ISDA Safe, Efficient Markets

ISDA Margin Survey Shows $1.4 Trillion in Margin Collected at Year-end 2022

CHICAGO, May 9, 2023 – The International Swaps and Derivatives Association, Inc. (ISDA) has published its latest margin survey, which shows that $1.4 trillion in initial margin (IM) and variation margin (VM) was collected by 32 leading derivatives market participants for their non-cleared derivatives exposures at the end of 2022 versus $1.3 trillion the previous year. The survey was released at the start of ISDA's Annual General Meeting (AGM) in Chicago on May 9-11, which will focus on liquidity stresses and collateral management efficiency.

The $1.4 trillion total comprises $325.7 billion of IM and $1.1 trillion of VM, which compares to $304.1 billion of IM and $1.0 trillion of VM at the end of 2021. The 32 market participants that responded to the survey include all 20 of the firms subject to the first phase of regulatory IM requirements for non-cleared derivatives in September 2016 (phase-one entities), five of the six phase-two firms and seven of the eight phase-three entities.

IM and VM collected by the 20 phase-one firms, which represent the largest derivatives dealers, totaled $1.3 trillion at the end of 2022, a 5.6% increase versus year-end 2021. That encompasses $307.2 billion of IM (a 7.4% rise versus end-2021) and $983.7 billion of VM (up 5.0%).

The survey also reports the amount of IM posted by all market participants to major central counterparties. Total IM posted for cleared interest rate derivatives (IRD) and single-name and index credit default swaps (CDS) reached $384.4 billion at the end of 2022, an 18.8% increase compared to the year before. Of this, $314.3 billion was posted for cleared IRD transactions and $70.1 billion was delivered for cleared CDS exposures.

"All six phases of the margin rules for non-cleared derivatives have now been implemented, with the final phase successfully rolled out in September 2022. This means more entities than ever before are subject to margin obligations, which significantly helps to mitigate counterparty credit risk. The corollary is that large amounts of cash and high-quality liquid assets need to be sourced as collateral, which can have knock-on impacts on liquidity. It also means internal processes for managing large numbers of margin calls must be highly efficient. Both of these issues will be discussed in depth at the AGM," said Scott O'Malia, ISDA's Chief Executive.

This year's AGM features sessions on managing counterparty credit risk and liquidity risk, regulatory responses to potential vulnerabilities posed by non-bank financial intermediation and industry efforts to improve collateral management efficiency.

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Keynote speakers include Rostin Behnam, chairman, US Commodity Futures Trading Commission, Douglas Cifu, co-founder and chief executive officer, Virtu Financial, Terry Duffy, chairman and chief executive officer, CME Group, Gary Gensler, Chair, US Securities and Exchange Commission, J. Nellie Liang, under secretary for domestic finance, US Treasury Department, and David Schwimmer, chief executive officer, London Stock Exchange Group. The full agenda is available here.

The ISDA Margin Survey Year-end 2022 is available here.

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 79 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.

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