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Top 20 Firms Collected Nearly $160 Billion in Initial Margin at Year-End 2018, ISDA Margin Survey Finds

HONG KONG, April 10, 2019 – The International Swaps and Derivatives Association, Inc. (ISDA) has published its latest margin survey, which shows the amount of initial margin (IM) collected by the 20 largest market participants for their non-cleared derivatives trades continued to rise in 2018.

According to the latest survey, IM collected by the top 20 firms increased by 47% to approximately $157.9 billion at the end of 2018, compared with $107.1 billion in the initial survey at the end of March 2017. Of this total, $83.8 billion was required under global margin requirements, while $74.1 billion was discretionary IM collected from counterparties not in scope of the margin rules or for transactions not covered by the requirements. On top of these amounts, phase-one firms reported they had set aside $39.4 billion of IM for their inter-affiliate derivatives trades at the end of 2018.

The amount of regulatory IM has been increasing as a result of new non-cleared derivatives transactions executed by the top 20 participants – known as phase-one firms – which came into scope of the margin requirements in September 2016. The rules were extended to phase-two firms in September 2017, and to phase-three entities in September 2018.

Variation margin (VM) collected by phase-one firms for non-cleared derivatives totaled $858.6 billion in 2018, while VM posted by phase-one firms totaled $583.9 billion. This includes both regulatory and discretionary VM. The combined total of IM and VM collected by phase-one firms for non-cleared derivatives at the end of 2018 was $1.06 trillion.

The survey finds that IM posted for cleared derivatives has also increased. IM posted by all market participants to all major central counterparties (CCPs) for cleared interest rate derivatives and single-name and index credit default swaps totaled $217.9 billion at the end of 2018, an increase of 12.2% from $194.1 billion at the end 2017.

"The ISDA margin survey shows unmistakable progress has been made in making markets safer. The margin regulations are risk-based, and the posting of IM and VM reduces counterparty credit risk. Among ISDA's highest priorities is to ensure phases four and five of the IM requirements go smoothly, and the rules remain targeted on those entities that pose systemic risk," said Scott O'Malia, ISDA Chief Executive.

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To collect this data, ISDA surveyed 34 firms subject to the margin requirements. Responses were received from 20 phase one-firms, four phase-two entities (out of six in scope) and three phase-three firms (out of eight that are subject to the rules). ISDA also used publicly available data on cleared derivatives from two US CCPs, four European CCPs and two Asian CCPs.

Click here to read the full survey.

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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 900 member institutions from 70 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 @ISDA.