



BANK FOR INTERNATIONAL SETTLEMENTS

Derivatives Statistics: the BIS contribution

Central Bank Sources and Uses of Derivative Statistics

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Highlights

1. The financial crisis and the importance of derivatives
2. Measuring the size of OTC markets
3. Measuring activity (or “turnover”)
4. OTC versus trades in organised exchanges
5. Some statistical issues from a compiler perspective
6. Challenges going forward



1. The financial crisis and the importance of derivatives

- **Ensuring transparency in derivatives markets**

- Real exposures unknown
- Transfers of risk

- **A key policy area**

- Data Gaps Initiative
- Focus on credit default swaps (CDS)
- Consistency across data collections
- More general work on firms' exposures esp. through derivatives
- Upcoming international initiatives



2. Measuring the size of OTC markets

- **Amounts outstanding**

- Various derivatives segments
- Improved coverage of CDS

- **Notional amounts**

- Dealer D1 buys CDS protection for 10 from dealer D2
- D1 sells same protection to D2 for 20
- Total gross notional amounts (30) vs net notional (10)

- **Contracts' market values**

- Gross market value (summing positive and negative replacement values)
- Gross credit exposures (netting with same counterparty)
- Concentration indicators

- **BIS surveys (Triennial/Amounts part and Semiannual)**

- 53 vs 13 jurisdictions
- Consolidated basis



3. Measuring activity (or “turnover”)

- **Triennial /Turnover part Survey**

- Similar set up as for amounts outstanding
- Market activity: flows observed in April
- Local versus cross-border transactions

- **Various segments**

- FX (including spot)
- Interest rates (highly concentrated)

- **Consolidation**

- Reporting by sales desks
- Transactions concluded and reported by offices located abroad (not reported by the country of location of the head office)



4. OTC versus trades in organised exchanges

- **BIS exchange traded derivatives statistics**

- Since 1986, various market sources
- Organised exchanges
- BIS calculations (segment, instrument, region)

- **Pros and cons**

- Timely, frequency (positions and turnover)
- No OTC information
- Standardised contracts



5. Some statistical issues from a compiler perspective

● **Double counting**

- Identification of the counterparty
- Reporters and non-reporters
- Identification of counterparties (eg other financial)

● **Related-party transactions**

- Transactions between main offices and desks
- Consolidated and non consolidated datasets

● **Types of transactions**

- Purchase / sale, Exchange rate adjustment, Netting arrangements
- Greater granular data?

● **Financial innovation**

- Complexity
- OTC vs organised exchanges



6. Challenges going forward

- **Central counterparties (CCPs)**

- Policy support for central clearance
- “novation” vs “compression” of trades
- Counterparty risk

- **Impact of financial regulation**

- **Transfer of risks**

- Ultimate risk concept
- Consolidation aspects



Thank you

Questions?

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