of trade count, with Japanese yen, Australian dollar and Swedish krona representing the largest share⁷.

⁶ ISDA's dataset of European data starts in May 2021. See Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: May 2021 www.isda.org/a/h6TgE/Interest-Rate-Derivatives-Trading-Activity-Reported-in-EU-UK-and-US-Markets-May-2021.pdf

⁷ Other currencies include South African rand, Japanese yen, Swedish krona, Norwegian krone, Polish złoty, Czech koruna and 'other.' Cross-currency swaps are also included in other currencies

Chart 2: European IRD Traded Notional and Trade Count by Currency



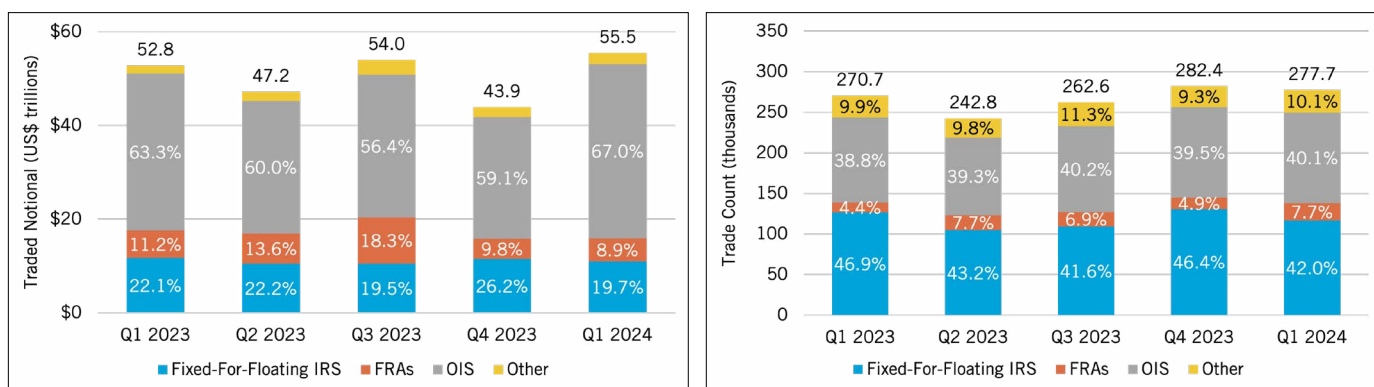
Source: European APAs and TVs

OIS traded notional increased by 11.3% to \$37.2 trillion from \$33.4 trillion and represented 67.0% of total European IRD traded notional. OIS contracts made up 40.1% of European trade count (see Chart 3).

Fixed-for-floating IRS traded notional declined by 6.2% to \$11.0 trillion from \$11.7 trillion and FRA traded notional fell by 16.9% to \$4.9 trillion from \$5.9 trillion.

Fixed-for-floating IRS accounted for 19.7% of total European IRD traded notional and 42.0% of trade count, while FRAs represented 8.9% and 7.7% of European traded notional and trade count, respectively.

Chart 3: European IRD Traded Notional and Trade Count by Product

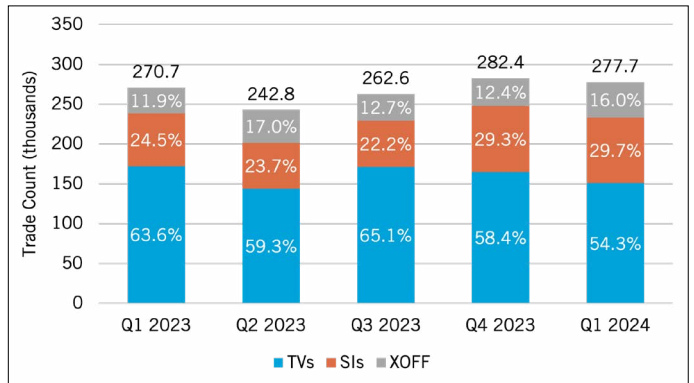
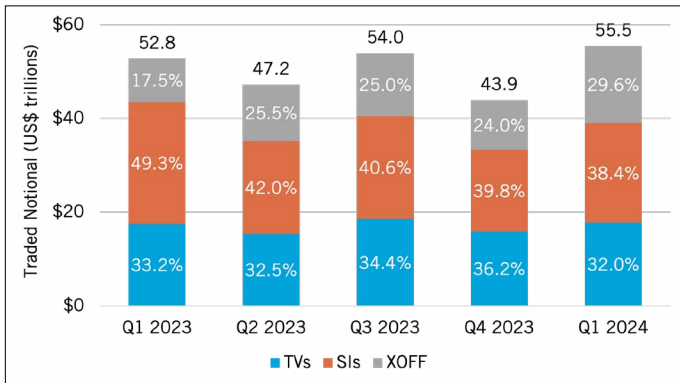


Source: European APAs and TVs

In the first quarter of 2024, 32.0% of European IRD traded notional and 54.3% of trade count took place on TVs, 38.4% of traded notional and 29.7% of trade count was executed by SIs and 29.6% of traded notional and 16.0% of trade count was reported as XOFF⁸ (see Chart 4).

⁸ The XOFF market identifier code is used for financial instruments admitted to trading or traded on a trading venue or for which a request for admission was made, where the transaction on that financial instrument is not executed on a trading venue, SI or organized trading platform outside of the EU and UK, or where an investment firm does not know it is trading with another investment firm acting as an SI

Chart 4: European IRD Traded Notional and Trade Count by Execution Venue



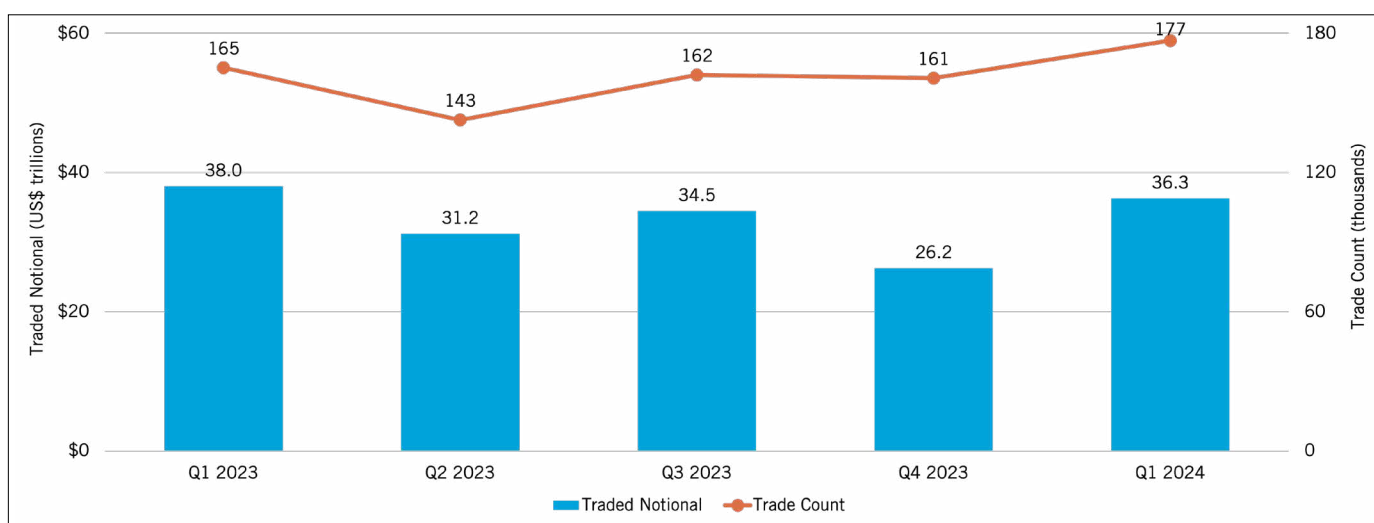
Source: European APAs and TVs

UK IRD TRADING ACTIVITY

In the first quarter of 2024:

IRD traded notional reported by APAs and TVs in the UK dropped by 4.6% to \$36.3 trillion in the first quarter of 2024 from \$38.0 trillion in the first quarter of 2023. Trade count increased by 7.1% to 176.9 thousand from 165.2 thousand over the same period (see Chart 5).

Chart 5: UK IRD Traded Notional and Trade Count



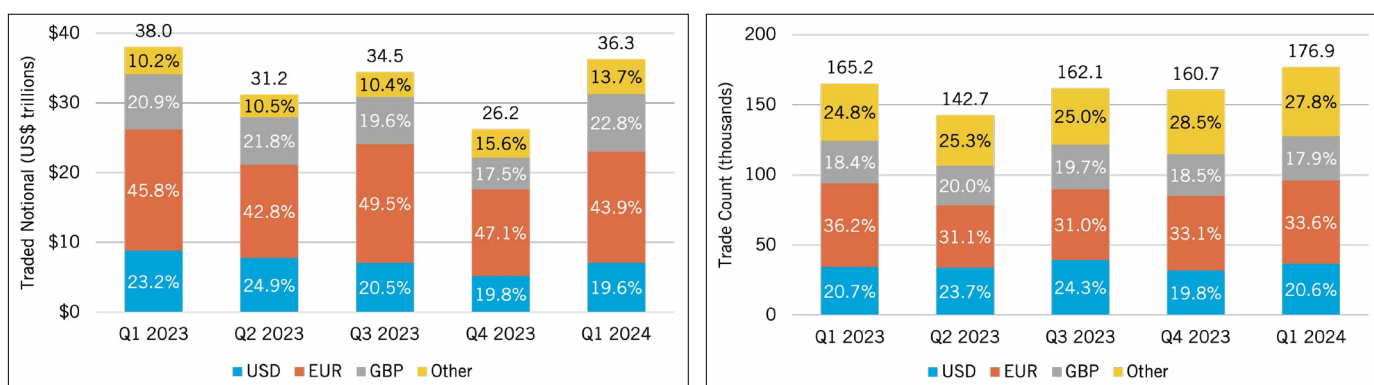
Source: European APAs and TVs

Euro-denominated IRD traded notional dropped by 8.5% to \$15.9 trillion from \$17.4 trillion, US-dollar-denominated IRD traded notional fell by 19.4% to \$7.1 trillion from \$8.8 trillion and sterling-denominated IRD traded notional rose by 4.2% to \$8.3 trillion from \$7.9 trillion.

Euro-denominated transactions represented 43.9% of total UK IRD traded notional and 33.6% of trade count, sterling-denominated transactions accounted for 22.8% of UK IRD traded notional and 17.9% of trade count, and US-dollar-denominated IRD made up 19.6% of UK IRD traded notional and 20.6% of trade count (see Chart 6).

Other currencies accounted for 13.7% of total UK IRD traded notional and 27.8% of trade count. Japanese yen, Australian dollar and Swedish krona represented the largest share of other currencies.

Chart 6: UK IRD Traded Notional and Trade Count by Currency

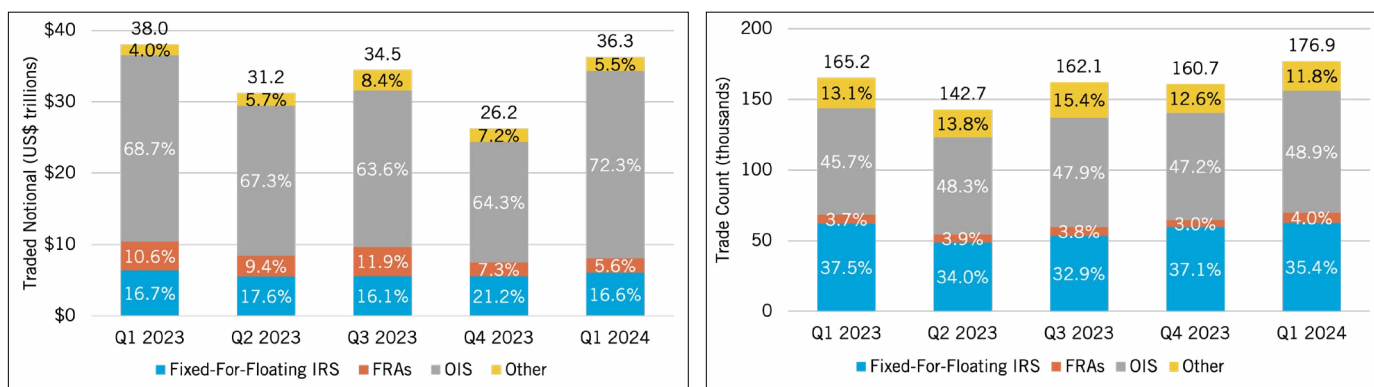


Source: European APAs and TVs

OIS traded notional grew by 0.4% to \$26.2 trillion from \$26.1 trillion, fixed-for-floating IRS traded notional fell by 5.2% to \$6.0 trillion from \$6.4 trillion and FRA traded notional declined by 49.3% to \$2.0 trillion from \$4.0 trillion.

OIS transactions accounted for 72.3% of total UK IRD traded notional and 48.9% of trade count, while single currency fixed-for-floating IRS comprised 16.6% of traded notional and 35.4% of trade count. FRAs made up 5.6% and 4.0% of UK traded notional and trade count, respectively (see Chart 7).

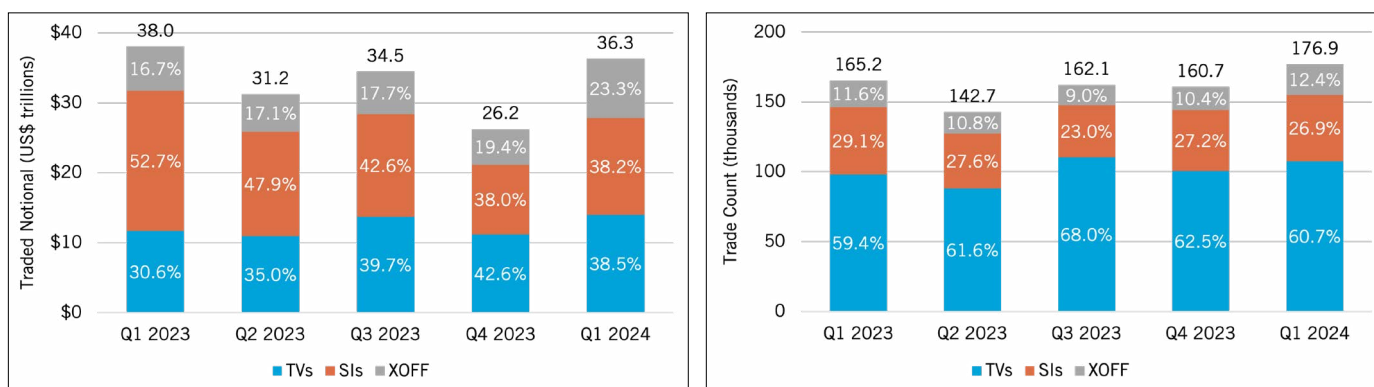
Chart 7: UK IRD Traded Notional and Trade Count by Product



Source: European APAs and TVs

In the first quarter of 2024, 38.5% of UK IRD traded notional and 60.7% of trade count occurred on TVs, 38.2% of traded notional and 26.9% of trade count was executed by SIs and 23.3% of traded notional and 12.4% of trade count was reported as XOFF (see Chart 8).

Chart 8: UK IRD Traded Notional and Trade Count by Execution Venue



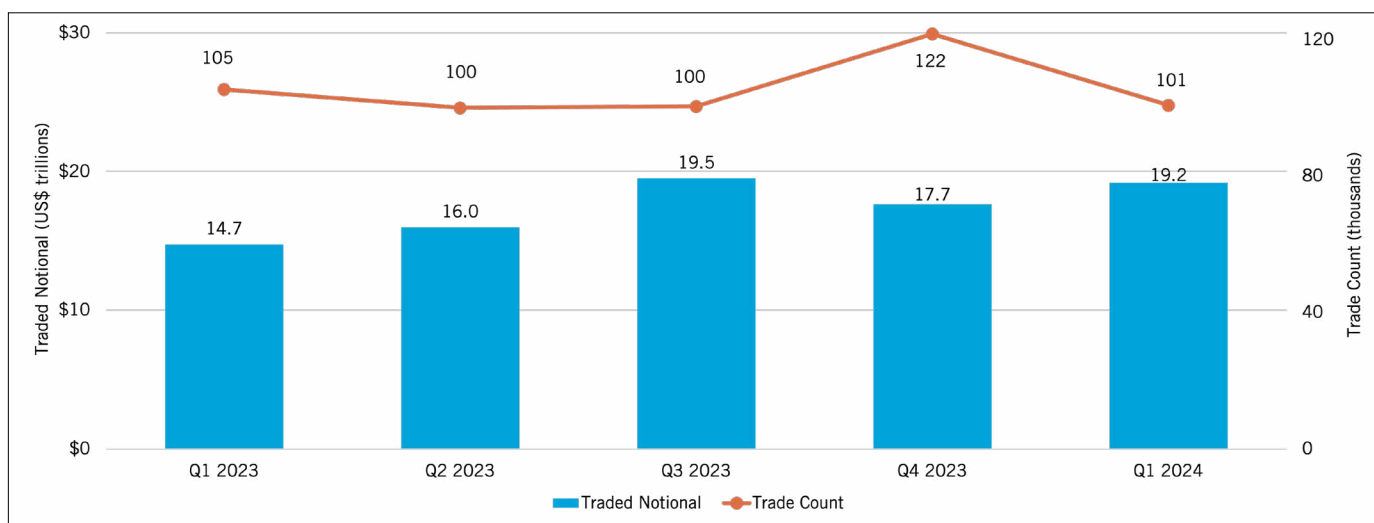
Source: European APAs and TVs

EU IRD TRADING ACTIVITY

In the first quarter of 2024:

IRD traded notional reported by APAs and TVs in the EU increased by 30.2% to \$19.2 trillion in the first quarter of 2024 compared to \$14.7 trillion in the first quarter of 2023. Trade count fell by 4.4% to 100.8 thousand from 105.5 thousand over the same period (see Chart 9).

Chart 9: EU IRD Traded Notional and Trade Count



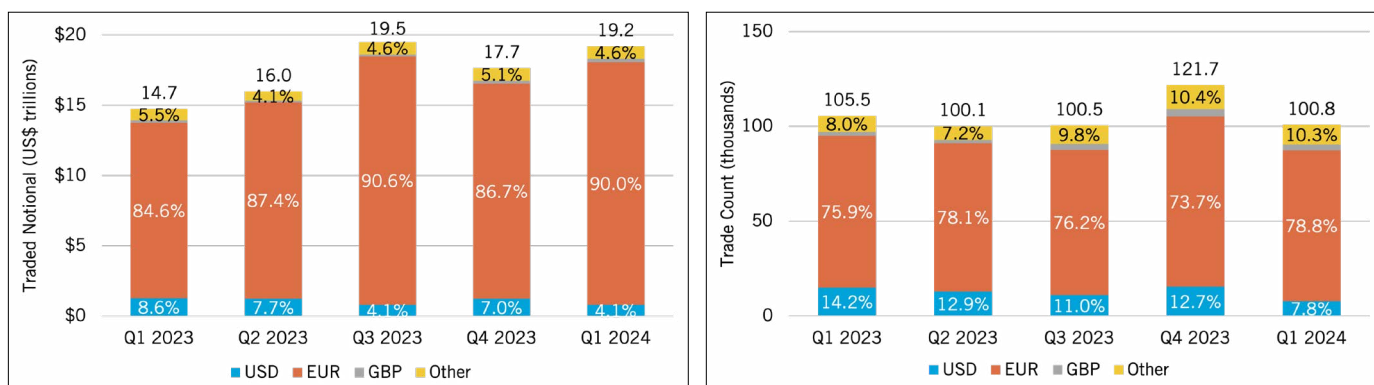
Source: European APAs and TVs

Euro-denominated IRD traded notional grew by 38.5% to \$17.3 trillion from \$12.5 trillion and comprised 90.0% of EU IRD traded notional. The number of contracts denominated in euro fell by 0.7% to 79.5 thousand from 80.0 thousand, accounting for 78.8% of EU IRD trade count (see Chart 10).

US-dollar-denominated IRD traded notional dropped by 38.0% to \$0.8 trillion from \$1.3 trillion and comprised 4.1% of total EU IRD traded notional. US dollar transactions comprised 7.8% of trade count. Sterling-denominated transactions represented 1.3% and 3.1% of EU IRD traded notional and trade count, respectively.

Other currencies accounted for 4.6% of EU IRD traded notional and 10.3% of trade count, with Swedish krona and Australian dollar representing the largest share.

Chart 10: EU IRD Traded Notional and Trade Count by Currency



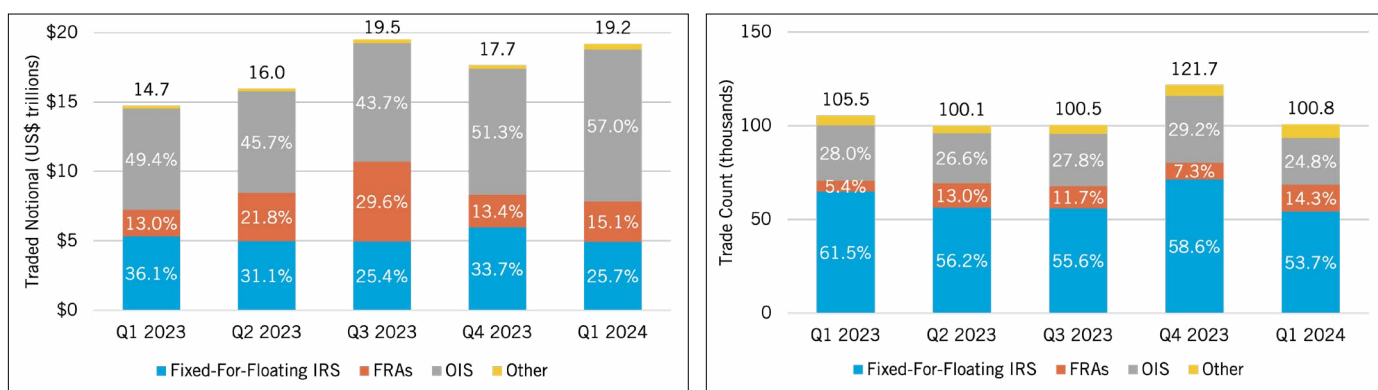
Source: European APAs and TVs

The composition of swaps reported in the EU differed from the UK, with a larger share of fixed-for-floating IRS and a smaller share of OIS.

OIS traded notional rose by 50.3% to \$11.0 trillion from \$7.3 trillion and comprised 57.0% of total EU IRD traded notional. OIS transactions made up 24.8% of total EU IRD trade count (see Chart 11).

Fixed-for-floating IRS traded notional fell by 7.4% to \$4.9 trillion from \$5.3 trillion and FRA traded notional grew by 51.0% to \$2.9 trillion from \$1.9 trillion. Fixed-for-floating IRS and FRAs accounted for 25.7% and 15.1% of total EU IRD traded notional and 53.7% and 14.3% of the trade count, respectively.

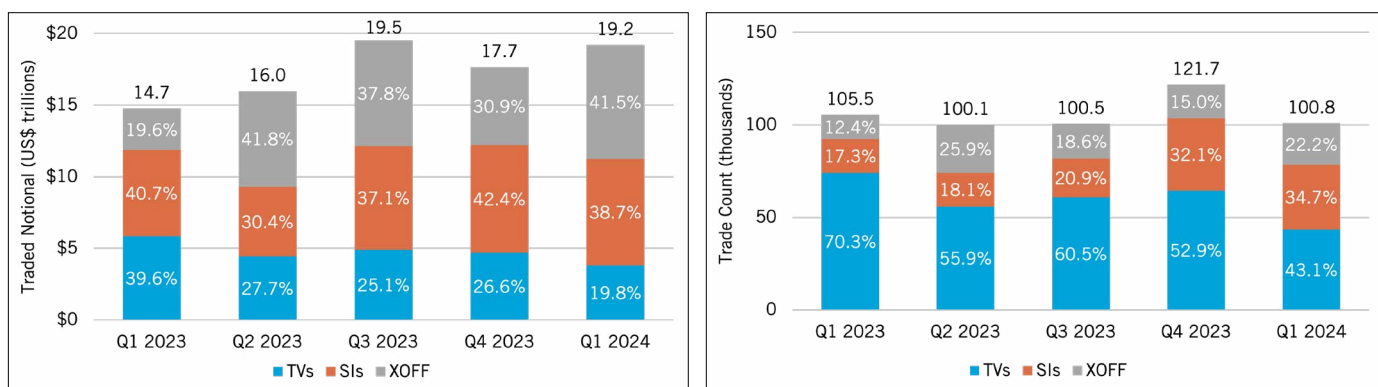
Chart 11: EU IRD Traded Notional and Trade Count by Product



Source: European APAs and TVs

In the first quarter of 2024, 19.8% of EU IRD traded notional and 43.1% of EU IRD trade count took place on TVs, 38.7% of traded notional and 34.7% of trade count was executed by SIs and 41.5% of traded notional and 22.2% of trade count was reported as XOFF (see Chart 12).

Chart 12: EU IRD Traded Notional and Trade Count by Execution Venue



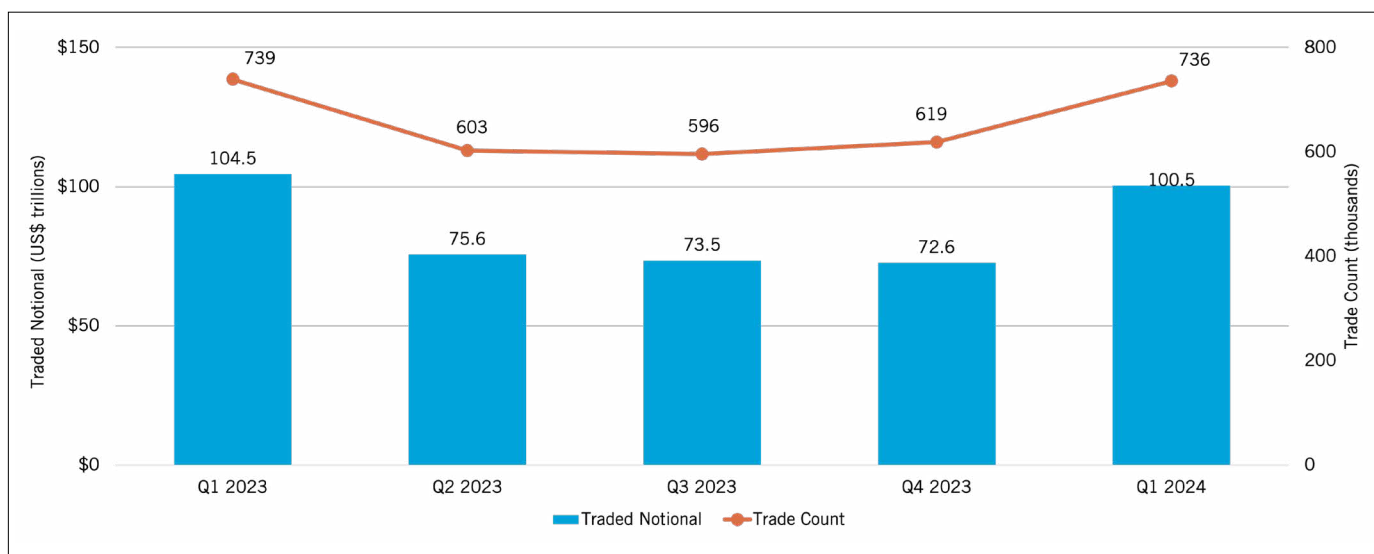
Source: European APAs and TVs

EUROPEAN AND US IRD TRADING ACTIVITY

In the first quarter of 2024:

IRD traded notional reported in the US declined by 3.8% to \$100.5 trillion in the first quarter of 2024 from \$104.5 trillion in the first quarter of 2023, while trade count dropped by 0.4% to 735.8 thousand from 739.0 thousand (see Chart 13)⁹.

Chart 13: US IRD Traded Notional and Trade Count

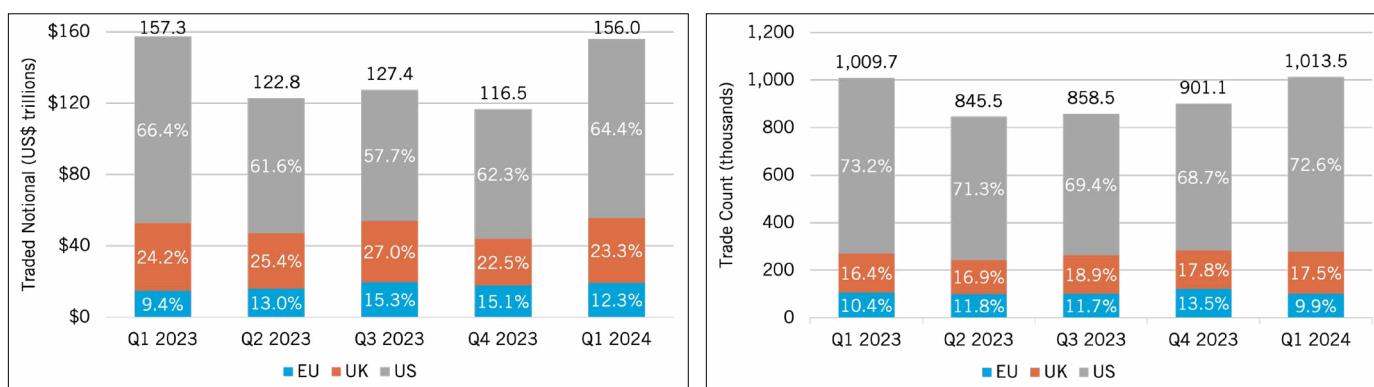


Source: DTCC SDR

Combined EU, UK and US traded notional fell by 0.8% to \$156.0 trillion from \$157.3 trillion and trade count grew by 0.4% to 1.0 million.

US-reported IRD traded notional accounted for 64.4% of combined EU, UK and US traded notional, while the EU and UK comprised 12.3% and 23.3%, respectively. US-reported transactions represented 72.6% of total IRD trade count, the EU made up 9.9% and the UK accounted for 17.5% (see Chart 14).

Chart 14: EU, UK and US Traded Notional and Trade Count



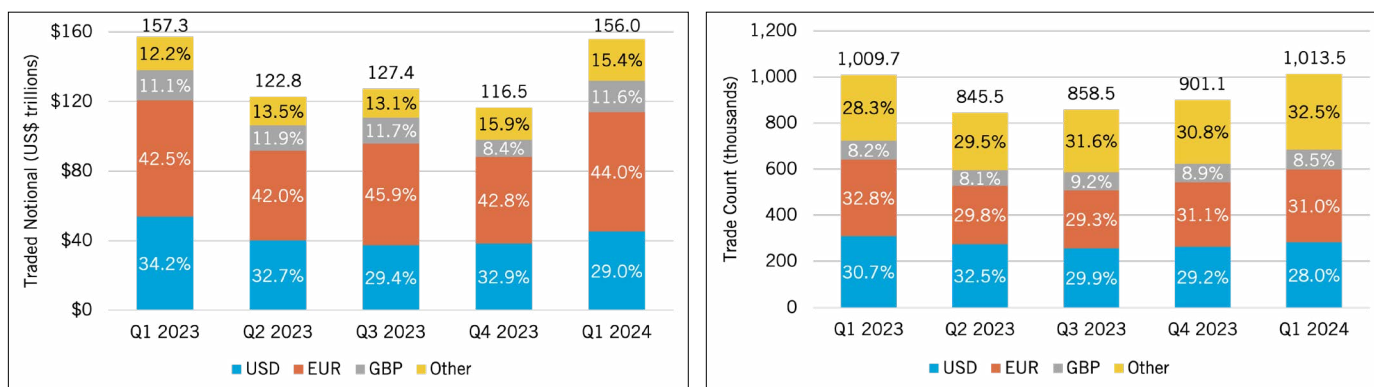
Source: DTCC SDR, European APAs and TVs

⁹ Based on data from the DTCC SDR. This data covers only transactions required to be disclosed under US CFTC regulations. Most recent data on US trading activity is available on the ISDA SwapsInfo website <http://swapsinfo.org>

Of the combined \$156.0 trillion in EU, UK and US IRD traded notional, 44.0% was denominated in euros, 29.0% was in US dollars and 11.6% was in sterling. Of the 1.0 million in combined trade count, 31.0% was denominated in euros, 28.0% was in US dollars and 8.5% was in sterling (see Chart 15).

Other currencies accounted for 15.4% of combined IRD traded notional and 32.5% of trade count, with Australian dollar, Japanese yen and Canadian dollar representing the largest share.

Chart 15: EU, UK and US IRD Traded Notional and Trade Count by Currency

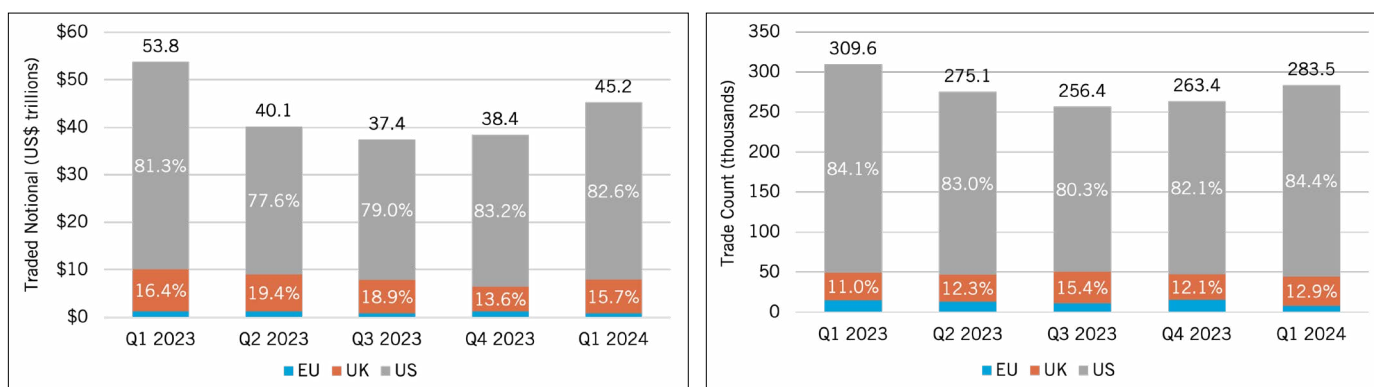


Source: DTCC SDR, European APAs and TVs

US-dollar-denominated IRD traded notional fell by 15.8% to \$45.2 trillion from \$53.8 trillion and trade count dropped by 8.4% to 283.5 thousand from 309.6 thousand.

82.6% of US-dollar-denominated IRD traded notional and 84.4% of trade count was reported in the US, while 15.7% of US dollar traded notional and 12.9% of trade count was reported in the UK (see Chart 16).

Chart 16: Combined US Dollar-denominated IRD Traded Notional and Trade Count by Jurisdiction

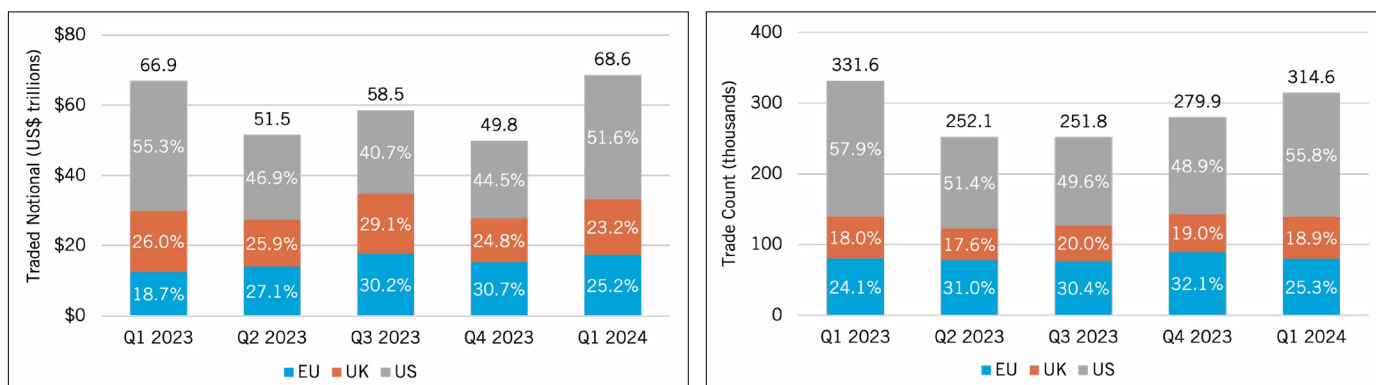


Source: DTCC SDR, European APAs and TVs

Euro-denominated IRD traded notional grew by 2.6% to \$68.6 trillion from \$66.9 trillion and trade count dropped by 5.1% to 314.6 thousand from 331.6 thousand.

Reporting of euro-denominated IRD transactions was split between the three jurisdictions: 25.2% of traded notional and 25.3% of trade count was reported in the EU; 23.2% of traded notional and 18.9% of trade count was reported in the UK; and 51.6% of traded notional and 55.8% of trade count was reported in the US (see Chart 17).

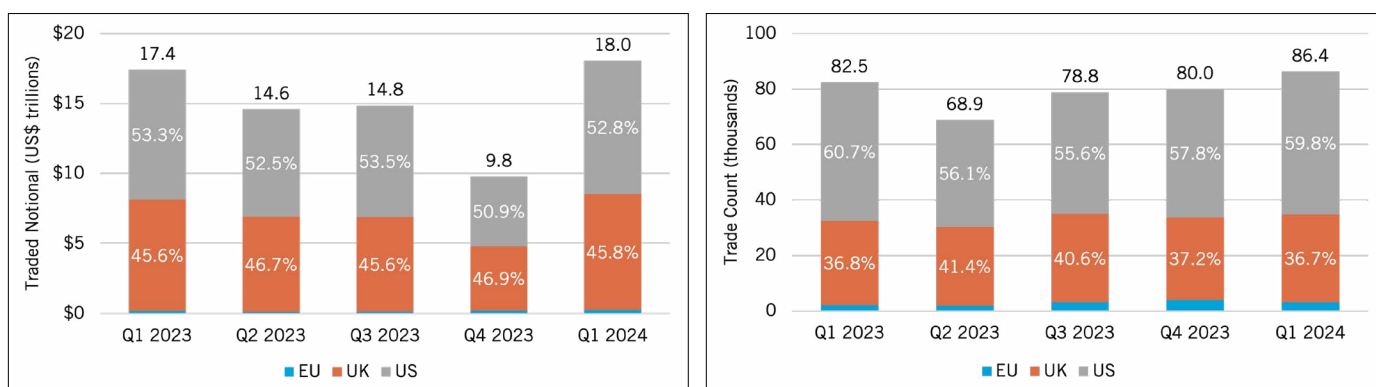
Chart 17: Combined Euro-denominated IRD Traded Notional and Trade Count by Jurisdiction



Source: DTCC SDR, European APAs and TVs

Sterling-denominated IRD traded notional grew by 3.7% to \$18.0 trillion from \$17.4 trillion and trade count rose by 4.7% to 86.4 thousand from 82.5 thousand. 45.8% of sterling-denominated IRD traded notional and 36.7% of trade count was reported in the UK and 52.8% of traded notional and 59.8% of trade count was reported in the US (see Chart 18).

Chart 18: Combined Sterling-denominated IRD Traded Notional and Trade Count by Jurisdiction



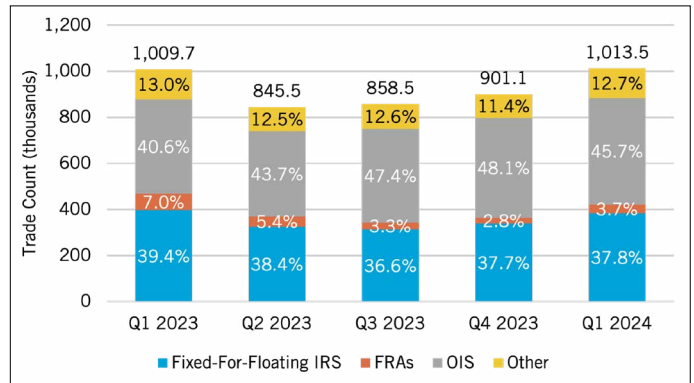
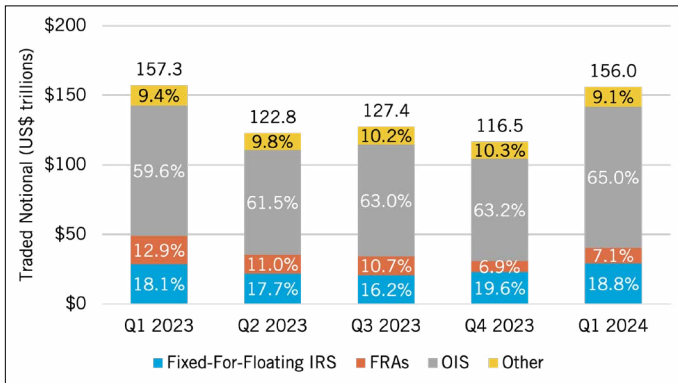
Source: DTCC SDR, European APAs and TVs

OIS traded notional rose by 8.2% to \$101.3 trillion from \$93.7 trillion, representing 65.0% of combined IRD traded notional. OIS trade count increased by 13.2% to 463.5 thousand from 409.6 thousand and accounted for 45.7% of the combined total (see Chart 19).

Single currency fixed-for-floating IRS traded notional rose by 2.5% to \$29.2 trillion from \$28.5 trillion and trade count dropped by 3.6% to 383.5 thousand from 397.7 thousand. Fixed-for-floating IRS represented 18.8% of combined EU, UK and US IRD traded notional and 37.8% of combined trade count.

FRA traded notional declined by 45.2% to \$11.1 trillion from \$20.3 trillion and trade count dropped by 46.7% to 37.7 thousand from 70.7 thousand. FRAs made up 7.1% of combined EU, UK and US IRD traded notional and 3.7% of trade count.

Chart 19: EU, UK and US IRD Traded Notional and Trade Count by Product



Source: DTCC SDR, European APAs and TVs

APPENDIX 1: LIST OF MAJOR VENUES REPORTING OTC IRD TRANSACTIONS INCLUDED IN THE ISDA EUROPEAN IRD MARKETS DATASET

Venue Name	Venue Type	MIC	Region
Aurel BGC Paris	OTF	AURO	EU
BGC Brokers LP	OTF	BGCO	UK
Bloomberg BV APA	APA	BAPE	EU
Bloomberg BV MTF	MTF	BTFE	EU
Bloomberg UK APA	APA	BAPA	UK
Bloomberg UK MTF	MTF	BMTF	UK
GFI Brokers Limited	OTF	GFBO	UK
GFI Paris	OTF	GFPO	EU
GFI Securities Limited	OTF	GFSO	UK
ICAP EU OTF	OTF	ICOT	EU
ICAP Global Derivatives MTF	MTF	IGDL	UK
ICAP Securities OTF	OTF	IOTF	UK
iSWAP EU MTF	MTF	ISWP	EU
TP ICAP EU MTF	MTF	TPIC	EU
TP ICAP UK MTF	MTF	ICPM	UK
TRADEcho NL	APA	ECEU	EU
TRADEcho UK	APA	ECHO	UK
Tradeweb BV APA	APA	TWEA	EU
Tradeweb BV MTF	MTF	TWEM	EU
Tradeweb UK APA	APA	TREA	UK
Tradeweb UK MTF	MTF	TREU	UK
Tradition	OTF	TCDS	UK
Trad-X EU	MTF	TRXE	EU
Trad-X UK	MTF	TRDX	UK
Trax APA	APA	TRAX	UK
Trax NL APA	APA	TRNL	EU
TSAF OTC	OTF	TSAF	EU
Tullett Prebon EU OTF	OTF	TPEU	EU
Tullett Prebon Europe MTF	MTF	TPEL	UK
Tullett Prebon Europe OTF	OTF	TPEO	UK

APPENDIX 2: METHODOLOGY

European Data

ISDA's analysis of European-reported IRD trading data is based on transactions publicly reported by eight European APAs and 22 TV¹⁰s.

Under European post-trade reporting requirements, “[i]nvestment firms which, either on own account or on behalf of clients, conclude transactions in bonds, structured finance products, emission allowances and derivatives traded on a trading venue shall make public the volume and price of those transactions and the time at which they were concluded”¹¹.

Trade information must be publicly disseminated either through an APA or by a TV through which a transaction was executed¹². As of August 2022, there were 15 active APAs registered on the European Securities and Markets Authority's (ESMA) website¹³. In the UK, there were five APAs registered by the Financial Conduct Authority (FCA)¹⁴.

While ISDA's data set does not include all APAs and TV¹⁵s that are registered with ESMA and the FCA, the trades reported by the 30 APAs and TV¹⁶s included in this analysis are believed to cover most over-the-counter (OTC) IRD activity in Europe.

UK IRD trading activity is measured by IRD traded notional and trade count reported by APAs and TV¹⁷s located in the UK, while EU IRD trading activity is measured by IRD traded notional and trade count reported by APAs and TV¹⁸s located in the EU. Of the 30 APAs and TV¹⁹s covered by this analysis, 17 are located in the UK and 13 are located in the EU.

To collect the data, ISDA set up daily feeds from the eight APAs and 22 TV²⁰s¹⁵. ISDA also set up a data feed from the Association of National Numbering Agencies' Derivatives Service Bureau to download new International Securities Identification Numbers (ISINs) for IRD transactions¹⁶. By matching IRD ISINs with all daily reported transactions that include various asset classes (equity, fixed income derivatives, etc.), ISDA eliminated all non-IRD transactions and kept only the IRD data.

Using ISIN data, ISDA identified IRD instrument type (swap, option, forward, etc.), IRD product taxonomy (fixed-for-floating IRS, FRAs, OIS, etc.), underlying reference rate and tenor. Using trade details published by APAs and TV²¹s, ISDA identified publication ID, trade data, publication data, venue of execution, notional amount, notional currency, cleared status and supplementary flags.

The ISDA data set includes only new trades. All cancelled transactions are removed and amended trades are updated using the original ID field. Transactions reported with a four-week aggregation flag and volume omission flag are also removed from the data set.

Reported notional is converted to US dollars based on daily foreign exchange (FX) rates. All reported transactions are aggregated on a daily basis. Monthly traded notional referenced in this report represents the sum of converted traded notional of all transactions executed during the month. Monthly trade count represents the number of all transactions executed during the month.

Due to post-trade transparency deferrals, the majority of European transactions are published with a four- to five-week delay.

¹⁰ The list of APAs and TV²²s is included in Appendix 1

¹¹ Markets in Financial Instruments Regulation Article 21 www.esma.europa.eu/databases-library/interactive-single-rulebook/clone-mifir/article-21

¹² See Appendix 2 in the Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: May 2021 for more detailed information on post-trade reporting requirements in Europe and US www.isda.org/a/MdMgE/Interest-Rate-Derivatives-Trading-Activity-Reported-in-EU-UK-and-US-Markets.pdf

¹³ European Securities and Markets Authority (ESMA) List of Registers https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg

¹⁴ Financial Conduct Authority, The Financial Services Register https://register.fca.org.uk/s/resources#Other_registers

¹⁵ Most APAs and TV²³s display data only for a brief period of time and no historical data is available

¹⁶ Most APAs and TV²⁴s do not disclose asset class data and publish all transactions ISINs

US Data

Analysis of US IRD is based on data from the DTCC SDR that only covers transactions required to be disclosed under US CFTC regulations¹⁷.

In the US, the CFTC swap reporting rules were finalized in December 2011 and required all traded swaps to be reported by the end of 2013. These rules require key swap transaction and pricing data to be reported to US-registered SDRs as soon as technologically practicable after execution.

There are three major SDRs in the US: DTCC SDR (reports all asset classes); CME (reports all asset classes except for equity); and ICE Trade Vault (reports credit, FX and commodities)¹⁸. Almost all OTC IRD are reported by the DTCC SDR.

The DTCC SDR reports execution time stamp, effective date, expiration date, asset class, product taxonomy, notional amount, notional currency, underlying reference rate, execution venue, cleared status and other trade details¹⁹.

ISDA analysis includes only new transactions. All cancelled transactions are removed and amended trades are updated using the dissemination ID field. Reported notional is converted to US dollars based on daily FX rates. All reported transactions are aggregated on a daily basis.

Delays in reporting (generally 15 or 30 minutes, with a maximum of 24 business hours) are allowed for block trades (transactions with a notional above the minimum block size for the relevant asset class) and large notional trades.

Data Limitations

While ISDA believes this data covers the majority of OTC IRD transactions in Europe, it does not capture 100% of the market. First, it does not cover all APAs and TVs that are registered with ESMA and the FCA. Second, it captures only transactions that are subject to post-trade transparency reporting requirements. OTC derivatives that are not traded on TVs are considered 'traded on a trading venue' (TOTV) – and are therefore subject to the reporting and transparency requirements – if they share the same reference data details as derivatives traded on TVs²⁰. Therefore, OTC derivatives not traded on TVs that are not TOTV are not captured.

When European counterparties face US entities on a swap execution facility (SEF), ESMA does not require EU firms to systematically republish information in the EU about transactions executed on TVs outside the EU that are subject to transparency provisions similar to those applicable to EU TVs. Under US rules, SEFs are required to send relevant trade details to an SDR for real-time public dissemination²¹. Therefore, these trades will be captured in US trading activity only, resulting in a potential understatement of European traded notional.

Trades executed on multilateral trading facilities (MTFs) and organized trading facilities (OTFs) between EU and US counterparties may be disseminated to the public twice. Since EU and US reporting rules have not been determined equivalent, trades executed on MTFs and OTFs are viewed as off-facility transactions for US real-time reporting purposes and are subject to the CFTC reporting rules. At the same time, MTFs and OTFs have an obligation to send trade details for public dissemination. Therefore, these trades may be double counted in European and US combined trading activity analysis.

¹⁷ CFTC 17 CFR Part 43 Real-Time Public Reporting of Swap Transaction Data www.cftc.gov/sites/default/files/idc/groups/public/@lrfederalregister/documents/file/2011-33173a.pdf

¹⁸ Bloomberg SDR was closed in August 2018 and all transactions were moved to DTCC SDR

¹⁹ DTCC SDR services <https://pddata.dtcc.com/ppd/cftcdashboard>

²⁰ ESMA Clarifies Traded On a Trading Venue Under MIFID II www.esma.europa.eu/press-news/esma-news/esma-clarifies-traded-trading-venue-under-mifid-ii

²¹ A Practical Guide to Navigating Derivatives Trading on US/EU Recognized Trading Venues www.isda.org/a/CRmEE/ISDA-Publishes-Guide-to-Trading-on-US-EU-Trading-Venues-FINAL.pdf

The majority of block trades and large notional off-facility swaps (LNOFs) are reported to the DTCC SDR with a capped notional. Block trades and LNOFs are transactions above a designated notional threshold (block size). These transactions are reported with a delay at the capped amounts (cap size). As ISDA cleans up DTCC SDR data, all transactions that are reported with a '+' indicating a block trade are counted at the minimum notional. For example, a transaction reported with \$1,000,000+ notional would be counted as \$1,000,000 traded notional. As a result, total DTCC IRD traded notional is likely to be understated.



ISDA has published other recent research papers:

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www.isda.org/a/zk1gE/SwapsInfo-First-Quarter-of-2024-Review.pdf

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www.isda.org/a/OswgE/ISDA-Margin-Survey-Year-End-2023.pdf

- ***Interest Rate Derivatives, Benchmark Rates and Development of Financial Markets in EMDEs***

www.isda.org/a/AswgE/Interest-Rate-Derivatives-Benchmark-Rates-and-Development-of-Financial-Markets-in-EMDEs.pdf

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ABOUT ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 77 countries. These members comprise a broad range of derivatives market participants, including corporations, investment

managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as

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