Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: First Half of 2023 and the Second Quarter of 2023

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 Activity

In the first half of 2023:

- European IRD traded notional reported by APAs and TVs in the EU and UK rose by 7.8% to $101.6 trillion in the first half of 2023 from $94.2 trillion in the first half of 2022.

- Euro-denominated IRD traded notional increased by 25.0% to $57.7 trillion in the first half of 2023 compared to $46.1 trillion in the first half of 2022 and accounted for 56.8% of total European IRD traded notional. Sterling-denominated traded notional grew by 9.8% to $15.8 trillion from $14.4 trillion over the same period and comprised 15.6% of the European total. Contracts denominated in US dollars decreased by 15.9% to $19.1 trillion from $22.7 trillion, equating to 18.8% of European IRD traded notional. Other currencies made up 8.9% of total European IRD traded notional.

- Overnight index swaps (OIS) traded notional grew by 44.1% to $62.6 trillion from $43.4 trillion and accounted for 61.6% of the European total. Fixed-for-floating interest rate swaps (IRS) traded notional dropped by 22.9% to $22.7 trillion from $29.4 trillion and comprised 22.3% of European IRD traded notional. Forward rate agreement (FRA) traded notional decreased by 29.1% to $12.5 trillion from $17.6 trillion and represented 12.3% of the European total.

- 34.1% of European IRD traded notional took place on TVs and 45.0% was executed by systematic internalizers (SIs). The remaining 20.8% of IRD traded notional was reported as XOFF.

In the second quarter of 2023:

- European IRD traded notional reported by APAs and TVs in the EU and UK decreased by 4.5% to $48.2 trillion in the second quarter of 2023 from $50.5 trillion in the second quarter of 2022.

- Euro-denominated IRD traded notional rose by 6.2% to $27.6 trillion in the second quarter of 2023 versus $26.0 trillion in the second quarter of 2022 and accounted for 57.2% of total European IRD traded notional. Sterling-denominated traded notional decreased by 2.5% to $7.5 trillion from $7.7 trillion over the same period and made up 15.5% of European IRD traded notional. Contracts denominated in US dollars fell by 7.2% to $9.0 trillion from $9.7 trillion, accounting for 18.6% of the European total. Other currencies comprised 8.7% of total European IRD traded notional.

- OIS traded notional rose by 26.8% to $28.9 trillion from $22.8 trillion and accounted for 59.9% of the European total. Fixed-for-floating IRS traded notional decreased by 24.4% to $10.8 trillion from $14.3 trillion and comprised 22.4% of European IRD traded notional. FRA traded notional fell by 44.1% to $6.5 trillion from $11.6 trillion and represented 13.4% of total European IRD traded notional.

- 34.3% of European IRD traded notional occurred on TVs and 41.0% was executed by SIs. The remaining 24.8% of IRD traded notional was reported as XOFF.

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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 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 złoty, 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
UK IRD Trading Activity

In the first half of 2023:

- IRD traded notional reported by APAs and TVs in the UK decreased by 0.3% to $70.4 trillion in the first half of 2023 versus $70.6 trillion in the first half of 2022, representing 69.3% of total European IRD traded notional.

- Euro-denominated IRD traded notional increased by 10.4% to $30.9 trillion in the first half of 2023 compared to $28.0 trillion in the first half of 2022. Sterling-denominated IRD traded notional grew by 10.7% to $15.5 trillion from $14.0 trillion, while US dollar-denominated IRD decreased by 14.9% to $16.6 trillion from $19.5 trillion. Euro-, sterling- and US-denominated transactions accounted for 43.9%, 22.0% and 23.5% of total UK IRD traded notional, respectively. Other currencies made up 10.5% of UK IRD traded notional.

- OIS traded notional rose by 27.6% to $48.0 trillion in the first half of 2023 from $37.6 trillion in the first half of 2022. Fixed-for-floating IRS traded notional fell by 34.7% to $12.0 trillion from $18.4 trillion, while FRA transactions decreased by 37.5% to $7.1 trillion from $11.3 trillion over the same period. OIS accounted for 68.1% of total UK IRD traded notional, fixed-for-floating IRS comprised 17.0% and FRAs represented 10.1%.

- 34.0% of UK IRD traded notional took place on TVs, 49.5% was executed by SIs and 16.5% was reported as XOFF.

In the second quarter of 2023:

- IRD traded notional reported by APAs and TVs in the UK decreased by 15.1% to $32.0 trillion in the second quarter of 2023 compared to $37.7 trillion in the second quarter of 2022, accounting for 66.4% of total European IRD traded notional.

- Euro-denominated IRD traded notional fell by 15.0% to $13.5 trillion versus $15.8 trillion. Sterling-denominated IRD traded notional decreased by 1.4% to $7.4 trillion from $7.5 trillion, while US dollar-denominated IRD fell by 4.9% to $7.8 trillion from $8.2 trillion. Euro-, sterling- and US-denominated transactions made up 42.0%, 23.0% and 24.2% of total UK IRD traded notional, respectively. Other currencies comprised 10.7% of UK IRD traded notional.

- OIS traded notional grew by 11.0% to $21.6 trillion from $19.4 trillion. Fixed-for-floating IRS traded notional dropped by 37.7% to $5.6 trillion from $9.0 trillion, while FRA transactions fell by 60.8% to $3.0 trillion from $7.7 trillion. OIS accounted for 67.4% of total UK IRD traded notional, fixed-for-floating IRS comprised 17.5% and FRAs represented 9.4%.

- 37.0% of UK IRD traded notional occurred on TVs, 46.5% was executed by SIs and 16.5% was reported as XOFF.

EU IRD Trading Activity

In the first half of 2023:

- IRD traded notional reported by APAs and TVs in the EU grew by 32.1% to $31.1 trillion in the first half of 2023 versus $23.6 trillion in the first half of 2022, accounting for 30.7% of total European IRD traded notional.

- Euro-denominated IRD traded notional rose by 47.5% to $26.7 trillion in the first half of 2023 compared to $18.1 trillion in the first half of 2022 and accounted for 85.8% of total EU IRD traded notional. US dollar-denominated IRD fell by 22.0% to $2.5 trillion from $3.2 trillion and represented 8.0% of EU IRD traded notional. Sterling-denominated IRD comprised 1.0% of EU traded notional, while other currencies made up 5.3%.
• Fixed-for-floating IRS traded notional fell by 3.5% to $10.7 trillion in the first half of 2023 from $11.1 trillion in the first half of 2022. OIS traded notional increased by 151.1% to $14.6 trillion compared to $5.8 trillion, while FRA traded notional decreased by 13.9% to $5.4 trillion from $6.3 trillion. OIS, FRAs and fixed-for-floating IRS comprised 46.9%, 17.4% and 34.3% of total EU IRD traded notional, respectively.

• 34.5% of EU IRD traded notional took place on TVs, 34.9% was executed by SIs and 30.7% was reported as XOFF.

In the second quarter of 2023:

• IRD traded notional reported by APAs and TVs in the EU rose by 26.7% to $16.2 trillion in the second quarter of 2023 from $12.8 trillion in the second quarter of 2022, accounting for 33.6% of total European IRD traded notional.

• Euro-denominated IRD traded notional grew by 39.2% to $14.1 trillion compared to $10.1 trillion and represented 87.0% of EU IRD traded notional. US dollar-denominated IRD fell by 19.2% to $1.2 trillion from $1.5 trillion and made up 7.5% of EU IRD traded notional. Sterling-denominated IRD comprised 0.7% of EU traded notional, while other currencies accounted for 4.7%.

• Fixed-for-floating IRS traded notional declined by 1.8% to $5.2 trillion in the second quarter of 2023 from $5.3 trillion in the second quarter of 2022. OIS traded notional grew by 117.9% to $7.3 trillion versus $3.4 trillion, while FRA traded notional decreased by 11.7% to $3.5 trillion from $3.9 trillion. OIS, FRAs and fixed-for-floating IRS comprised 45.1%, 21.5% and 32.1% of total EU IRD traded notional, respectively.

• 29.0% of EU IRD traded notional occurred on TVs, 30.0% was executed by SIs and 41.1% was reported as XOFF.

European and US IRD Trading Activity

In the first half of 2023:

• IRD traded notional reported in the US rose by 16.8% to $181.6 trillion in the first half of 2023 compared to $155.5 trillion in the first half of 2022. Combined EU, UK and US traded notional grew by 13.4% to $283.2 trillion from $249.7 trillion over the same period. US-reported traded notional accounted for 64.1% of the combined total, while the EU and UK made up 11.0% and 24.9%, respectively.

• Of the combined $283.2 trillion in EU, UK and US IRD traded notional, 33.8% was denominated in US dollars, 41.9% was in euros and 11.6% was in sterling. Other currencies accounted for 12.7% of the total, with Australian dollar, Canadian dollar and Japanese yen representing the largest share.

• US dollar-denominated IRD traded notional decreased by 2.6% to $95.9 trillion in the first half of 2023 compared to $98.4 trillion in the first half of 2022. 80.1% of US dollar-denominated IRD traded notional was reported in the US, 17.3% was reported in the UK and 2.6% was reported in the EU.

• Euro-denominated IRD traded notional rose by 24.5% to $118.6 trillion from $95.2 trillion, of which 22.5% was reported in the EU, 26.1% was reported in the UK and 51.4% was reported in the US.

• Sterling-denominated IRD traded notional grew by 24.8% to $32.8 trillion compared to $26.3 trillion. 47.3% of sterling-denominated IRD traded notional was reported in the UK, 51.8% was reported in the US and 0.9% was reported in the EU.

Based on data from the Depository Trust & Clearing Corporation (DTCC) swap data repository (SDR). This data only covers 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
• OIS accounted for 60.5% of total EU, UK and US IRD traded notional, while single currency fixed-for-floating IRS and FRAs made up 18.3% and 12.0%, respectively.

**In the second quarter of 2023:**

• IRD traded notional reported in the US increased by 5.7% to $75.1 trillion in the second quarter of 2023 compared to $71.0 trillion in the second quarter of 2022. Combined EU, UK and US traded notional rose by 1.4% to $123.3 trillion from $121.5 trillion over the same period. US-reported traded notional accounted for 60.9% of the combined total, while the EU and UK made up 13.1% and 26.0%, respectively.

• Of the combined $123.3 trillion in EU, UK and US IRD traded notional, 32.3% was denominated in US dollars, 41.8% was in euros and 12.3% was in sterling. Other currencies accounted for 13.6% of the total IRD traded notional, with Australian dollar, Canadian dollar and Japanese yen representing the largest share.

• US dollar-denominated IRD traded notional fell by 3.6% to $39.8 trillion in the second quarter of 2023 compared to $41.3 trillion in the second quarter of 2022. 77.5% of US dollar-denominated IRD traded notional was reported in the US, 19.5% was reported in the UK and 3.1% was reported in the EU.

• Euro-denominated IRD traded notional grew by 1.8% to $51.6 trillion from $50.7 trillion. Reporting of euro-denominated transactions was split between the three jurisdictions, with 27.4% in the EU, 26.1% in the UK and 46.6% in the US.

• Sterling-denominated IRD traded notional rose by 13.0% to $15.2 trillion versus $13.4 trillion in the second quarter of 2022. 48.6% of sterling-denominated IRD traded notional was reported in the UK, 50.7% was reported in the US and 0.7% was reported in the EU.

• OIS accounted for 61.5% of total EU, UK and US IRD traded notional, while single currency fixed-for-floating IRS and FRAs comprised 17.9% and 11.0%, respectively.
EUROPEAN IRD TRADING ACTIVITY

European IRD traded notional reported by APAs and TVs in the EU and UK decreased by 4.5% to $48.2 trillion in the second quarter of 2023 versus $50.5 trillion in the second quarter of 2022. Trade count fell by 19.2% to 248.5 thousand versus 307.6 thousand over the same period.

IRD traded notional reported in the UK accounted for 66.4% of the European total, while EU-reported traded notional comprised 33.6%. UK-reported trade count made up 59.1% of total European trade count and the EU accounted for 40.9% (see Chart 1)6.

Chart 1: European IRD Traded Notional and Trade Count

Source: European APAs and TVs

Euro-denominated IRD traded notional rose by 6.2% to $27.6 trillion in the second quarter of 2023 from $26.0 trillion in the second quarter of 2022 and accounted for 57.2% of total European traded notional. Euro-denominated contracts made up 50.2% of European trade count (see Chart 2).

Sterling-denominated IRD traded notional fell by 2.5% to $7.5 trillion in the second quarter of 2023 from $7.7 trillion in the second quarter of 2022, while US dollar IRD traded notional decreased by 7.1% to $9.0 trillion from $9.7 trillion over the same period.

Sterling-denominated transactions comprised 15.5% of total European traded notional and 12.6% of trade count, while US dollar contracts represented 18.6% of European traded notional and 18.7% of trade count.

Other currencies accounted for 8.7% of total European IRD traded notional and 18.5% of trade count, with Australian dollar and Swedish krona representing the largest share7.

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

Source: European APAs and TVs


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
OIS traded notional grew by 26.8% to $28.9 trillion in the second quarter of 2023 from $22.8 trillion in the second quarter of 2022 and represented 59.9% of total European IRD traded notional. OIS contracts made up 38.8% of European trade count (see Chart 3).

Fixed-for-floating IRS traded notional dropped by 24.4% to $10.8 trillion in the second quarter of 2023 from $14.3 trillion in the second quarter of 2022. FRA traded notional fell by 44.1% to $6.5 trillion from $11.6 trillion over the same period.

Fixed-for-floating IRS accounted for 22.4% of total European IRD traded notional and 43.6% of trade count, while FRAs represented 13.4% and 7.6% of European traded notional and trade count, respectively.

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

In the second quarter of 2023, 34.3% of European IRD traded notional and 60.4% of trade count took place on TVs, 41.0% of traded notional and 23.0% of trade count was executed by SIs, and 24.8% of traded notional and 16.5% of trade count was reported as XOFF. 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

IRD traded notional reported by APAs and TVs in the UK fell by 15.1% to $32.0 trillion in the second quarter of 2023 from $37.7 trillion in the second quarter of 2022. Trade count decreased by 24.3% to 146.7 thousand from 193.9 thousand over the same period (see Chart 5).

**Chart 5: UK IRD Traded Notional and Trade Count**

Euro-denominated IRD traded notional fell by 15.0% to $13.5 trillion in the second quarter of 2023 from $15.8 trillion in the second quarter of 2022. Sterling-denominated IRD traded notional declined by 1.4% to $7.4 trillion from $7.5 trillion and US dollar-denominated IRD traded notional decreased by 4.9% to $7.8 trillion from $8.2 trillion.

Euro-denominated transactions represented 42.0% of total UK IRD traded notional and 30.9% of trade count, sterling-denominated IRD accounted for 23.0% of UK IRD traded notional and 20.1% of trade count, and US dollar-denominated IRD made up 24.2% and 23.0% of UK IRD traded notional and trade count, respectively (see Chart 6).

Other currencies accounted for 10.7% of total UK IRD traded notional and 26.1% of total trade count. Australian dollar, Japanese yen 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 11.0% to $21.6 trillion in the second quarter of 2023 from $19.4 trillion in the second quarter of 2022. Fixed-for-floating IRS traded notional fell by 37.7% to $5.6 trillion from $9.0 trillion and FRA traded notional dropped by 60.8% to $3.0 trillion from $7.7 trillion over the same period.

OIS transactions accounted for 67.4% of total UK IRD traded notional and 47.6% of trade count. Single currency fixed-for-floating IRS comprised 17.5% of traded notional and 34.4% of trade count, while FRAs made up 9.4% 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**

In the second quarter of 2023, 37.0% of UK IRD traded notional and 62.8% of trade count occurred on TVs, 46.5% of traded notional and 26.7% of trade count was executed by SIs, and 16.5% of traded notional and 10.5% of trade count was reported as XOFF (see Chart 8).

**Chart 8: UK IRD Traded Notional and Trade Count by Execution Venue**
EU IRD TRADING ACTIVITY

IRD traded notional reported by APAs and TVs in the EU increased by 26.7% to $16.2 trillion in the second quarter of 2023 versus $12.8 trillion in the second quarter of 2022. Trade count fell by 10.6% to 101.7 thousand from 113.7 thousand over the same period (see Chart 9).

Chart 9: EU IRD Traded Notional and Trade Count

Euro-denominated IRD traded notional grew by 39.2% to $14.1 trillion in the second quarter of 2023 from $10.1 trillion in the second quarter of 2022 and comprised 87.0% of total EU traded notional. The number of contracts denominated in euro decreased by 10.8% to 79.4 thousand from 89.0 thousand and accounted for 78.0% of EU trade count (see Chart 10).

US dollar-denominated IRD traded notional dropped by 19.2% to $1.2 trillion in the second quarter of 2023 from $1.5 trillion in the second quarter of 2022 and accounted for 7.5% of total EU IRD traded notional and 12.6% of trade count. Sterling-denominated transactions represented 0.7% and 1.7% of EU IRD traded notional and trade count, respectively.

Other currencies accounted for 4.7% of EU IRD traded notional and 7.7% of trade count, with Swedish krona and Australian dollar representing the largest share.

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

Euro-denominated IRD traded notional grew by 39.2% to $14.1 trillion in the second quarter of 2023 from $10.1 trillion in the second quarter of 2022 and comprised 87.0% of total EU traded notional. The number of contracts denominated in euro decreased by 10.8% to 79.4 thousand from 89.0 thousand and accounted for 78.0% of EU trade count (see Chart 10).

US dollar-denominated IRD traded notional dropped by 19.2% to $1.2 trillion in the second quarter of 2023 from $1.5 trillion in the second quarter of 2022 and accounted for 7.5% of total EU IRD traded notional and 12.6% of trade count. Sterling-denominated transactions represented 0.7% and 1.7% of EU IRD traded notional and trade count, respectively.

Other currencies accounted for 4.7% of EU IRD traded notional and 7.7% of trade count, with Swedish krona and Australian dollar representing the largest share.
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.

Fixed-for-floating IRS traded notional dropped by 1.8% to $5.2 trillion in the second quarter of 2023 versus $5.3 trillion in the second quarter of 2022 and comprised 32.1% of the EU total. Fixed-for-floating IRS made up 57.0% of EU trade count (see Chart 11).

OIS traded notional grew by 117.9% to $7.3 trillion in the second quarter of 2023 from $3.4 trillion in the second quarter of 2022. FRA traded notional fell by 11.7% to $3.5 trillion from $3.9 trillion over the same period. OIS and FRAs accounted for 45.1% and 21.5% of total EU IRD traded notional and 26.1% and 12.8% of trade count, respectively.

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

In the second quarter of 2023, 29.0% of EU IRD traded notional and 57.0% of EU IRD trade count took place on TVs, 30.0% of traded notional and 17.7% of trade count was executed by SIs, and 41.1% of traded notional and 25.3% of trade count was reported as XOFF (see Chart 12).

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

In the second quarter of 2023, 29.0% of EU IRD traded notional and 57.0% of EU IRD trade count took place on TVs, 30.0% of traded notional and 17.7% of trade count was executed by SIs, and 41.1% of traded notional and 25.3% of trade count was reported as XOFF (see Chart 12).
EUROPEAN AND US IRD TRADING ACTIVITY

IRD traded notional reported in the US increased by 5.7% to $75.1 trillion in the second quarter of 2023 from $71.0 trillion in the second quarter of 2022, while trade count rose by 3.3% to 596.3 thousand from 577.5 thousand (see Chart 13)\(^9\).

Chart 13: US IRD Traded Notional and Trade Count

Combined EU, UK and US traded notional rose by 1.4% to $123.3 trillion from $121.5 trillion and trade count decreased by 4.6% to 844.7 thousand from 885.1 thousand.

US-reported IRD traded notional accounted for 60.9% of combined EU, UK and US traded notional, while the EU and UK comprised 13.1% and 26.0%, respectively. US-reported transactions represented 70.6% of total trade count, the EU made up 12.0% and the UK accounted for 17.4% (see Chart 14).

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

\(^9\)Based on data from the DTCC SDR. This data covers only transactions required to be disclosed under US Commodity Futures Trading Commission regulations. Most recent data on US trading activity is available on the ISDA SwapsInfo website [http://swapsinfo.org](http://swapsinfo.org).
Of the combined $123.3 trillion in EU, UK and US IRD traded notional, 41.8% was denominated in euros, 32.3% was in US dollars and 12.3% was in sterling. Of the 844.7 thousand in combined trade count, 30.0% was denominated in euros, 32.2% was in US dollars and 8.3% was in sterling (see Chart 15).

Other currencies accounted for 13.6% of combined IRD traded notional and 29.6% of trade count, with Australian dollar, Canadian dollar and Japanese yen representing the largest share.

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

US dollar-denominated IRD traded notional decreased by 3.6% to $39.8 trillion in the second quarter of 2023 from $41.3 trillion in the second quarter of 2022. Trade count increased by 0.6% to 271.9 thousand from 270.3 thousand over the same period.

77.5% of US dollar-denominated IRD traded notional and 82.9% of trade count was reported in the US, while 19.5% of US dollar traded notional and 12.4% 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**

Euro-denominated IRD traded notional grew by 1.8% to $51.6 trillion in the second quarter of 2023 from $50.7 trillion in the second quarter of 2022, while trade count fell by 24.0% to 253.1 thousand from 333.0 thousand.

Reporting of euro-denominated IRD transactions was split between the three jurisdictions: 27.4% of traded notional and 31.4% of trade count was reported in the EU, 26.1% of traded notional and 17.9% of trade count was reported in the UK, and 46.6% of traded notional and 50.8% of trade count was reported in the US (see Chart 17).
Sterling-denominated IRD traded notional rose by 13.0% to $15.2 trillion in the second quarter of 2023 from $13.4 trillion in the second quarter of 2022, while trade count dropped by 5.7% to 69.9 thousand from 74.1 thousand. 48.6% of sterling-denominated IRD traded notional and 42.1% of trade count was reported in the UK, and 50.7% of traded notional and 55.4% of trade count was reported in the US (see Chart 18).

OIS traded notional rose by 36.1% to $75.9 trillion in the second quarter of 2023 from $55.8 trillion in the second quarter of 2022 and represented 61.5% of combined IRD traded notional. OIS trade count increased by 23.4% to 368.1 thousand from 298.2 thousand and accounted for 43.6% of the combined total (see Chart 19).

Single currency fixed-for-floating IRS traded notional fell by 37.8% to $22.0 trillion in the second quarter of 2023 from $35.4 trillion in the second quarter of 2022. Trade count dropped by 21.5% to 327.8 thousand from 417.7 thousand over the same period. Fixed-for-floating IRS represented 17.9% of combined EU, UK and US traded notional and 38.8% of trade count.

FRA traded notional decreased by 33.4% to $13.6 trillion in the second quarter of 2023 from $20.4 trillion in the second quarter of 2022. FRA trade count fell by 38.9% to 45.5 thousand from 74.5 thousand over the same period. FRAs made up 11.0% of combined EU, UK and US IRD traded notional and 5.4% 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

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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.

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”.

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

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. 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. 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.

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.

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10 The list of APAs and TVs is included in Appendix 1
14 Financial Conduct Authority, 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
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 regulations\textsuperscript{17}.

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)\textsuperscript{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 details\textsuperscript{19}.

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\textsuperscript{20}. 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 dissemination\textsuperscript{21}. 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.


\textsuperscript{18} Bloomberg SDR was closed in August 2018 and all transactions were moved to DTCC SDR

\textsuperscript{19} DTCC SDR services \url{https://pddata.dtcc.com/gtr/cftc/dashboard.do}


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.
Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: First Half of 2023 and the Second Quarter of 2023
Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: First Half of 2023 and the Second Quarter of 2023

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ISDA has published other recent research papers:

- **SwapsInfo First Half of 2023 and the Second Quarter of 2023 Review**

- **Transition to RFRs Review: First Half of 2023 and the Second Quarter of 2023**

- **ISDA Survey on OTC Derivatives in Emerging and Developing Markets**

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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 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.