



Research Note

Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: First Quarter of 2022

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). The report analyzes European transactions based on the location of reporting venues (EU versus UK), currency, product taxonomy and execution venue.

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 Commodity Futures Trading Commission (CFTC) regulations.

EXECUTIVE SUMMARY

Total European IRD Trading Activity¹

- Total European IRD trading activity reported by APAs and TVs in the EU and UK was \$47.4 trillion in the first quarter of 2022, up by 22.6% from \$38.6 trillion in the fourth quarter of 2021².
- Euro-denominated IRD traded notional increased by 41.2% to \$21.3 trillion in the first quarter of 2022 from \$15.1 trillion the previous quarter and accounted for 45.0% of total European IRD traded notional. Sterling-denominated transactions fell by 31.8% to \$8.4 trillion from \$12.4 trillion over the same period and comprised 17.8% of the European total. Contracts denominated in US dollars rose by 82.4% to \$12.9 trillion in the first quarter of 2022 from \$7.1 trillion in the fourth quarter of 2021, equating to 27.1% of total European traded notional. Other currencies accounted for 10.1% of total European IRD traded notional³.
- Overnight index swaps (OIS) traded notional increased by 26.1% to \$22.3 trillion in the first quarter of 2022 (47.1% of total European IRD traded notional) from \$17.7 trillion in the fourth quarter of 2021. Fixed-for-floating interest rate swaps (IRS) traded notional grew by 5.4% to \$16.3 trillion from \$15.5 trillion over the same period and accounted for 34.4% of the European total. Forward rate agreement (FRA) traded notional increased by 81.4% to \$6.4 trillion from \$3.5 trillion and represented 13.5% of total European IRD traded notional.
- 44.2% of total European IRD traded notional took place on TVs and 46.0% was executed by systematic internalizers⁴ (SIs). The remaining 9.8% of IRD traded notional was reported as XOFF⁵.

UK IRD Trading Activity

- Total IRD traded notional reported by APAs and TVs in the UK grew by 23.5% to \$35.6 trillion in the first quarter of 2022 from \$28.9 trillion in the fourth quarter of 2021, representing 75.2% of total European IRD traded notional.
- Euro-denominated IRD traded notional increased by 70.1% to \$12.7 trillion in the first quarter of 2022 from \$7.4 trillion in the fourth quarter of 2021, and US dollar-denominated IRD rose by 81.6% to \$11.2 trillion from \$6.2 trillion over the same period. Sterling-denominated IRD traded notional decreased by 32.0% to \$8.3 trillion in the first quarter of 2022 versus \$12.2 trillion the previous quarter. Euro- and US dollar-denominated transactions accounted for 35.5% and 31.5% of total UK IRD traded notional, respectively, while sterling-denominated trades comprised 23.2%. Other currencies accounted for 9.8% of total UK IRD traded notional.
- OIS traded notional increased by 32.2% to \$19.8 trillion in the first quarter of 2022 from \$15.0 trillion in the fourth quarter of 2021. Fixed-for-floating IRS traded notional decreased by 0.7% to \$9.8 trillion, while FRA transactions increased by 68.1% to \$4.0 trillion from \$2.4 trillion over the same period. OIS accounted for 55.5% of total UK IRD traded notional, fixed-for-floating IRS comprised 27.4% and FRAs represented 11.3%.
- 39.6% of total UK IRD traded notional occurred on TVs, 49.5% was executed by SIs and 11.0% 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 This report used to be published on a monthly basis. Starting with the first quarter of 2022, the report will now be published quarterly

³ 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

⁴ 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

⁵ 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

- Total IRD traded notional reported by APAs and TVs in the EU increased by 20.0% to \$11.7 trillion in the first quarter of 2022 versus \$9.8 trillion in the fourth quarter of 2021, accounting for 24.8% of total European IRD traded notional.
- Euro-denominated IRD traded notional rose by 13.2% to \$8.7 trillion in the first quarter of 2022 from \$7.7 trillion in the fourth quarter of 2021 and accounted for 73.7% of total EU IRD traded notional. US dollar-denominated IRD increased by 87.5% to \$1.7 trillion from \$0.9 trillion and represented 14.0% of total EU IRD traded notional. Sterling-denominated IRD comprised 1.6% of total EU traded notional, while other currencies accounted for 10.7%.
- Fixed-for-floating IRS traded notional grew by 16.1% to \$6.6 trillion in the first quarter of 2022 from \$5.6 trillion in the fourth quarter of 2021, while OIS declined by 7.2% to \$2.6 trillion from \$2.8 trillion. FRA traded notional increased by 109.3% to \$2.4 trillion from \$1.2 trillion over the same period. Fixed-for-floating IRS traded notional comprised 55.8% of the EU total, while OIS and FRA traded notional accounted for 21.8% and 20.5%, respectively.
- 58.3% of total EU IRD traded notional took place on TVs, 35.6% was executed by SIs and 6.1% was reported as XOFF.

European and US IRD Trading Activity

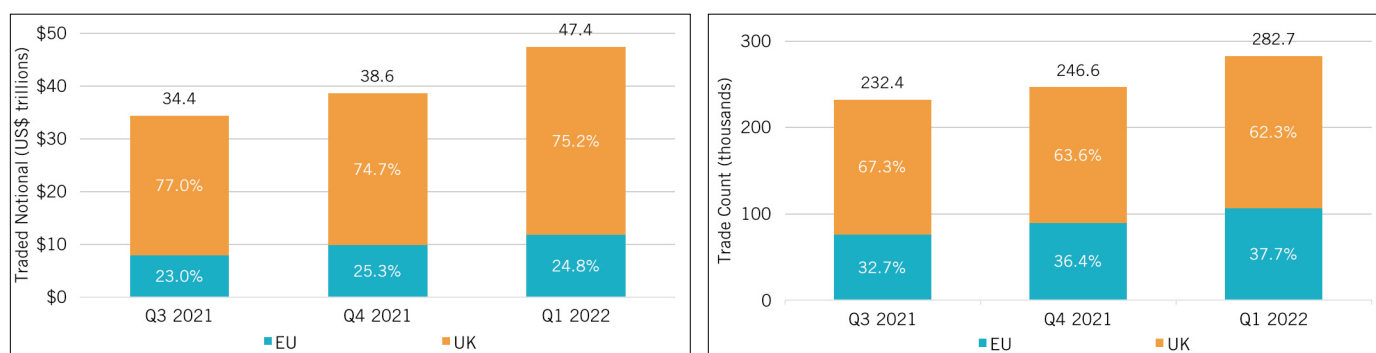
- IRD traded notional reported in the US increased by 42.5% to \$86.1 trillion in the first quarter of 2022 versus \$60.4 trillion in the fourth quarter of 2021⁶. Combined EU, UK and US traded notional rose by 34.7% to \$133.4 trillion from \$99.0 trillion over the same period. US-reported traded notional accounted for 64.5% of the combined total, while the EU and UK made up 8.8% and 26.7%, respectively.
- Of the combined \$133.4 trillion in EU, UK and US IRD traded notional, 42.6% was denominated in US dollars, 35.5% was in euros and 10.9% was in sterling. Other currencies accounted for 10.9% of the total, with Australian dollar, Canadian dollar and Swedish krona representing the largest share.
- Total US dollar-denominated IRD traded notional increased by 47.5% to \$56.9 trillion in the first quarter of 2022 from \$38.6 trillion in the fourth quarter of 2021. 77.4% of total US dollar-denominated IRD traded notional was reported in the US.
- Total euro-denominated IRD traded notional grew by 74.4% to \$47.4 trillion in the first quarter of 2022 from \$27.2 trillion in the fourth quarter of 2021. Reporting of euro-denominated transactions was split between the three jurisdictions, with 18.3% in the EU, 26.7% in the UK and 55.1% in the US.
- Total sterling-denominated IRD traded notional decreased by 32.8% to \$14.6 trillion in the first quarter of 2022 from \$21.6 trillion in the fourth quarter of 2021. 56.7% of sterling-denominated IRD traded notional was reported in the UK and 42.0% was reported in the US.
- Single currency fixed-for-floating IRS accounted for 34.2% of total EU, UK and US IRD traded notional in the first quarter of 2022. OIS and FRAs made up 43.2% and 12.9%, respectively.

⁶ 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

Total European IRD trading activity reported by APAs and TVs in the EU and UK grew by 22.6% to \$47.4 trillion in the first quarter of 2022 versus \$38.6 trillion the previous quarter. Total trade count increased by 14.6% to 282.7 thousand versus 246.6 thousand over the same period. Traded notional reported in the UK accounted for 75.2% of total European IRD traded notional, while UK-reported trade count made up 62.3% of the European total (see Chart 1)^{7,8}.

Chart 1: European IRD Traded Notional and Trade Count



Source: European APAs and TVs

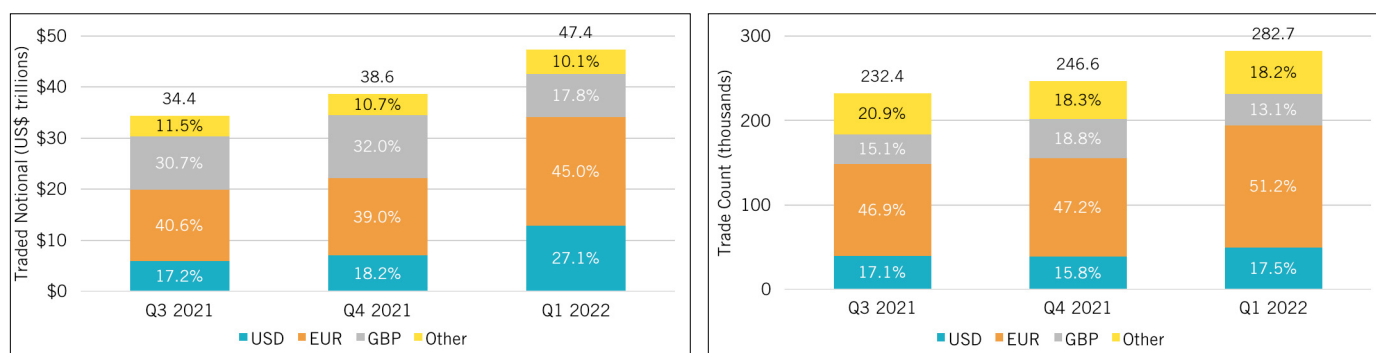
Euro-denominated IRD traded notional increased by 41.2% to \$21.3 trillion in the first quarter of 2022 from \$15.1 trillion in the fourth quarter of 2021 and accounted for 45.0% of total European traded notional. Euro-denominated contracts made up 51.2% of total European trade count (see Chart 2).

Sterling-denominated IRD traded notional fell by 31.8% to \$8.4 trillion in the first quarter of 2022 from \$12.4 trillion in the fourth quarter of 2021, while US dollar IRD traded notional increased by 82.4% to \$12.9 trillion from \$7.1 trillion over the same period.

Sterling-denominated transactions comprised 17.8% of total European traded notional and 13.1% of trade count, while US dollar contracts represented 27.1% of total European traded notional and 17.5% of trade count.

Other currencies accounted for 10.1% of total European IRD traded notional and 18.2% of total trade count, with Swedish krona and Australian dollar representing the largest share⁹.

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



Source: European APAs and TVs

⁷ 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

⁸ This report used to be published on a monthly basis. Starting with the first quarter of 2022, the report will now be published quarterly

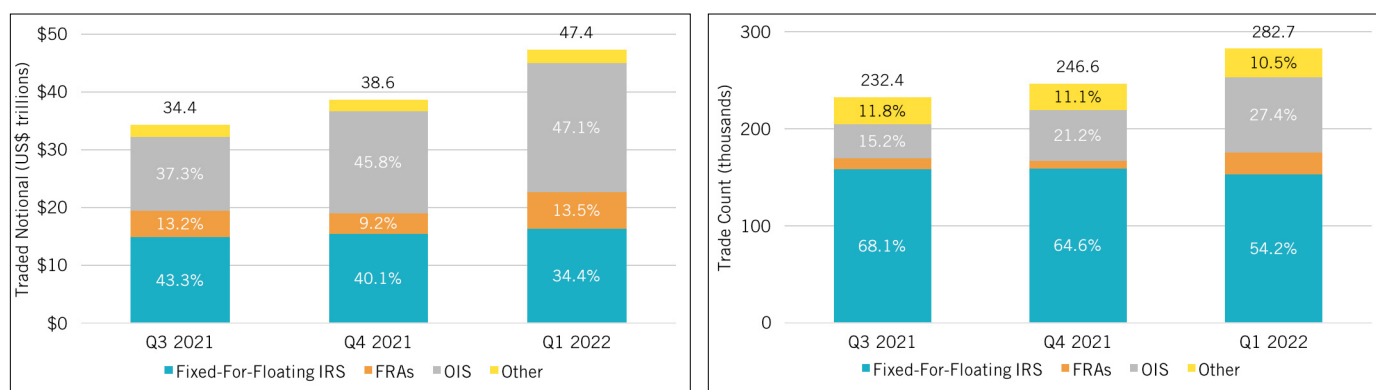
⁹ Other currencies include South African rand, Japanese yen, Swedish krona, Norwegian krone, Polish złoty, Czech koruna and 'other'. Cross-currency swaps are also included in other currencies

OIS traded notional increased by 26.1% to \$22.3 trillion in the first quarter of 2022 from \$17.7 trillion in the fourth quarter of 2021 and represented 47.1% of total European IRD traded notional. OIS contracts made up 27.4% of total European trade count (see Chart 3).

Fixed-for-floating IRS traded notional grew by 5.4% to \$16.3 trillion in the first quarter of 2022 from \$15.5 trillion the previous quarter. FRA traded notional increased by 81.4% to \$6.4 trillion from \$3.5 trillion over the same period.

Fixed-for-floating IRS accounted for 34.4% of total European IRD traded notional and 54.2% of trade count in the first quarter of 2022, while FRAs represented 13.5% and 7.8% of total European traded notional and trade count, respectively.

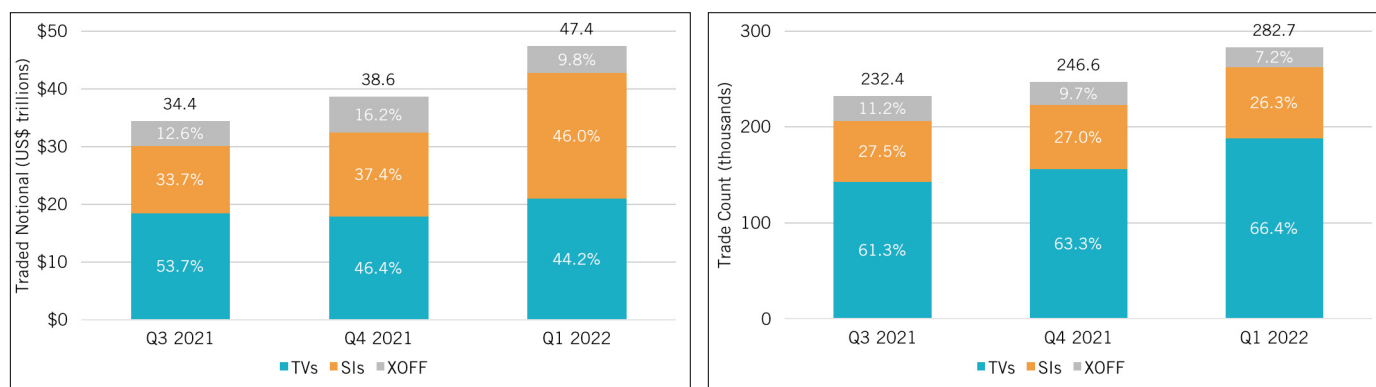
Chart 3: European IRD Traded Notional and Trade Count by Product



Source: European APAs and TVIs

In the first quarter of 2022, 44.2% of total European IRD traded notional and 66.4% of trade count took place on TVIs, 46.0% of traded notional and 26.3% of trade count was executed by SIs, and 9.8% of traded notional and 7.2% of trade count was reported as XOFF¹⁰ (see Chart 4).

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



Source: European APAs and TVIs

¹⁰ 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

UK IRD TRADING ACTIVITY

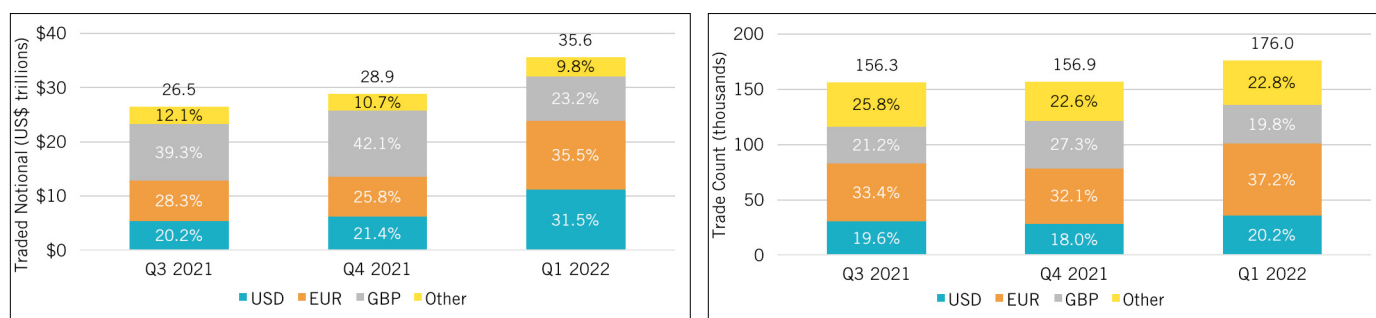
Total IRD traded notional reported by APAs and TVs in the UK rose by 23.5% to \$35.6 trillion in the first quarter of 2022 from \$28.9 trillion in the fourth quarter of 2021, while trade count increased by 12.2% to 176.0 thousand from 156.9 thousand over the same period. UK-reported trading activity accounted for 75.2% of total European IRD traded notional and 62.3% of total trade count (see Chart 1).

Sterling-denominated IRD traded notional dropped by 32.0% to \$8.3 trillion in the first quarter of 2022 from \$12.2 trillion in the fourth quarter of 2021, while euro-denominated IRD traded notional rose by 70.1% to \$12.7 trillion from \$7.4 trillion over the same period. US dollar-denominated IRD traded notional increased by 81.6% to \$11.2 trillion in the first quarter of 2022 from \$6.2 trillion the previous quarter.

Sterling-denominated transactions represented 23.2% of total UK IRD traded notional and 19.8% of total trade count. Euro-denominated IRD accounted for 35.5% of total UK IRD traded notional and 37.2% of trade count, while US dollar-denominated IRD made up 31.5% of total UK IRD traded notional and 20.2% of trade count (see Chart 5).

Other currencies accounted for 9.8% of total UK IRD traded notional and 22.8% of total trade count. Swedish krona and Australian dollar represented the largest share of other currencies.

Chart 5: UK IRD Traded Notional and Trade Count by Currency

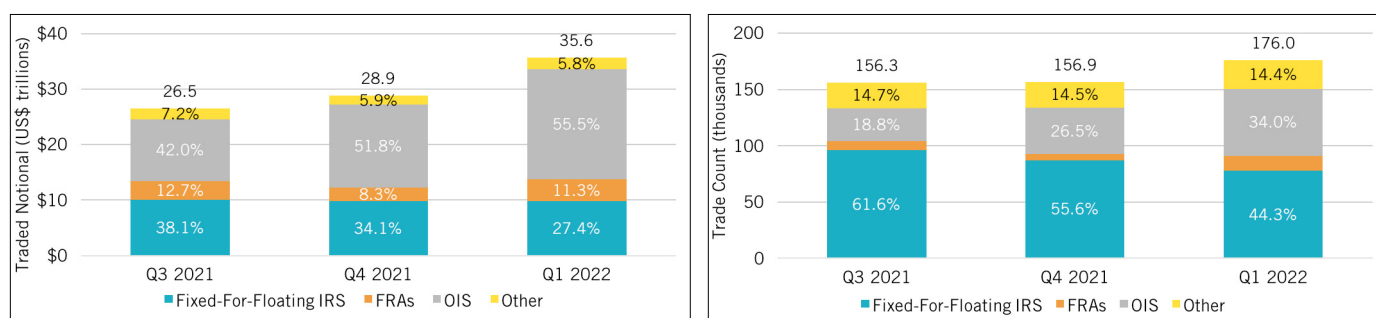


Source: European APAs and TVs

OIS traded notional grew by 32.2% to \$19.8 trillion in the first quarter of 2022 from \$15.0 trillion in the fourth quarter of 2021. Fixed-for-floating IRS traded notional decreased by 0.7% to \$9.8 trillion, while FRA traded notional rose by 68.1% to \$4.0 trillion from \$2.4 trillion over the same period.

OIS transactions accounted for 55.5% of total UK IRD traded notional and 34.0% of total trade count. Single currency fixed-for-floating IRS comprised 27.4% of total UK IRD traded notional and 44.3% of trade count, while FRAs made up 11.3% and 7.3% of total UK traded notional and trade count, respectively (see Chart 6).

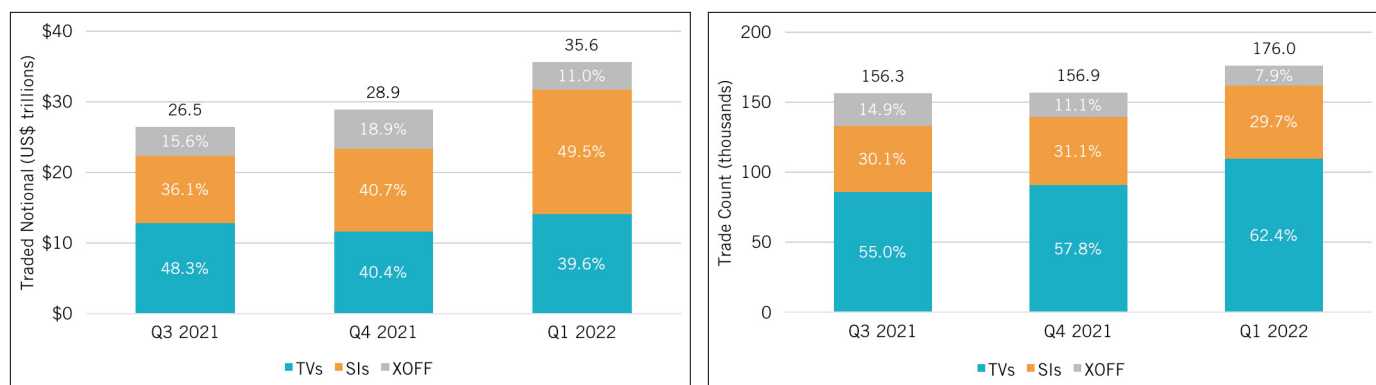
Chart 6: UK IRD Traded Notional and Trade Count by Product



Source: European APAs and TVs

In the first quarter of 2022, 39.6% of total UK IRD traded notional and 62.4% of trade count occurred on TVs, 49.5% of total UK IRD traded notional and 29.7% of trade count was executed by SIs, and 11.0% of traded notional and 7.9% of trade count was reported as XOFF (see Chart 7).

Chart 7: UK IRD Traded Notional and Trade Count by Execution Venue



Source: European APAs and TVs

EU IRD TRADING ACTIVITY

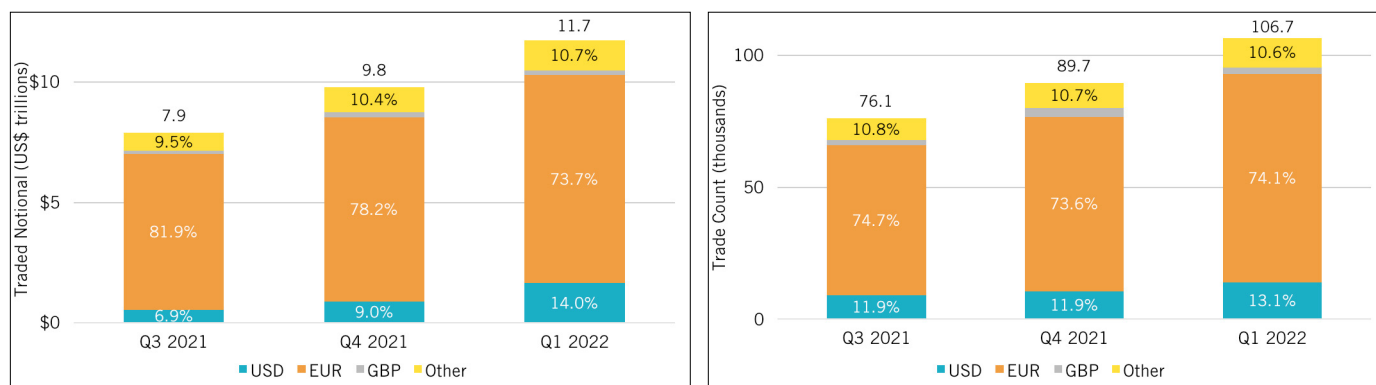
Total IRD traded notional reported by APAs and TVs in the EU increased by 20.0% to \$11.7 trillion in the first quarter of 2022 compared to \$9.8 trillion the previous quarter. Trade count rose by 18.9% to 106.7 thousand from 89.7 thousand over the same period. EU-reported IRD trading activity comprised 24.8% of total European IRD traded notional and 37.7% of European trade count (see Chart 1).

Euro-denominated IRD traded notional grew by 13.2% to \$8.7 trillion in the first quarter of 2022 from \$7.7 trillion in the fourth quarter of 2021 and comprised 73.7% of total EU traded notional. The number of contracts denominated in euros increased by 19.8% to 79.1 thousand from 66.0 thousand and accounted for 74.1% of total EU trade count.

US dollar-denominated IRD increased by 87.5% to \$1.7 trillion in the first quarter of 2022 from \$0.9 trillion in the fourth quarter of 2021. US dollar activity accounted for 14.0% of total EU IRD traded notional and 13.1% of trade count. Sterling-denominated transactions represented 1.6% of total EU IRD traded notional and 2.2% of total trade count (see Chart 8).

Other currencies accounted for 10.7% of total EU IRD traded notional and 10.6% of trade count. Swedish krona and Canadian dollar represented the largest share of other currencies.

Chart 8: EU IRD Traded Notional and Trade Count by Currency

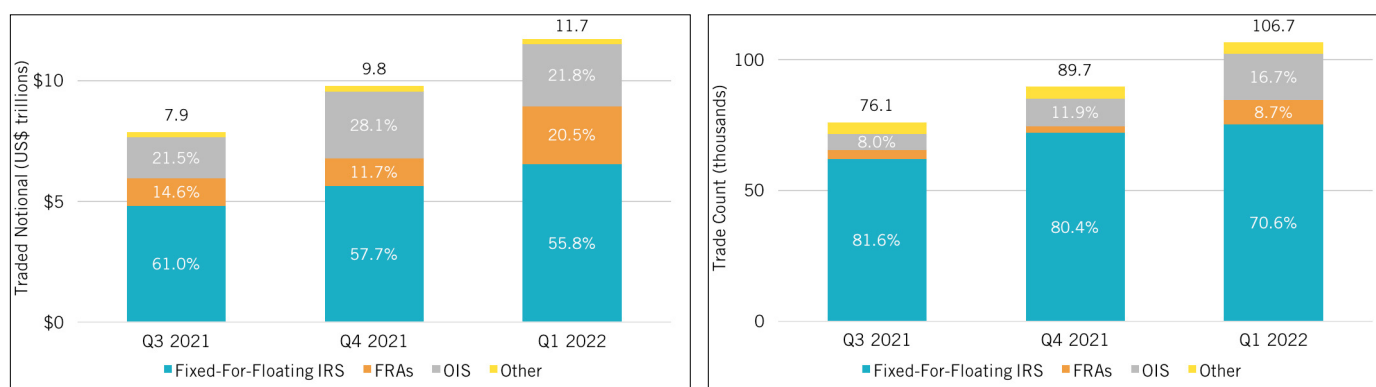


Source: European APAs and TVs

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 proportion of OIS. Fixed-for-floating IRS traded notional increased by 16.1% to \$6.6 trillion in the first quarter of 2022 versus \$5.6 trillion in the fourth quarter of 2021 and comprised 55.8% of the EU total. Fixed-for-floating IRS made up 70.6% of total EU trade count (see Chart 9).

OIS and FRAs accounted for 21.8% and 20.5% of total EU IRD traded notional and 16.7% and 8.7% of trade count, respectively.

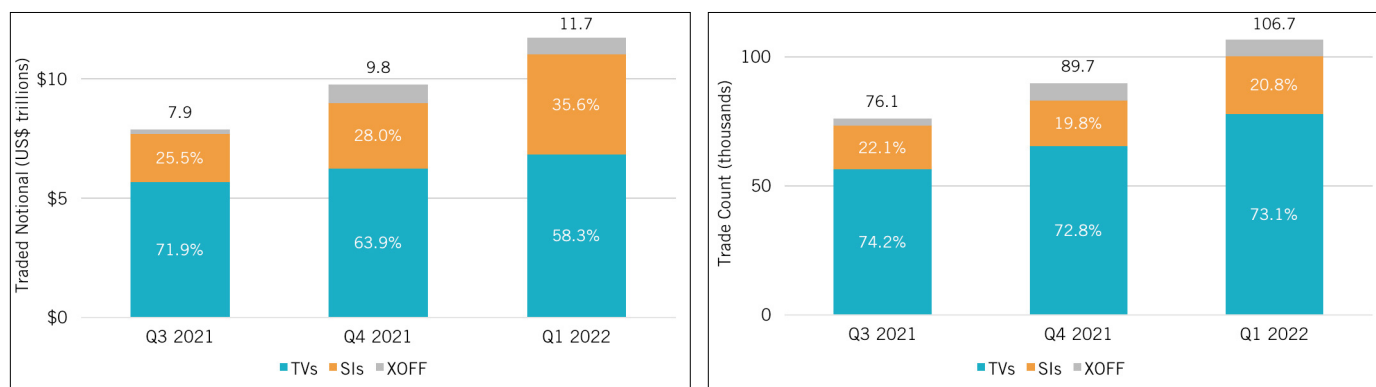
Chart 9: EU IRD Traded Notional and Trade Count by Product



Source: European APAs and TVIs

The share of IRD traded notional executed on TVIs in the EU was significantly higher compared to the UK. 58.3% of total EU IRD traded notional and 73.1% of total EU IRD trade count took place on TVIs, while 35.6% of total traded notional and 20.8% of trade count was executed by SIs. 6.1% of traded notional and 6.1% of trade count was reported as XOFF (see Chart 10).

Chart 10: EU IRD Traded Notional and Trade Count by Execution Venue



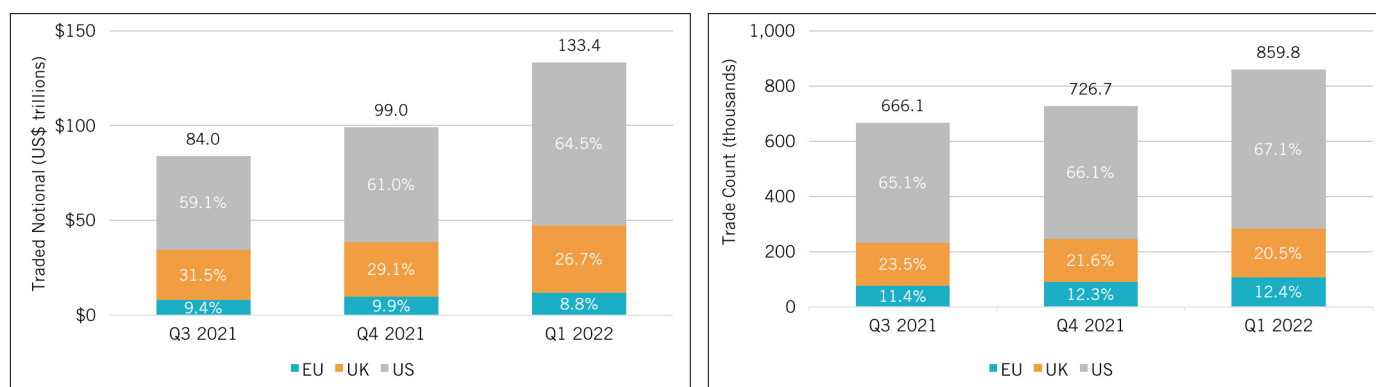
Source: European APAs and TVIs

EUROPEAN AND US IRD TRADING ACTIVITY

Total IRD traded notional reported in the US increased by 42.5% to \$86.1 trillion in the first quarter of 2022 from \$60.4 trillion in the fourth quarter of 2021, while trade count grew by 20.2% to 577.1 thousand from 480.2 thousand¹¹. Combined EU, UK and US traded notional rose by 34.7% to \$133.4 trillion from \$99.0 trillion, and trade count increased by 18.3% to 859.8 thousand from 726.7 thousand over the same period.

US-reported traded notional accounted for 64.5% of combined EU, UK and US traded notional, while the EU and UK comprised 8.8% and 26.7%, respectively. US-reported transactions represented 67.1% of total trade count, while the EU and UK accounted for 12.4% and 20.5%, respectively (see Chart 11).

Chart 11: US, UK and EU Traded Notional and Trade Count

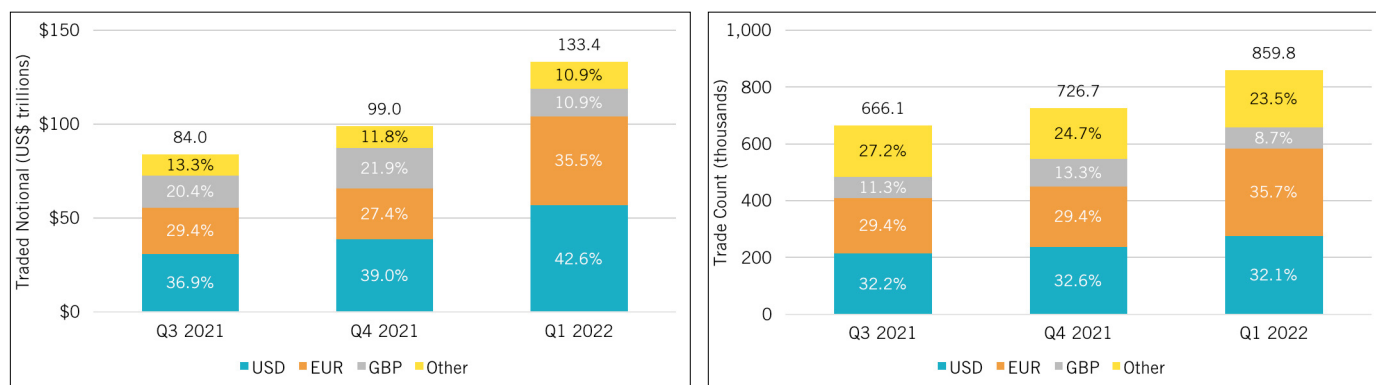


Source: DTCC SDR, European APAs and TVs

Of the combined \$133.4 trillion in EU, UK and US IRD traded notional, 42.6% was denominated in US dollars, 35.5% was in euros and 10.9% was in sterling. Of the 859.8 thousand in combined trade count, 32.1% was denominated in US dollars, 35.7% was in euros and 8.7% was in sterling (see Chart 12).

Other currencies accounted for 10.9% of combined traded notional and 23.5% of trade count. Australian dollar, Canadian dollar and Swedish krona represented the largest share of other currencies.

Chart 12: Combined US, UK and EU IRD Traded Notional and Trade Count by Currency



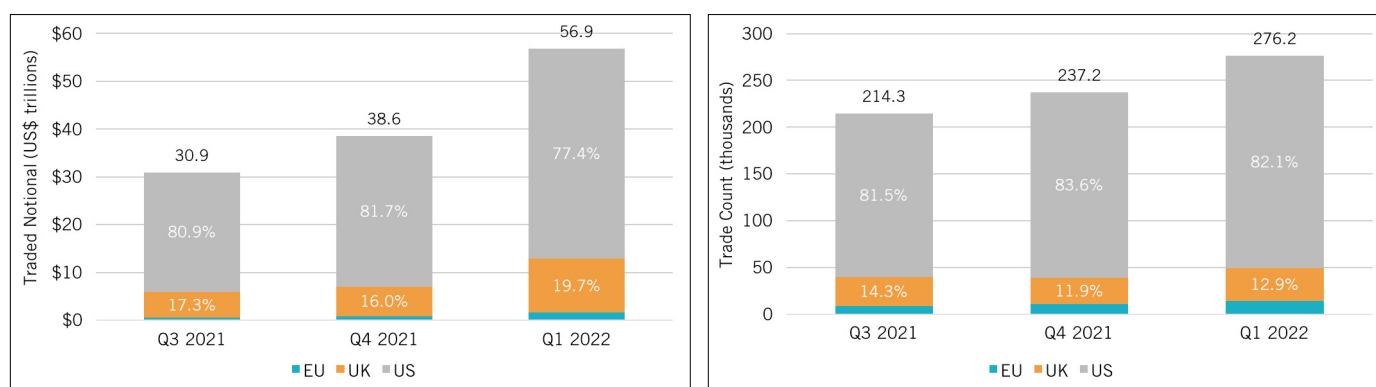
Source: DTCC SDR, European APAs and TVs

¹¹ 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>

Total US dollar-denominated IRD traded notional grew by 47.5% to \$56.9 trillion in the first quarter of 2022 from \$38.6 trillion in the fourth quarter of 2021. Trade count increased by 16.4% to 276.2 thousand from 237.2 thousand over the same period.

77.4% of total US dollar-denominated IRD traded notional and 82.1% of total trade count was reported in the US, and 19.7% of US dollar-denominated traded notional and 12.9% of trade count was reported in the UK (see Chart 13).

Chart 13: Combined US Dollar-denominated IRD Traded Notional and Trade Count by Jurisdiction

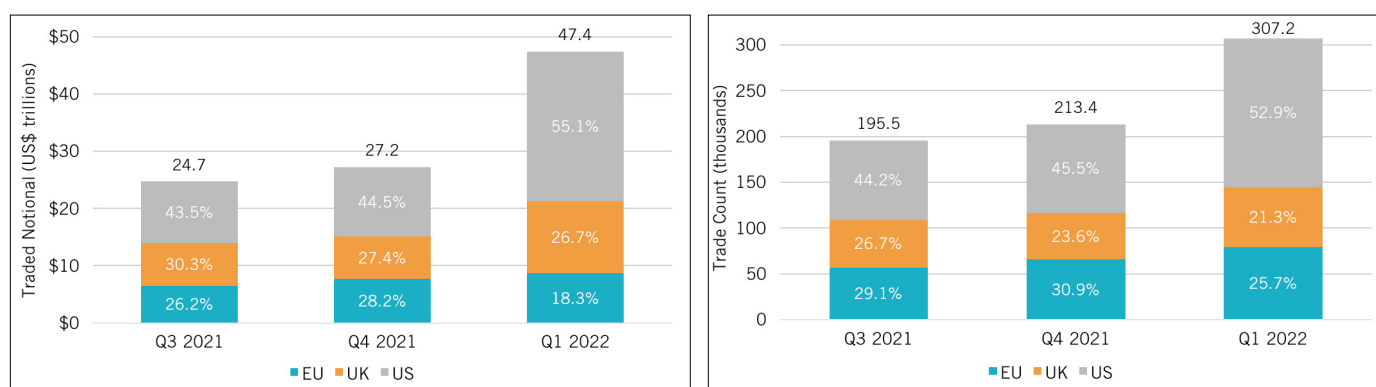


Source: DTCC SDR, European APAs and TVs

Total euro-denominated IRD traded notional increased by 74.4% to \$47.4 trillion in the first quarter of 2022 from \$27.2 trillion in the fourth quarter of 2021, while trade count rose by 44.0% to 307.2 thousand from 213.4 thousand.

Reporting of euro-denominated IRD transactions was split between the three jurisdictions: 18.3% of total traded notional and 25.7% of trade count was reported in the EU, 26.7% of total traded notional and 21.3% of trade count was reported in the UK, and 55.1% of traded notional and 52.9% of trade count was reported in the US (see Chart 14).

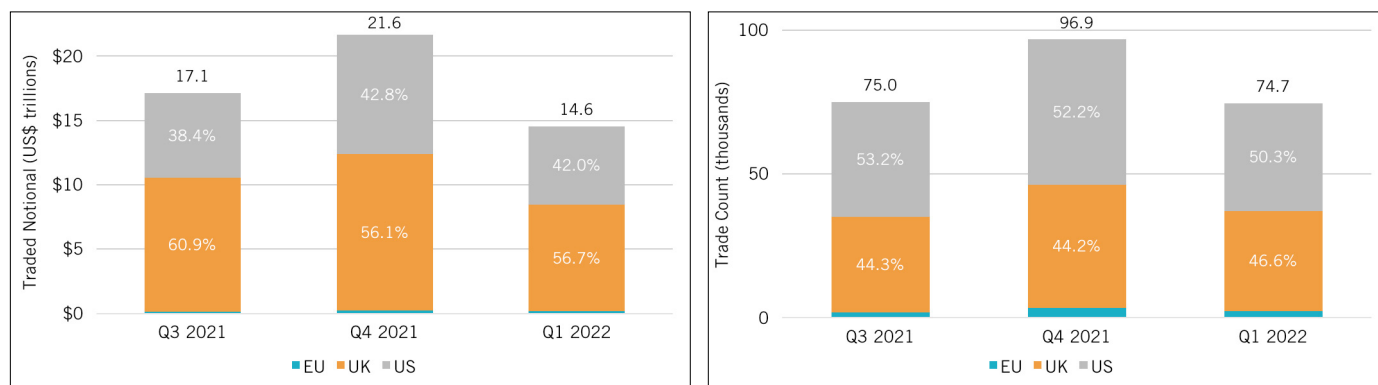
Chart 14: Combined Euro-denominated IRD Traded Notional and Trade Count by Jurisdiction



Source: DTCC SDR, European APAs and TVs

Total sterling-denominated IRD traded notional decreased by 32.8% to \$14.6 trillion in the first quarter of 2022 from \$21.6 trillion the previous quarter, while trade count dropped by 22.9% to 74.7 thousand from 96.9 thousand over the same period. 56.7% of sterling-denominated IRD traded notional and 46.6% of trade count was reported in the UK and 42.0% of traded notional and 50.3% of trade count was reported in the US (see Chart 15).

Chart 15: Combined Sterling-denominated IRD Traded Notional and Trade Count by Jurisdiction



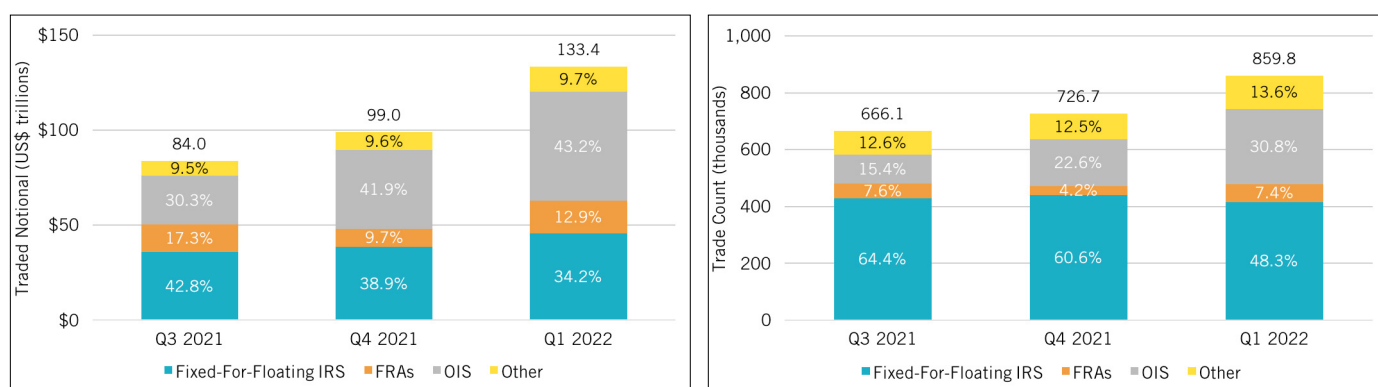
Source: DTCC SDR, European APAs and TVs

Single currency fixed-for-floating IRS traded notional increased by 18.3% to \$45.6 trillion in the first quarter of 2022 from \$38.5 trillion in the fourth quarter of 2021. Trade count fell by 5.8% to 415.0 thousand from 440.6 thousand over the same period. Fixed-for-floating IRS accounted for 34.2% of combined EU, UK and US IRD traded notional and 48.3% of combined trade count.

Total OIS traded notional rose by 39.2% to \$57.7 trillion in the first quarter of 2022 from \$41.5 trillion the previous quarter and represented 43.2% of combined IRD traded notional. Trade count increased by 61.0% to 264.7 thousand in the first quarter of 2022 from 164.4 thousand in the fourth quarter of 2021 and accounted for 30.8% of combined trade count.

FRA traded notional increased by 78.8% to \$17.2 trillion in the first quarter of 2022 from \$9.6 trillion in the fourth quarter of 2021. FRA trade count increased by 106.6% to 63.4 thousand from 30.7 thousand over the same period. FRAs accounted for 12.9% of combined EU, UK and US IRD traded notional and 7.4% of trade count (see Chart 16).

Chart 16: 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

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 TV_s¹².

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"¹³.

Trade information must be publicly disseminated either through an APA or by a TV through which a transaction was executed¹⁴. 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) website¹⁵. In the UK, there were five registered APAs, 223 MTFs and 80 OTFs registered by the Financial Conduct Authority (FCA)¹⁶.

While ISDA's data set doesn't include all APAs and TV_s that are registered with ESMA and the FCA, the trades reported by the 30 APAs and TV_s 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 TV_s located in the UK, while EU IRD trading activity is measured by IRD traded notional and trade count reported by APAs and TV_s located in the EU. Of the 30 APAs and TV_s 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 TV_s¹⁷. 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 transactions¹⁸. 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 TV_s, 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.

¹² The list of APAs and TV_s is included in Appendix 1

¹³ Markets in Financial Instruments Regulation Article 21 www.esma.europa.eu/databases-library/interactive-single-rulebook/clone-mifir/article-21

¹⁴ 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

¹⁵ European Securities and Markets Authority (ESMA) List of Registers https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg

¹⁶ Financial Conduct Authority, The Financial Services Register https://register.fca.org.uk/s/resources#Other_registers

¹⁷ Most APAs and TV_s display data only for a short period of time and no historical data is available

¹⁸ Most APAs and TV_s don't 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 regulations¹⁹.

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 execution²⁰.

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)²¹. 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 details²².

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 TVs²³. 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 dissemination²⁴. 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.

¹⁹ See Appendix 2 for more detailed information on Post-trade Reporting Requirements in Europe and the US

²⁰ 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

²¹ Bloomberg SDR was closed in August 2018 and all transactions were moved to DTCC SDR

²² DTCC SDR services <https://pddata.dtcc.com/gtr/cftc/dashboard.do>

²³ 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

²⁴ 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 the result, total DTCC IRD traded notional is likely to be understated.



ISDA has published other recent research papers:

- ***Key Trends in the Size and Composition of OTC Derivatives Markets in the Second Half of 2021***

www.isda.org/a/TsWgE/Key-Trends-in-the-Size-and-Composition-of-OTC-Derivatives-Markets-in-the-Second-Half-of-2021.pdf

- ***ISDA-Clarus RFR Adoption Indicator: May 2022***

www.isda.org/a/AIWgE/ISDA-Clarus-RFR-Adoption-Indicator-May-2022.pdf

- ***Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: February 2022***

www.isda.org/a/zfVgE/Interest-Rate-Derivatives-Trading-Activity-Reported-in-EU-UK-and-US-Markets-February-2022.pdf

ISDA has expanded its SwapsInfo website to include interest rate derivatives (IRD) trading activity reported in the EU and UK. The new data is based on transactions publicly reported by 30 European APAs and TVs. European data is based on the location of reporting venues (EU versus UK), product taxonomy, currency, tenor, and execution venue. To access the expanded SwapsInfo website, [click here](#).

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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 980 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:

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