ISDA has expanded its SwapsInfo analysis to include interest rate derivatives (IRD) trading activity reported in Europe.

The analysis is based on transactions publicly reported by 30 European approved publication arrangements (APAs) and trading venues (TVs) for August 2021. The report analyzes European transactions based on the location of reporting venues (EU versus UK), currency, product taxonomy, execution venue and cleared status.

The analysis also compares European IRD reported trading activity to what is reported in the US. 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 regulations.
EXECUTIVE SUMMARY

Total European IRD Trading Activity\(^1\)

- Total European IRD trading activity reported by APAs and TVs in the EU and UK was $8.8 trillion in August 2021.
- Euro-denominated IRD traded notional accounted for 41.5% of total European IRD traded notional. Sterling-denominated transactions comprised 26.8% of traded notional, while contracts denominated in US dollars contributed 19.7%. Other currencies accounted for 12.0% of total European IRD traded notional\(^2\). South African rand- and Swedish krona-denominated IRD traded notional represented the largest share of other currencies.
- Fixed-for-floating interest rate swaps (IRS) accounted for 47.5% of total European IRD traded notional, while forward rate agreements (FRAs) and overnight index swaps (OIS) totaled 12.1% and 35.0%, respectively.
- 60.4% of total European IRD traded notional was executed on TVs, 26.3% was executed by systemic internalizers\(^3\) (SIs) and 13.3% was executed off venue\(^4\).
- 61.5% of total European IRD traded notional was cleared.

UK IRD Trading Activity

- Total IRD traded notional reported by APAs and TVs in the UK was $6.7 trillion and accounted for 76.3% of total European IRD traded notional in August 2021.
- Euro-denominated IRD accounted for 29.3% of total UK IRD traded notional, sterling-denominated trades comprised 34.7% and US dollar-denominated IRD represented 23.8%. Other currencies accounted for 12.3% of total UK IRD traded notional.
- Fixed-for-floating IRS accounted for 43.2% of total UK IRD traded notional, while FRAs and OIS comprised 11.5% and 39.0%, respectively.
- 56.5% of UK IRD traded notional was executed on TVs, 27.0% was executed by SIs and 16.6% was executed off venue.
- 63.7% of total UK IRD traded notional was cleared.

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\(^1\) 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 EU and UK. The list of APAs and TVs is included in Appendix 1

\(^2\) Other currencies include South African rand, Japanese yen, Swedish krona, Norwegian krone, Polish złoty, Czech koruna and ‘other’

\(^3\) 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

\(^4\) This includes financial instruments admitted to trading or traded on a trading venue, where a transaction on that financial instrument is not executed on a TV, SI or organized trading platform outside the EU or where an investment firm does not know it is trading with another investment firm acting as an SI
EU IRD Trading Activity

• Total IRD traded notional reported by APAs and TVs in the EU was $2.1 trillion and accounted for 23.7% of total European IRD traded notional in August 2021.
• Euro-denominated IRD accounted for 80.8% of total EU IRD traded notional, while US dollar-denominated IRD comprised 6.7%. Other currencies accounted for 11.0% of total EU IRD traded notional.
• Fixed-for-floating IRS comprised 61.1% of total EU IRD traded notional, while FRAs and OIS totaled 14.1% and 22.3%, respectively.
• 73.1% of total EU IRD traded notional was executed on TVs, 24.0% was executed by SIs and 2.9% was executed off venue.
• 54.6% of total EU IRD traded notional was cleared.

European and US IRD Trading Activity

• IRD traded notional reported in the US was $14.1 trillion⁵ and accounted for 61.5% of the combined EU, UK and US traded notional total in August 2021. The EU and UK comprised 9.1% and 29.4% of the combined total, respectively.
• Of the combined $22.9 trillion in EU, UK and US IRD traded notional, 43.0% was denominated in US dollars, 26.7% was in euros and 17.2% was in sterling. Other currencies accounted for 13.1% of total European and US IRD traded notional. Australian dollar, Canadian dollar and South African rand represented the largest share of other currencies.
• 82.3% of total US dollar-denominated IRD traded notional was reported in the US. Reporting of euro-denominated transactions was split between the three jurisdictions, with 27.7% in the EU, 32.2% in the UK and 40.1% in the US. 59.3% of sterling-denominated IRD traded notional was reported in the UK, with the remainder reported in the US.
• Single currency fixed-for-floating IRS accounted for 45.8% of total EU, UK and US IRD traded notional in August 2021. FRAs and OIS accounted for 15.7% and 28.4%, respectively.

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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 regulations. Most recent data on US trading activity is available on the ISDA SwapsInfo website http://swapsinfo.org
EUROPEAN IRD TRADING ACTIVITY

In August 2021, total European IRD trading activity reported by APAs and TVs in the EU and UK was $8.8 trillion. Total trade count was 64.4 thousand. Traded notional reported in the UK accounted for 76.3% of total European IRD traded notional and 67.7% of total trade count (see Chart 1).

Chart 1: European IRD Traded Notional and Trade Count

Euro-denominated IRD traded notional equaled $3.7 trillion and accounted for 41.5% of total European traded notional and 46.2% of total trade count. Sterling-denominated transactions comprised 26.8% of total European traded notional and 15.8% of trade count, while contracts denominated in US dollars made up 19.7% of total European traded notional and 18.1% of trade count (See Chart 2).

Other currencies accounted for 12.0% of total European traded notional and 19.9% of total trade count. South African rand and Swedish krona represented the largest share of other currencies.

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

Fixed-for-floating IRS accounted for 47.5% of total European IRD traded notional and 68.3% of total trade count in August 2021. FRAs and OIS represented 12.1% and 35.0% of total European traded notional and 4.9% and 16.5% of trade count, respectively (see Chart 3).

More than half (60.4%) of total European IRD traded notional was executed on TVs, 26.3% was executed by SIs\(^7\) and 13.3% was executed off venue\(^8\) in August 2021 (see Table 1).

### Table 1: European IRD Traded Notional and Trade Count by Execution Venue (August 2021)

<table>
<thead>
<tr>
<th></th>
<th>TVs</th>
<th>SIs</th>
<th>Off-venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Traded Notional</td>
<td>56.5%</td>
<td>27.0%</td>
<td>16.6%</td>
</tr>
<tr>
<td>EU Traded Notional</td>
<td>73.1%</td>
<td>24.0%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Total European Traded Notional</td>
<td>60.4%</td>
<td>26.3%</td>
<td>13.3%</td>
</tr>
<tr>
<td>UK Trade Count</td>
<td>54.8%</td>
<td>28.4%</td>
<td>16.8%</td>
</tr>
<tr>
<td>EU Trade Count</td>
<td>73.0%</td>
<td>23.3%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Total European Trade Count</td>
<td>60.7%</td>
<td>26.7%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

61.5% of total European IRD traded notional and 63.0% of total trade count was cleared and 38.5% of total traded notional and 37.0% of trade count was non-cleared in August 2021 (see Table 2).

### Table 2: European IRD Traded Notional and Trade Count by Cleared Status (August 2021)

<table>
<thead>
<tr>
<th></th>
<th>% Cleared</th>
<th>% Non-Cleared</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Traded Notional</td>
<td>63.7%</td>
<td>36.3%</td>
</tr>
<tr>
<td>EU Traded Notional</td>
<td>54.6%</td>
<td>45.4%</td>
</tr>
<tr>
<td>Total European Traded Notional</td>
<td>61.5%</td>
<td>38.5%</td>
</tr>
<tr>
<td>UK Trade Count</td>
<td>62.4%</td>
<td>37.6%</td>
</tr>
<tr>
<td>EU Trade Count</td>
<td>64.5%</td>
<td>35.5%</td>
</tr>
<tr>
<td>Total European Trade Count</td>
<td>63.0%</td>
<td>37.0%</td>
</tr>
</tbody>
</table>

---

\(^7\)This includes financial instruments admitted to trading or traded on a trading venue, where a transaction on that financial instrument is executed by an SI. SIs are investment firms that deal on their own account by executing client orders outside a RM or TV

\(^8\)This includes financial instruments admitted to trading or traded on a trading venue, where a transaction on that financial instrument is not executed on a TV, SI or organized trading platform outside the EU or where an investment firm does not know it is trading with another investment firm acting as an SI
**UK IRD TRADING ACTIVITY**

Total IRD traded notional and trade count reported by APAs and TVs in the UK in August 2021 was $6.7 trillion and 43.6 thousand, respectively. UK-reported trading activity accounted for 76.3% of total European IRD traded notional and 67.7% of total trade count (see Chart 1).

Euro-denominated IRD accounted for 29.3% of total UK IRD traded notional and 32.9% of total trade count in August 2021. Sterling-denominated transactions represented 34.7% of total UK IRD traded notional and 21.9% of trade count. US dollar-denominated IRD made up 23.8% of traded notional and 21.0% of trade count (see Chart 4).

Other currencies accounted for 12.3% of total UK IRD traded notional and 24.2% of trade count. Swedish krona and Japanese yen represented the largest share of other currencies.

Single currency fixed-for-floating IRS comprised 61.5% of total UK IRD trade count and 43.2% of UK IRD traded notional in August 2021. FRAs and OIS accounted for 11.5% and 39.0% of total UK traded notional and 5.3% and 20.4% of trade count, respectively (see Chart 5).

56.5% of total UK IRD traded notional and 54.8% of total trade count occurred on TVs. 27.0% of total UK IRD traded notional and 28.4% of trade count was executed by SIs, and 16.6% of traded notional and 16.8% of trade count took place off venue (see Table 1).

63.7% of total UK IRD traded notional and 62.4% of trade count was cleared and 36.3% of total traded notional and 37.6% of trade count was non-cleared (see Table 2).
EU IRD TRADING ACTIVITY

Total IRD traded notional and trade count reported by APAs and TVs in the EU in August 2021 was $2.1 trillion and 20.8 thousand, respectively. EU-reported IRD trading activity comprised 23.7% of total European IRD traded notional and 32.3% of total European trade count (see Chart 1).

IRD denominated in euros accounted for the majority of trades reported in the EU in August 2021. Euro-denominated IRD comprised 80.8% of total EU IRD traded notional and 73.9% of trade count. US dollar-denominated IRD made up 6.7% of total EU IRD traded notional and 12.2% of trade count, while sterling-denominated transactions represented 1.4% and 3.0% of total EU IRD traded notional and trade count, respectively (see Chart 6).

Other currencies accounted for 11.0% of total EU IRD traded notional and 10.9% of total trade count. South African rand and Swedish krona represented the largest share of other currencies.

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

The composition of swaps reported in the EU differed from those reported in the UK, with a larger share of fixed-for-floating IRS and a smaller share of OIS. Single currency fixed-for-floating IRS represented 82.5% of total EU IRD trade count and 61.1% of total IRD traded notional. FRAs and OIS accounted for 14.1% and 22.3% of total EU IRD traded notional and 4.3% and 8.4% of trade count, respectively (see Chart 7).

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

Source: European APAs and TVs
The share of IRD traded notional executed on TVs in the EU was significantly higher compared to the UK. 73.1% of total EU IRD traded notional and 73.0% of total EU IRD trade count took place on TVs, 24.0% of total traded notional and 23.3% of trade count was executed by SIs and 2.9% of traded notional and 3.8% of trade count occurred off venue (see Table 1).

54.6% of total EU IRD traded notional and 64.5% of total trade count was cleared and 45.4% of total traded notional and 35.5% of trade count was non-cleared (see Table 2).

EUROPEAN AND US IRD TRADING ACTIVITY

Total IRD traded notional and trade count reported in the US in August 2021 was $14.1 trillion and 128.8 thousand, respectively. Combined EU, UK and US traded notional and trade count was $22.9 trillion and 193.2 thousand.

US traded notional accounted for 61.5% of the combined EU, UK and US traded notional, while the EU and UK comprised 9.1% and 29.4%, respectively. US transactions represented 66.7% of all trade count, while the EU and UK accounted for 10.8% and 22.6%, respectively (see Chart 8).

Chart 8: US, UK and EU Traded Notional and Trade Count

Source: DTCC SDR, European APAs and TVs

Of the combined $22.9 trillion in EU, UK and US IRD traded notional, 43.0% was denominated in US dollars, 26.7% was in euros and 17.2% was in sterling. Of the 193.2 thousand in combined trade count, 35.4% was denominated in US dollars, 27.5% was in euros and 11.0% was in sterling (see Chart 9).

Other currencies accounted for 13.1% of the combined traded notional and 26.1% of trade count. Australian dollar-, Canadian dollar- and South African rand-denominated IRD traded notional represented the largest share of other currencies.

*Based on the data from the DTCC SDR that covers only transactions required to be disclosed under US regulations. Most recent data on US trading activity is available on the ISDA SwapsInfo website http://swapsinfo.org
82.3% of total US dollar-denominated IRD traded notional and 82.9% of total trade count was reported in the US, while 16.2% of total US dollar-denominated traded notional and 13.3% of trade count was reported in the UK (see Chart 10).

Reporting of total euro-denominated IRD transactions was split between the three jurisdictions: 27.7% of euro-denominated traded notional and 29.0% of trade count was reported in the EU; 32.2% of traded notional and 27.0% of trade count was reported in the UK; and 40.1% of traded notional and 44.0% of trade count was reported in the US (see Chart 11).
59.3% of sterling-denominated IRD traded notional and 45.0% of trade count was reported in the UK, and 39.9% of sterling-denominated traded notional and 52.1% of trade count was reported in the US (see Chart 12).

**Chart 12: Combined Sterling-denominated IRD Traded Notional and Trade Count by Jurisdiction**

Source: DTCC SDR, European APAs and TVs

Single currency fixed-for-floating IRS accounted for 64.4% of the combined EU, UK and US IRD trade count, but represented only 45.8% of combined IRD traded notional in August 2021. FRAs and OIS accounted for 15.7% and 28.4% of total combined traded notional and 7.2% and 16.0% of trade count, respectively (see Chart 13).

**Chart 13: Combined US, UK and EU 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

<table>
<thead>
<tr>
<th>Venue Name</th>
<th>Venue Type</th>
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<td>AURO</td>
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<tr>
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<td>BMTF</td>
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<tr>
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<td>GFBO</td>
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<td>Tullett Prebon Europe OTF</td>
<td>OTF</td>
<td>TPEO</td>
<td>UK</td>
</tr>
</tbody>
</table>
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 TVs\(^\text{10}\). 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”\(^\text{11}\).

Trade information must be publicly disseminated either through an APA or by a TV through which a transaction was executed\(^\text{12}\). As of June 2021, there were 15 active APAs, 142 active multilateral trading facilities (MTFs) and 27 active organized trading facilities (OTFs) registered on the European Securities and Markets Authority’s (ESMA) website\(^\text{13}\). In the UK, there were five registered APAs, 223 MTFs and 80 OTFs registered by the Financial Conduct Authority (FCA)\(^\text{14}\).

While ISDA’s data set doesn’t include all APAs and TVs that are registered with ESMA and the FCA, the trades reported by the 30 APAs and TVs 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 TVs located in the UK, while EU IRD trading activity is measured by IRD traded notional and trade count reported by APAs and TVs located in the EU. Of the 30 APAs and TVs 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 TVs\(^\text{15}\). 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 transactions\(^\text{16}\). 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 TVs, 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.

\(^{10}\) The list of APAs and TVs is included in the Appendix 1

\(^{11}\) MIFIR Article 21 www.esma.europa.eu/databases-library/interactive-single-rulebook/clone-mifir/article-21


\(^{13}\) ESMA List of Registers https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg

\(^{14}\) FCA The Financial Services Register https://register.fca.org.uk/s/resources#Other_registers

\(^{15}\) Most APAs and TVs display data only for a short period of time and no historical data is available

\(^{16}\) Most APAs and TVs don’t disclose asset class data and publish all transactions ISINs
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.

**US Data**

Analysis of US IRD is based on data from the DTCC SDR that only covers transactions required to be disclosed under US regulations\(^\text{17}\). In the US, the Commodity Futures Trading Commission (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\(^\text{18}\).

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)\(^\text{19}\). 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 details\(^\text{20}\).

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 doesn’t capture 100% of the market. First, it doesn’t 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 TVs\(^\text{21}\). Therefore, OTC derivatives not traded on TVs that are not TOTV are not captured.


\(^\text{19}\) Bloomberg SDR was closed in August 2018 and all transactions were moved to DTCC SDR

\(^\text{20}\) DTCC SDR services [https://pddata.dtcc.com/gtr/cftc/dashboard.do](https://pddata.dtcc.com/gtr/cftc/dashboard.do)

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 dissemination. Therefore, these trades will be captured in US trading activity only, resulting in a potential understatement of European traded notional.

Trades executed on MTFs and 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.

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 the result, total DTCC IRD traded notional is likely to be understated.

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ISDA has published other recent research papers:

- **SwapsInfo Third Quarter of 2021 and Year-to-September 30, 2021 Review**

- **Transition to RFRs Review: Third Quarter of 2021 and Year-to-September 30, 2021**

- **Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: July 2021**

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**ABOUT ISDA**

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has more than 960 member institutions from 78 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 exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association’s website: www.isda.org. Follow us on Twitter, LinkedIn, Facebook and YouTube.