Statistical Annex

The international banking market

Securities markets

Derivatives markets

The BIS international financial statistics summary tables

The BIS publishes a variety of international financial statistics, most of them on a quarterly basis. They cover banking statistics on both a locational and a consolidated basis, debt securities issues in both domestic and international markets, and statistics on derivatives traded on exchanges and over the counter. The main purpose of the statistics is to provide a measure of the size and structure of key segments of the global financial market and to monitor their development. A summary of the most recent data is presented in seven tables (see below).[1]

1. International banking statistics (Tables 1A, 1B, 2A and 2B)

The locational reporting system provides quarterly data on the international financial claims and liabilities of banks resident in the 43 reporting countries on a gross basis. The methodology is consistent with the principles underlying the compilation of national accounts, balances of payments and external debt statistics. Breakdowns are provided in terms of instrument, currency, sector and vis-à-vis country. The currency breakdown allows the BIS to approximate global bank credit flows adjusted for exchange rate fluctuations.

The consolidated banking statistics cover banks' worldwide on-balance sheet claims, on both a contractual (immediate borrower) and an ultimate risk basis (ie net of risk mitigants such as guarantees and collateral). Positions are reported by head offices in their home country and include all branches and subsidiaries on a worldwide consolidated basis, net of inter-office accounts. Breakdowns are available in terms of instrument, sector, maturity and vis-à-vis country. Information is also available on key off-balance sheet items such as guarantees extended, credit commitments and derivative contracts. Currently 30 countries provide consolidated banking data.

While the locational statistics are appropriate for measuring lending flows in a given period, the consolidated statistics are more suited to gauging the size of banks' country and liquidity risk exposures. The data are compiled by the BIS on the basis of national data reported by the respective central banks, which in turn collect these data from the internationally active banks in their jurisdiction.

2. Debt securities statistics (Tables 3A and 3B)

These statistics are derived from various national, market and institutional data sources and provide information on amounts outstanding and flows of debt securities issuance in both international and domestic markets. Nominal values are used and the data are broken down using similar criteria as for the banking statistics, ie sector, currency and maturity. However, only the liabilities of the issuers are covered.

International debt securities comprise domestic and foreign currency issues by residents of a given country outside their respective domestic market, foreign currency issues by residents in their domestic market and foreign and domestic currency debt securities issued in the domestic market by non-residents. Breakdowns are available in terms of currency, sector and maturity.

Domestic debt securities comprise issues in domestic markets in national currency for 53 countries. Breakdowns are provided in terms of sector and maturity. As far as possible, the BIS endeavours to eliminate any overlap between its international and domestic debt securities statistics.

3. Derivatives statistics (Table 4)

Semi annual data are compiled for activity in over-the-counter (OTC) markets whilst quarterly data are available on activity in exchange-traded markets. The data on OTC derivatives are based on the reporting to the BIS by central banks in major financial centres that in turn collect the information on a consolidated basis from reporting dealers headquartered in their respective country, while those on exchange-traded derivatives are obtained from market sources.

The derivatives data cover notional amounts outstanding and gross market values for a number of risk categories: foreign exchange, interest rates, equity-linked, commodities and credit default swaps. Gross credit exposure in OTC markets after bilateral netting is also available.

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[1] More detailed tables and options to download the data in time series form are available at http://www.bis.org/statistics/index.htm.

Table 1A: International positions of banks by residence of counterparty, December 2011[1]

In billions of US dollars

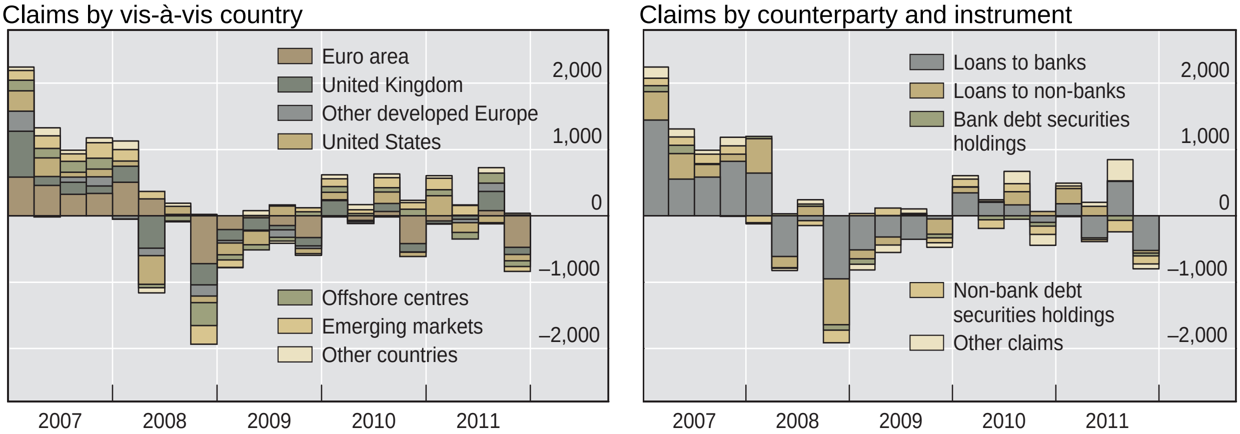
	Vis-à-vis developed countries	Vis-à-vis offshore centres	Vis-à-vis emerging markets					All countries
			Total	Africa	Asia	Europe	Latin America	
			Amounts outstanding					
Total claims	**25,360**	**4,526**	**3,614**	**488**	**1,578**	**846**	**702**	**34,157**
Total cross-border claims	**22,607**	**3,977**	**3,065**	**481**	**1,260**	**724**	**600**	**30,307**
Loans	16,258	3,303	2,434	442	1,001	554	438	22,347
Securities	4,455	546	346	16	141	74	114	5,453
Claims on banks	14,595	2,535	1,634	196	805	387	246	19,310
Claims on non-banks	8,012	1,443	1,431	284	456	337	354	10,997
US dollar	8,906	2,581	1,289	284	391	202	412	12,861
Euro	9,425	303	446	83	49	291	23	10,313
Foreign currency claims on residents	**2,753**	**548**	**549**	**7**	**318**	**122**	**102**	**3,850**
			Estimated exchange rate-adjusted changes during the quarter[2]					
Total claims	**-834**	**-108**	**-122**	**-5**	**-111**	**-9**	**2**	**-1,076**
Total cross-border claims	**-630**	**-84**	**-75**	**-4**	**-68**	**-14**	**11**	**-799**
Loans	-428	-71	-51	2	-62	-4	13	-561
Securities	-162	-1	-7	-4	-1	-1	-1	-164
Claims on banks	-510	-54	-65	6	-70	-11	10	-637
Claims on non-banks	-121	-30	-10	-10	2	-3	1	-162
US dollar	-212	-73	-8	6	-25	0	11	-294
Euro	-294	13	-14	-4	0	-11	1	-284
Foreign currency claims on residents	**-204**	**-25**	**-48**	**-1**	**-43**	**6**	**-9**	**-276**
			Amounts outstanding					
Total liabilities	**22,012**	**5,241**	**2,902**	**796**	**1,181**	**398**	**526**	**33,340**
Total cross-border liabilities	**18,897**	**4,380**	**2,336**	**787**	**804**	**291**	**454**	**28,798**
Deposits	16,363	4,241	2,248	773	773	286	415	23,324
Securities	1,339	86	27	8	9	0	10	3,960
Liabilities to banks	13,982	3,093	1,435	497	522	207	210	21,142
Liabilities to non-banks	4,914	1,286	901	290	282	84	244	7,656
US dollar	7,816	2,919	1,303	520	326	117	341	12,944
Euro	7,487	437	335	129	58	102	45	9,029
Foreign currency liabilities to residents	**3,116**	**861**	**566**	**10**	**377**	**107**	**71**	**4,543**
			Estimated exchange rate-adjusted changes during the quarter[2]					
Total liabilities	**-787**	**-133**	**35**	**12**	**45**	**-4**	**-17**	**-933**
Total cross-border liabilities	**-648**	**-121**	**78**	**14**	**76**	**-10**	**-3**	**-740**
Deposits	-613	-113	79	15	76	-10	-2	-658
Securities	-28	-5	1	-1	1	...	1	-65
Liabilities to banks	-459	-72	69	21	60	-11	-1	-481
Liabilities to non-banks	-188	-49	8	-6	15	0	-1	-259
US dollar	-186	-90	72	9	58	10	-5	-248
Euro	-351	7	1	7	10	-18	2	-371
Foreign currency liabilities to residents	**-140**	**-12**	**-42**	**-3**	**-31**	**6**	**-14**	**-194**

Cross-border positions

Exchange rate–adjusted changes in stocks

Claims by vis-à-vis country

Claims by counterparty and instrument



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/bankstats.htm (Tables1–7B). [2] Taking into account exchange rate effects on outstanding balances in non-dollar currencies.

Table 1B: International positions of banks by nationality of head office, December 2011[1]

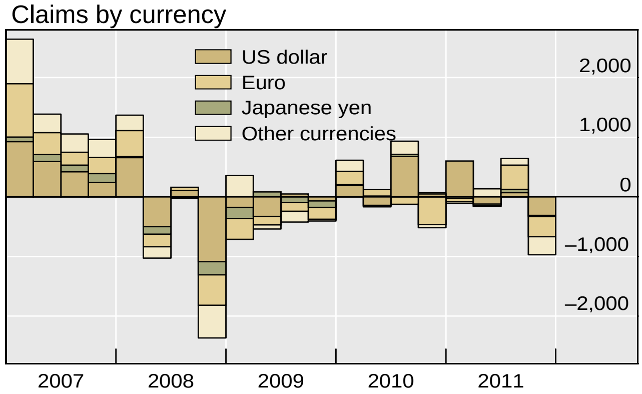
In billions of US dollars

	Nationality of banks										All countries
	France	Germany	Italy	Nether-lands	Spain	Switzer-land	United Kingdom	Japan	United States	Emerging markets	
	Amounts outstanding										
Total claims	**3,696**	**3,963**	**900**	**1,479**	**736**	**2,478**	**4,604**	**3,989**	**4,522**	**1,295**	**34,120**
on banks	2,592	2,186	515	926	403	1,581	2,776	1,701	3,174	683	20,559
on related foreign offices	1,104	1,241	253	419	252	821	1,517	834	1,886	215	10,693
on other banks	1,476	937	262	502	148	759	1,208	867	1,286	432	9,694
on official monetary institutions	12	7	0	6	4	1	51	0	2	36	172
on non-banks	1,104	1,777	385	553	333	896	1,827	2,288	1,348	613	13,561
US dollar	1,163	1,252	127	385	263	1,297	1,974	2,156	3,086	906	14,509
Euro	1,902	2,022	696	800	301	564	1,576	429	598	119	10,906
Other currencies	631	689	77	295	172	617	1,053	1,404	838	271	8,705
	Estimated exchange rate-adjusted changes during the quarter[2]										
Total claims	**-226**	**-217**	**-35**	**-67**	**-43**	**-10**	**-59**	**54**	**-281**	**-22**	**-970**
on banks	-108	-142	-15	-33	-31	-15	-75	46	-252	-16	-681
on related foreign offices	26	-63	-19	-3	-21	118	-24	88	-404	-1	-308
on other banks	-131	-77	3	-33	-10	-129	-53	-42	154	-18	-388
on official monetary institutions	-2	-2	0	3	0	-4	2	0	-2	3	15
on non-banks	-118	-75	-20	-34	-12	5	16	8	-29	-6	-289
US dollar	-46	-69	-22	-19	-18	26	25	75	-235	-26	-310
Euro	-120	-117	-5	-23	-18	-47	10	-19	-45	8	-340
Other currencies	-60	-31	-8	-25	-8	11	-94	-3	-1	-4	-320
	Amounts outstanding										
Total liabilities	**3,492**	**3,277**	**828**	**1,623**	**919**	**2,675**	**4,650**	**2,379**	**5,122**	**1,374**	**33,346**
to banks	2,415	1,878	558	1,146	445	1,509	2,385	1,437	3,077	778	19,557
to related foreign offices	993	1,184	210	343	183	925	1,302	685	1,673	185	9,501
to other banks	1,345	599	328	762	227	569	968	701	1,232	569	9,243
to official monetary institutions	77	96	20	41	35	15	115	51	172	24	813
to non-banks	1,078	1,399	270	476	474	1,166	2,264	942	2,045	597	13,789
US dollar	1,153	1,338	111	519	282	1,317	1,671	1,447	3,841	910	15,166
Euro	1,685	1,202	647	681	497	657	1,541	231	537	130	9,883
Other currencies	654	737	69	422	140	701	1,438	701	744	335	8,297
	Estimated exchange rate-adjusted changes during the quarter[2]										
Total liabilities	**-210**	**-191**	**-82**	**-33**	**-87**	**16**	**-68**	**107**	**-210**	**-12**	**-807**
to banks	-100	-139	-68	-27	-43	27	-45	106	-110	-8	-424
to related foreign offices	36	-95	-6	2	-28	145	62	80	-142	-7	101
to other banks	-123	-38	-64	-39	-25	-109	-97	13	28	-7	-534
to official monetary institutions	-13	-6	2	10	10	-9	-10	13	4	5	9
to non-banks	-110	-52	-14	-6	-44	-10	-23	2	-100	-3	-384
US dollar	-16	-78	-14	-34	-17	23	29	81	-118	-18	-186
Euro	-140	-93	-43	-7	-51	-23	14	4	-68	4	-398
Other currencies	-54	-21	-25	9	-20	16	-112	22	-24	3	-223

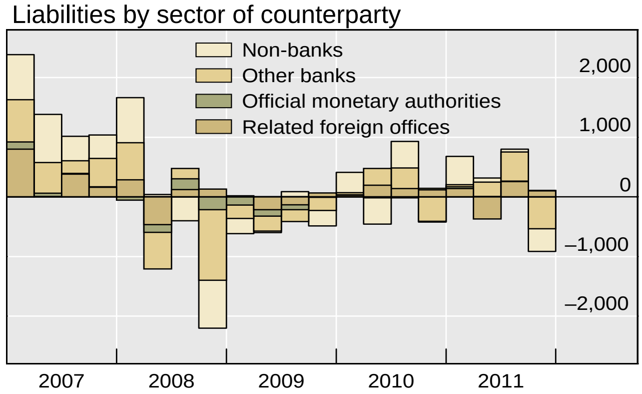
International positions of BIS reporting banks

Exchange rate–adjusted changes in stocks

Claims by currency



Liabilities by sector of counterparty



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/bankstats.htm (Tables 8A–8B). [2] Taking into account exchange rate effects on outstanding balances in non-dollar currencies.

Table 2A: Consolidated claims, immediate borrower basis, December 2011[1]

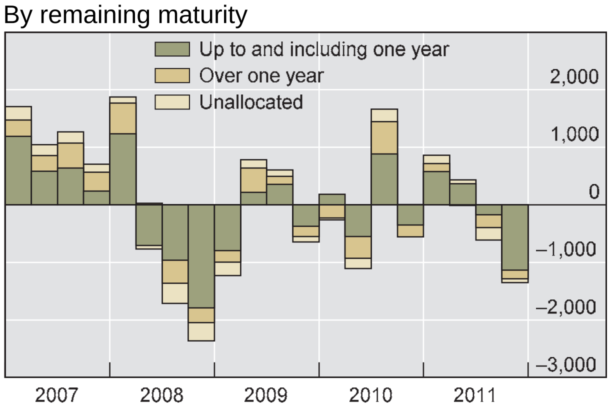
Amounts outstanding, in billions of US dollars

	Vis-à-vis developed countries				Vis-à-vis offshore centres	Vis-à-vis emerging markets					All countries
	Total	United States	Euro area	Japan		Total	Africa	Asia	Europe	Latin America	
Foreign claims	**22,471**	**6,112**	**8,836**	**1,116**	**2,500**	**5,256**	**649**	**1,980**	**1,346**	**1,280**	**30,371**
International claims	**13,908**	**2,777**	**6,222**	**720**	**1,969**	**3,065**	**433**	**1,295**	**791**	**547**	**19,084**
Up to and including one year	7,111	964	3,071	597	964	1,595	196	838	299	262	9,702
Over one year	4,507	1,122	2,138	62	611	1,213	219	334	434	226	6,380
Unallocated by maturity	2,290	691	1,012	61	394	257	18	123	58	59	3,002
Local currency claims	**8,563**	**3,335**	**2,614**	**395**	**531**	**2,190**	**217**	**686**	**555**	**733**	**11,287**
Local currency liabilities	**6,060**	**2,545**	**1,819**	**211**	**453**	**1,690**	**194**	**466**	**467**	**563**	**8,205**
	Unadjusted changes during the quarter[2]										
Foreign claims	*-1,329*	*-132*	*-803*	*13*	*-128*	*-147*	*-12*	*-78*	*-75*	*18*	*-1,599*
International claims	*-1,145*	*-111*	*-720*	*33*	*-118*	*-91*	*-7*	*-75*	*-14*	*4*	*-1,351*
Local currency claims	*-184*	*-21*	*-83*	*-19*	*-10*	*-56*	*-5*	*-3*	*-62*	*14*	*-248*
Local currency liabilities	*-154*	*-5*	*-48*	*-28*	*3*	*10*	*5*	*5*	*-10*	*8*	*-141*
Nationality of reporting banks:	**Foreign claims**										
Domestically owned banks (total)	**18,544**	**5,499**	**7,058**	**801**	**2,409**	**4,806**	**598**	**1,714**	**1,298**	**1,195**	**25,896**
Euro area	7,851	1,591	3,987	193	412	2,141	233	288	1,045	575	10,457
Switzerland	1,415	729	327	85	187	158	29	68	18	44	1,769
United Kingdom	2,530	1,102	1,028	128	563	900	218	474	59	149	4,029
Japan	2,038	1,107	469	.	563	334	33	222	25	54	2,934
United States	1,904	.	654	336	394	712	56	328	69	259	3,033
Other countries[3]	2,807	970	595	58	290	559	29	334	82	114	3,674
Other foreign banks	**3,927**	**614**	**1,778**	**315**	**91**	**450**	**51**	**266**	**48**	**85**	**4,475**
	International claims, all maturities										
Domestically owned banks (total)	**9,981**	**2,163**	**4,444**	**405**	**1,877**	**2,615**	**382**	**1,028**	**743**	**462**	**14,609**
Euro area	4,196	594	2,252	109	369	1,081	162	208	552	159	5,698
Switzerland	625	125	278	48	173	128	26	56	17	29	931
United Kingdom	1,183	398	580	74	245	395	92	214	43	46	1,858
Japan	1,621	793	429	.	521	258	33	149	25	52	2,401
United States	1,230	.	565	136	343	385	40	185	44	116	1,981
Other countries[3]	1,126	254	341	38	226	369	29	217	63	60	1,739
Other foreign banks	**3,927**	**614**	**1,778**	**315**	**91**	**450**	**51**	**266**	**48**	**85**	**4,475**
	International claims, short-term										
Domestically owned banks (total)	**4,563**	**699**	**1,922**	**292**	**902**	**1,313**	**170**	**639**	**276**	**229**	**6,808**
Euro area	1,822	265	804	69	170	405	56	96	182	71	2,403
Switzerland	388	62	170	33	116	75	20	33	8	14	581
United Kingdom	510	151	263	32	142	221	40	131	26	24	876
Japan	228	84	60	.	55	100	8	77	6	9	383
United States	961	.	426	125	292	312	32	162	32	86	1,579
Other countries[3]	654	138	198	33	127	199	14	139	21	24	986
Other foreign banks	**2,548**	**265**	**1,149**	**305**	**62**	**282**	**26**	**199**	**23**	**34**	**2,894**

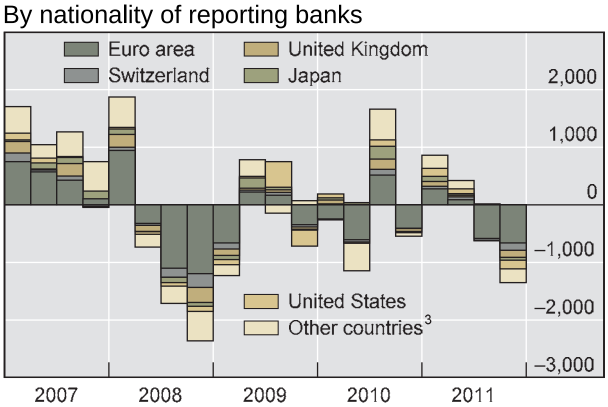
International claims of BIS reporting banks on an immediate borrower basis[4]

Changes in stocks[2]

By remaining maturity



By nationality of reporting banks



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/consstats.htm (Tables 9A–9B and BIS WebStats). [2] Quarterly difference in outstanding stocks, excluding effects of breaks in series, not adjusted for exchange rate movements. [3] Domestically owned banks in other reporting countries. [4] Worldwide consolidated positions of domestically owned banks and unconsolidated positions of foreign banks in 30 reporting countries.

Table 2B: Consolidated claims, ultimate risk basis, December 2011[1]

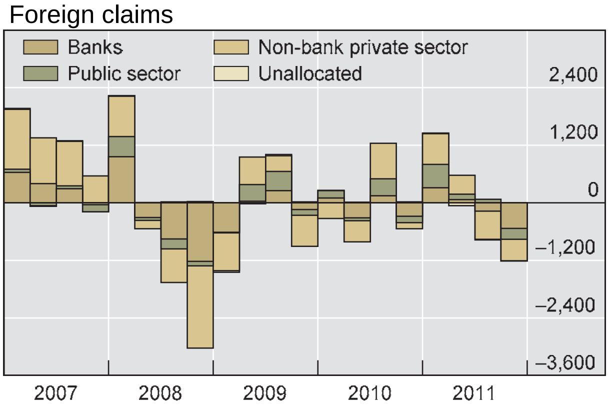
Amounts outstanding, in billions of US dollars

	Vis-à-vis developed countries				Vis-à-vis offshore centres	Vis-à-vis emerging markets					All countries
	Total	**United States**	**Euro area**	**Japan**		**Total**	**Africa**	**Asia**	**Europe**	**Latin America**	
Foreign claims	**18,188**	**5,563**	**6,852**	**816**	**1,843**	**4,636**	**567**	**1,675**	**1,235**	**1,159**	**24,820**
Banks	4,167	877	1,752	233	151	907	91	484	179	153	5,233
Public sector	3,713	1,383	1,446	321	189	1,124	123	343	271	387	5,142
Non-bank private sector	10,184	3,252	3,630	261	1,476	2,587	353	846	771	617	14,271
Unallocated	125	52	23	1	27	18	1	1	15	2	173
Cross-border claims	**9,070**	**2,271**	**4,342**	**355**	**1,125**	**2,017**	**333**	**848**	**476**	**360**	**12,360**
Local claims in all currencies	**9,119**	**3,293**	**2,509**	**461**	**718**	**2,619**	**234**	**827**	**759**	**799**	**12,461**
	Unadjusted changes during the quarter[2]										
Foreign claims	*-1,470*	*-61*	*-1,030*	*8*	*-76*	*-392*	*-36*	*-91*	*-165*	*-100*	*-1,935*
Cross-border claims	*-1,341*	*-132*	*-969*	*30*	*-85*	*-180*	*-18*	*-82*	*-55*	*-26*	*-1,602*
Local claims in all currencies	*-129*	*71*	*-61*	*-22*	*8*	*-212*	*-18*	*-9*	*-110*	*-75*	*-333*
Nationality of reporting banks[3]	**Foreign claims**										
Total	**18,188**	**5,563**	**6,852**	**816**	**1,843**	**4,636**	**567**	**1,675**	**1,235**	**1,159**	**24,820**
Euro area	7,712	1,591	3,914	194	347	2,075	226	281	993	575	10,186
France	2,207	537	1,203	128	94	420	129	96	161	34	2,729
Germany	2,265	527	1,026	47	143	316	53	102	120	41	2,752
Italy	620	34	505	…	14	212	12	16	180	4	850
Spain	861	206	236	2	20	513	4	11	44	455	1,395
Switzerland	1,447	763	320	80	130	140	18	64	17	40	1,726
United Kingdom	2,505	1,090	1,005	137	513	910	214	485	59	152	3,963
Japan	2,035	1,207	412	.	352	320	30	212	24	54	2,707
United States	2,005	.	656	361	294	704	55	326	68	255	3,039
Other countries	2,485	913	545	44	207	487	23	307	74	83	3,199
	Cross-border claims										
Total	**9,070**	**2,271**	**4,342**	**355**	**1,125**	**2,017**	**333**	**848**	**476**	**360**	**12,360**
Euro area	3,932	618	2,284	96	266	805	164	182	335	124	5,056
France	1,138	184	622	68	72	228	84	63	54	27	1,447
Germany	1,528	307	861	20	123	235	51	65	81	39	1,915
Italy	277	23	186	…	13	44	6	8	26	4	338
Spain	173	26	99	2	12	51	4	10	4	33	237
Switzerland	567	145	270	42	98	108	17	50	16	25	780
United Kingdom	1,121	382	552	64	145	322	66	180	37	39	1,624
Japan	1,624	907	368	.	301	215	30	111	22	52	2,140
United States	1,079	.	568	130	222	322	36	155	39	92	1,659
Other countries	747	219	301	23	93	244	20	169	27	28	1,101
	Other potential exposures[4, 5]										
Derivatives contracts	3,817	960	1,486	113	120	212	37	80	32	63	4,170
Guarantees extended	6,659	849	2,510	229	254	1,214	153	383	397	281	9,317
Credit commitments	2,679	873	907	59	187	554	74	180	128	171	3,422

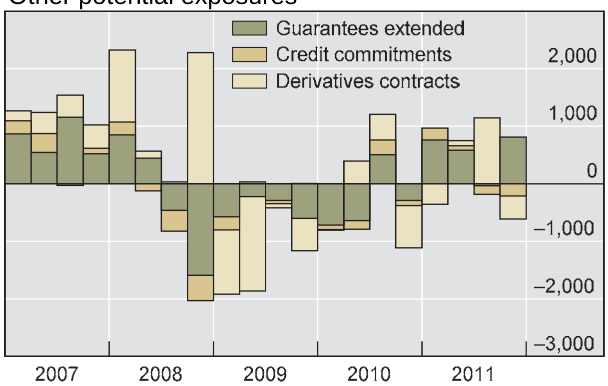
Consolidated claims and other potential exposures of BIS reporting banks on an ultimate risk basis

Changes in stocks[2]

Foreign claims



Other potential exposures[4, 5]



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/consstats/htm (Tables 9C–9E). [2] Quarterly difference in outstanding stocks, excluding effects of breaks in series, not adjusted for exchange rate movements. [3] Worldwide consolidated positions of domestically owned banks of 24 reporting countries. [4] Not included in foreign claims. [5] Derivatives relate to positive market values recorded as on- or off-balance sheet items. Credit commitments and guarantees are recorded as off-balance sheet items.

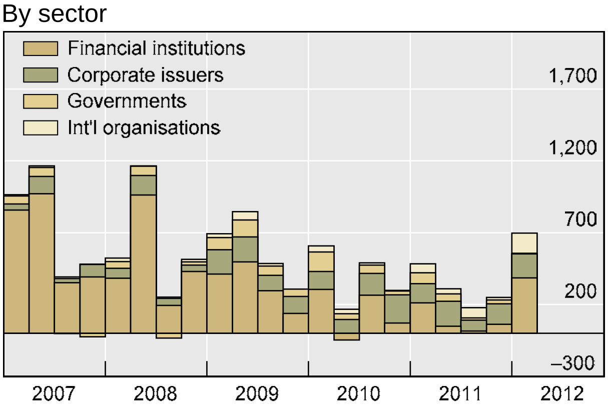
Table 3A: International debt securities issuance, March 2012[1]

In billions of US dollars

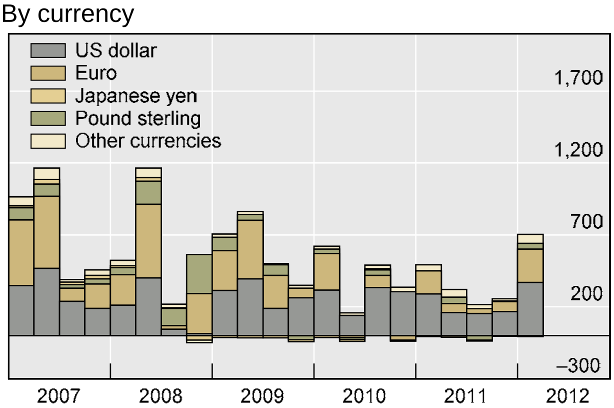
	Developed countries				Off-shore centres	Emerging markets					Int'l organi-sations	All countries
	Total	United States	Euro area	Japan		Total	Africa	Asia	Europe	Latin America		
						Amounts outstanding						
Total issues	**25,444**	**6,964**	**12,159**	**183**	**1,665**	**1,343**	**177**	**363**	**315**	**488**	**1,213**	**29,665**
Money market instruments	**942**	**49**	**583**	**1**	**70**	**10**	**2**	**7**	**0**	**2**	**29**	**1,052**
Financial institutions	876	48	538	1	70	9	2	6	0	1	0	956
Corporate issuers	32	1	22	0	0	0	0	0	0	0	0	32
Governments	34	0	24	0	0	1	0	0	0	0	0	34
US dollar	266	42	138	0	28	6	1	4	0	1	13	313
Euro	459	3	325	0	4	1	0	0	0	0	9	472
Other currencies	217	4	120	1	39	3	1	2	0	0	7	266
Bonds and notes	**24,502**	**6,915**	**11,575**	**182**	**1,595**	**1,333**	**175**	**356**	**315**	**487**	**1,184**	**28,614**
Financial institutions	18,832	4,848	9,043	139	1,478	335	43	165	37	89	0	20,645
Corporate issuers	3,789	2,054	993	40	72	362	62	108	40	151	0	4,223
Governments	1,881	12	1,540	3	45	636	69	83	238	246	0	2,562
US dollar	9,178	6,164	1,256	68	1,156	971	130	282	160	399	366	11,672
Euro	11,453	461	9,361	11	164	193	19	9	122	42	440	12,250
Other currencies	3,871	291	958	104	275	168	25	65	32	46	377	4,691
Floating rate	7,040	991	3,878	22	544	84	26	30	11	16	82	7,750
Straight fixed rate	17,086	5,778	7,585	128	989	1,193	140	287	301	465	1,102	20,370
Equity-related	376	146	113	32	62	56	8	39	3	6	0	494
						Net issuance during the quarter						
Total issues	**438**	**124**	**132**	**7**	**70**	**49**	**5**	**15**	**13**	**15**	**140**	**697**
Money market instruments	**113**	**2**	**73**	**0**	**23**	**2**	**1**	**0**	**0**	**0**	**-1**	**136**
Financial institutions	117	1	72	0	23	2	1	0	0	0	0	141
Corporate issuers	-3	1	-3	0	0	0	0	0	0	0	0	-3
Governments	-1	0	4	0	0	0	0	0	0	0	0	-1
US dollar	2	1	0	0	5	1	0	0	0	0	1	10
Euro	90	0	68	0	-1	0	0	0	0	0	-2	87
Other currencies	21	0	6	0	18	1	1	0	0	0	-1	40
Bonds and notes	**325**	**123**	**58**	**7**	**47**	**47**	**4**	**15**	**14**	**15**	**141**	**561**
Financial institutions	190	48	37	7	43	11	-1	9	0	3	0	244
Corporate issuers	152	75	47	-1	5	14	3	2	0	9	0	170
Governments	-16	0	-25	1	-1	23	2	5	13	3	0	5
US dollar	253	167	30	10	44	38	4	11	9	14	24	359
Euro	48	-26	17	0	-7	3	0	0	3	0	103	147
Other currencies	25	-19	12	-4	10	6	0	4	2	1	15	55
Floating rate	-100	-52	-32	2	-9	-3	-1	-2	0	0	9	-104
Straight fixed rate	421	173	86	5	55	53	6	19	14	15	133	661
Equity-related	5	1	4	0	1	-2	0	-2	0	0	0	4
Memo: Announced international equity issuance	*48*	*28*	*7*	*0*	*5*	*14*	*1*	*9*	*1*	*3*	*0*	*67*

Net international debt securities issuance

By sector



By currency



[1] Detailed breakdowns and time series data, including for gross international debt securities issuance, are available at http://www.bis.org/statistics/secstats.htm (Tables 11, 12A–D, 13A–B, 14A–B, 15A–B and 17B).

Table 3B: Domestic debt securities issuance, December 2011[1]

In billions of US dollars

Amounts outstanding

	All countries	United States	Euro area	France	Germany	Italy	Spain	Other developed	Canada	Japan	United Kingdom
Total issues	**69,913**	**26,333**	**13,165**	**3,308**	**2,534**	**3,078**	**1,449**	**21,016**	**1,548**	**14,952**	**1,744**
Governments	42,087	12,863	7,334	1,742	1,752	1,950	687	16,317	1,094	12,788	1,486
Of which: short-term[2]	9,937	2,727	1,613	368	431	396	166	4,127	199	3,607	206
Financial institutions	20,598	10,209	4,578	1,291	440	787	738	3,411	280	1,221	239
Of which: short-term[2]	5,239	2,032	1,122	491	391	21	54	1,150	91	466	239
Corporate issuers	7,228	3,261	1,253	275	342	341	23	1,288	174	944	20
Of which: short-term[2]	800	146	183	72	59	1	1	159	10	130	1

	Emerging markets	Brazil	China	Chinese Taipei	Czech Republic	India	Malaysia	Mexico	South Africa	South Korea	Turkey
Total issues	**9,399**	**1,489**	**3,345**	**259**	**81**	**596**	**304**	**444**	**196**	**1,149**	**200**
Governments	5,574	957	1,509	156	54	512	151	269	125	498	193
Of which: short-term[2]	1,470	382	482	16	12	23	25	50	22	135	0
Financial institutions	2,400	521	1,176	37	16	63	66	140	45	243	7
Of which: short-term[2]	935	521	118	8	0	63	42	28	13	108	5
Corporate issuers	1,426	11	660	66	11	21	87	36	26	408	0
Of which: short-term[2]	311	11	136	22	0	21	4	2	1	107	0

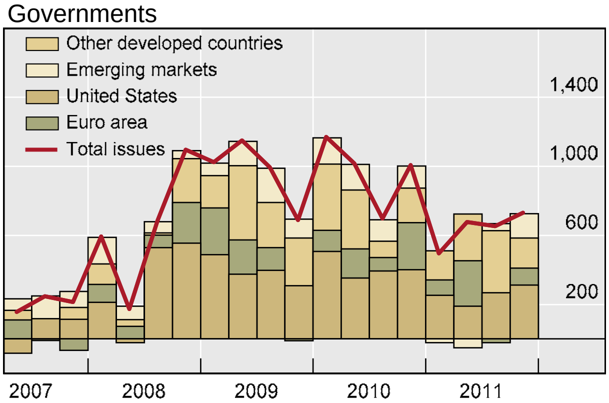
Changes in stocks during the quarter

	All countries	United States	Euro area	France	Germany	Italy	Spain	Other developed	Canada	Japan	United Kingdom
Total issues	**852**	**150**	**290**	**68**	**-3**	**134**	**40**	**183**	**14**	**26**	**14**
Governments	670	312	98	18	16	23	26	110	14	3	66
Of which: short-term[3]	11	43	-82	-24	-21	-16	6	11	-7	11	5
Financial institutions	79	-175	152	57	12	77	13	52	1	2	-52
Of which: short-term[3]	-101	-65	26	13	3	0	9	-66	-3	-4	-52
Corporate issuers	103	12	40	-7	-31	34	0	22	-1	21	0
Of which: short-term[3]	-21	-12	-9	-7	0	0	0	18	-3	21	0

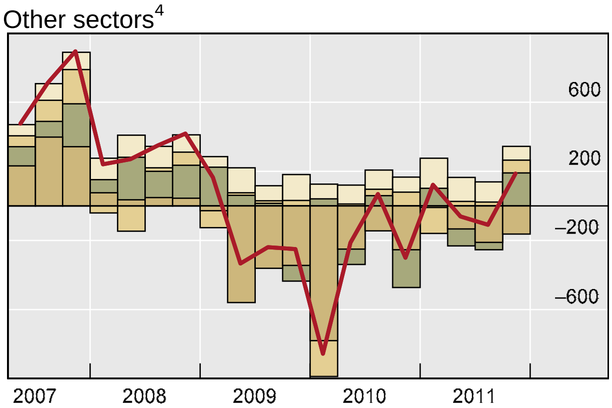
	Emerging markets	Brazil	China	Chinese Taipei	Czech Republic	India	Malaysia	Mexico	South Africa	South Korea	Turkey
Total issues	**229**	**129**	**84**	**3**	**-1**	**…**	**-13**	**15**	**5**	**…**	**3**
Governments	150	116	19	3	0	…	-6	10	5	…	3
Of which: short-term[3]	39	51	2	-1	1	…	-7	5	0	…	-1
Financial institutions	50	12	39	0	0	…	-7	3	0	…	0
Of which: short-term[3]	4	12	0	0	0	…	-8	0	-1	…	0
Corporate issuers	29	1	26	0	0	…	0	2	0	…	0
Of which: short-term[3]	-17	1	-18	0	0	…	0	0	0	…	0

Changes in stocks of domestic debt securities

Governments



Other sectors[4]



Euro area: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, Spain; Other developed countries: Australia, Canada, Denmark, Iceland, Japan, New Zealand, Norway, Sweden, Switzerland, the United Kingdom; Emerging markets: Argentina, Brazil, Chile, China, Chinese Taipei, Colombia, Croatia, the Czech Republic, Hong Kong SAR, Hungary, India, Indonesia, Lebanon, Malaysia, Mexico, Pakistan, Peru, the Philippines, Poland, Russia, Singapore, South Africa, South Korea, Thailand, Turkey, Venezuela.

[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/secstats.htm (Tables 16A–16B and 17A). [2] Issues with a remaining maturity to final repayment of up to one year. [3] Money market instruments. [4] Financial institutions plus corporate issuers.

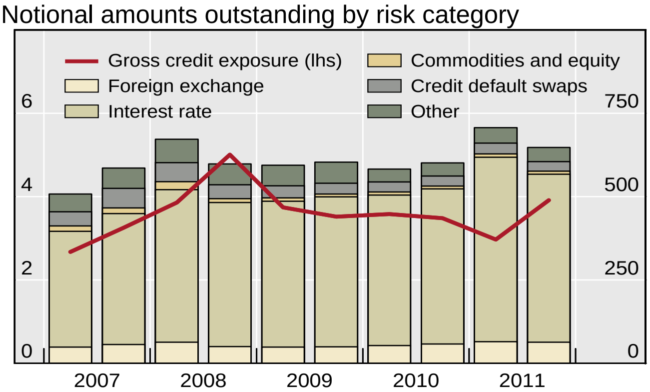
Table 4: Global OTC derivatives market, end-December 2011[1]

In billions of US dollars

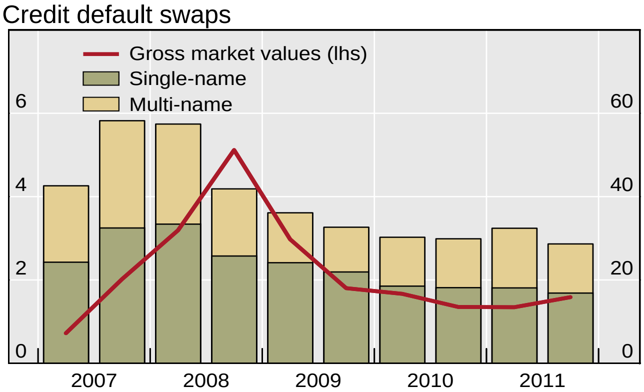
	Forwards and swaps				Options			
	Total	with reporting dealers	with other financial institutions	with non-financial customers	Total	with reporting dealers	with other financial institutions	with non-financial customers
	Notional amounts outstanding							
All contracts[2]	**576,873**	**177,573**	**351,082**	**46,021**	**70,890**	**40,968**	**23,648**	**5,161**
Foreign exchange	**53,317**	**23,138**	**21,999**	**8,180**	**10,032**	**4,815**	**3,917**	**1,301**
US dollar	46,435	21,430	18,791	6,213	7,626	3,622	2,952	1,052
Euro	19,460	7,569	8,091	3,799	3,775	1,693	1,509	574
Japanese yen	10,418	5,511	3,618	1,289	3,243	1,866	1,061	316
Pound sterling	6,431	2,407	2,866	1,158	593	258	223	111
Other	23,891	9,359	10,631	3,900	4,827	2,191	2,088	547
Up to one year	38,089	15,395	16,736	5,958	7,255	3,212	3,075	968
Over one year	15,227	7,743	5,263	2,221	2,777	1,603	842	333
Memo: Exchange-traded[3]	*221*	.	.	.	*87*	.	.	.
Interest rate	**453,187**	**125,629**	**293,208**	**34,350**	**50,911**	**31,701**	**16,154**	**3,057**
US dollar	147,286	40,222	96,728	10,336	14,578	8,099	5,476	1,002
Euro	161,197	37,589	112,572	11,036	23,505	15,332	6,739	1,434
Japanese yen	59,599	21,242	31,676	6,681	7,220	5,335	1,753	132
Pound sterling	39,838	8,173	28,856	2,810	3,529	2,084	1,260	185
Other	45,267	18,404	23,376	3,487	2,079	850	926	303
Up to one year	185,624	59,414	115,037	11,172	13,719	7,685	5,162	872
Over one year	267,563	66,215	178,171	23,178	37,192	24,015	10,991	2,185
Memo: Exchange-traded[3]	*21,719*	.	.	.	*31,580*	.	.	.
Equity	**1,738**	**500**	**970**	**268**	**4,244**	**1,757**	**2,022**	**465**
Memo: Exchange-traded[3]	*984*	.	.	.	*1,972*	.	.	.
Commodities	**2,052**	**...**	**...**	**...**	**1,039**	**...**	**...**	**...**
Credit default swaps	**28,633**	**16,625**	**11,810**	**197**	**...**	**...**	**...**	**...**
Unallocated	**37,946**	**11,681**	**23,094**	**3,027**	**4,663**	**2,695**	**1,556**	**340**
	Gross market values							
All contracts	**23,818**	**7,622**	**14,551**	**1,645**	**2,942**	**1,828**	**848**	**267**
Foreign exchange	**2,237**	**871**	**903**	**463**	**318**	**170**	**86**	**62**
US dollar	1,835	786	723	327	248	134	62	52
Euro	911	309	374	228	105	50	33	22
Japanese yen	431	194	144	93	159	97	33	29
Pound sterling	226	69	94	63	11	5	4	3
Other	1,071	384	472	214	113	54	40	19
Interest rate	**18,113**	**5,145**	**11,959**	**1,009**	**1,888**	**1,308**	**491**	**89**
US dollar	7,313	2,100	4,912	301	680	484	166	31
Euro	7,079	1,827	4,785	468	943	645	252	47
Japanese yen	1,030	422	572	37	101	79	21	1
Pound sterling	1,530	361	1,062	107	125	82	37	6
Other	1,161	436	629	96	38	18	15	5
Equity	**156**	**32**	**85**	**38**	**523**	**218**	**210**	**96**
Credit default swaps	**1,586**	**1,021**	**549**	**16**	**...**	**...**	**...**	**...**
Unallocated	**1,726**	**552**	**1,054**	**119**	**213**	**132**	**61**	**19**

Global OTC derivatives[4]

Notional amounts outstanding by risk category



Credit default swaps



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/derstats.htm (Tables 19, 20A–C, 21A–C, 22A–C and 23A–B). [2] Due to incomplete counterparty breakdowns for the commodity derivatives, components do not add up to the total. [3] Futures and options. Data on exchange-traded and OTC derivatives are not directly comparable; the former refers to open interest while the latter refers to gross positions. [4] In trillions of US dollars.

Notes to tables

Data for the most recent period are provisional. Data on changes in stocks have been calculated by converting the relevant stocks into their original currencies using end-of-period exchange rates and subsequently converting the changes in stocks into US dollar amounts using period average rates. Flow and turnover data have been calculated by converting flows and turnover in original currencies into US dollar amounts using period average exchange rates.

Tables 1A–1B

The data in Tables 1A–1B (the locational BIS banking statistics) cover banks' unconsolidated gross international on-balance sheet assets and liabilities. These data are based on the residence of the reporting institution and therefore measure the activities of all banking offices residing in each reporting country. Such offices report exclusively on their own unconsolidated business, which thus includes international transactions with any of their own affiliates. BIS reporting banks include banks residing in the G10 countries, plus Australia, Austria, the Bahamas, Bahrain, Bermuda, Brazil, the Cayman Islands, Chile, Chinese Taipei, Curacao, Cyprus, Denmark, Finland, Greece, Guernsey, Hong Kong SAR, India, Ireland, Isle of Man, Jersey, Korea, Luxembourg, Macao SAR, Malaysia, Mexico, the Netherlands Antilles (till Q3 2010), Norway, Panama, Portugal, Singapore, South Africa, Spain and Turkey. Breakdowns by currency are compiled from actual reported data and do not include any estimates done by the BIS for reporting countries that provide incomplete or partial currency information. Table 1A provides aggregated figures by residence of banks in all reporting countries. Table 1B provides figures by nationality of banks in reporting countries. The nationality statistics are prepared by regrouping the locational data into categories based on the control or ownership of the banking offices in question. Thus, for a reporting country, total assets and total liabilities of all banks reported under locational by residence statistics should be equal to the total assets and total liabilities of all banks reported under nationality statistics. Locational by residence statistics of the latest quarter for Finland relate to 2011Q3. Detailed tables, including time series data in CSV files, guidelines and information on breaks in series in the locational banking statistics, are available on the BIS website under http://www.bis.org/statistics/bankstats.htm.

Tables 2A–2B

The consolidated statistics are based mainly on the country of incorporation of the reporting institutions and measure the international lending activities of banks' head offices in the reporting countries and all their offices at home and abroad, with positions between offices of the same bank being netted out. The data in Table 2A cover BIS reporting banks' worldwide consolidated claims on an immediate borrower basis. These contractual claims are not adjusted for risk mitigants, such as guarantees and collateral. The 30 reporting countries comprise the G10 countries plus Australia, Austria, Brazil, Chile, Chinese Taipei, Denmark, Finland, Greece, Hong Kong SAR, India, Ireland, Luxembourg, Mexico, Norway, Panama, Portugal, Singapore, Spain and Turkey. The data in Table 2B cover BIS reporting banks' worldwide consolidated claims on an ultimate risk basis. These contractual claims are adjusted for risk mitigants, such as guarantees and collateral. The reporting population is a subset of 24 countries which reports both sets of data and comprises Australia, Austria, Belgium, Canada, Chile, Chinese Taipei, Finland, France, Germany, Greece, India, Ireland, Italy, Japan, the Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. In table 2B, German banks' foreign claims vis-à-vis developed countries are on an immediate borrower basis. The data in Table 2A cover both foreign and international claims, while Table 2B covers foreign claims only. International claims are defined as BIS reporting banks' cross-border claims in all currencies plus the local claims of their foreign affiliates in foreign currency. Foreign claims include, in addition, reporting banks' foreign affiliates' local claims in local currency, as shown below.

Types of claims

A	B	C	D
Cross-border claims	Local claims of foreign affiliates in foreign currency	Local claims of foreign affiliates in local currency	Domestic claims in the reporting country

International claims (A + B)

Foreign claims (A + B + C)

The shaded area indicates claims excluded from the consolidated banking statistics; bold italics indicate claims published within the consolidated banking statistics.

Austria and Portugal report on a partially consolidated basis. Detailed information on breaks in series in the consolidated banking statistics is available on the BIS website under http://www.bis.org/statistics/consstats.htm.

Tables 3A–3B

The methodology used to compile the international and domestic debt securities statistics and a description of the coverage can be found on pages 13 to 17 of the *Guide to the international financial statistics*, available at http://www.bis.org/publ/bispap14.htm.

The sectoral breakdown presents data based on the sector of the borrower itself and not on the sector of the parent company of the borrower or any guarantor. "Governments" comprise central governments, other governments and central banks. "Financial institutions" comprise commercial banks and other financial institutions.

The international debt securities data include "repackaged securities", for example the new global issues of Argentina, resulting from the April 2005 exchange offer.

Table 4

The data in Table 4 cover the activity recorded in the global over-the-counter (OTC) and exchange-traded derivatives markets. The data on exchange-traded derivatives are obtained from market sources, while those on OTC derivatives are based on the reporting to the BIS by central banks in major financial centres that in turn collect the information on a consolidated basis from reporting dealers headquartered in their respective countries.

The data on OTC derivatives are available in terms of notional amounts outstanding, gross market values and gross credit exposure. Gross credit exposure excludes credit default swap contracts for all countries except the United States. These statistics are adjusted for inter-dealer double-counting and cover foreign exchange, interest rate, equity, commodity and credit derivatives.

For the exchange-traded derivatives, data on open interest measured in terms of US dollars are available for the main financial derivatives contracts (interest rate, currency and equity-linked derivatives).

Information on the methodology used to compile these statistical sets and a more detailed description of their coverage can be found on pages 18 to 21 of the *Guide to the international financial statistics*, available at http://www.bis.org/publ/bispap14.htm.

Special features in the BIS Quarterly Review

March 2012	The impact of Federal Reserve asset purchase programmes: another twist	J Meaning and F Zhu
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March 2012	Bank stock returns, leverage and the business cycle	K Tsatsaronis & J Yang
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December 2011	Assessing global liquidity	D Domanski, I Fender & P McGuire
December 2011	The impact of recent central bank asset purchase programmes	J Meaning & F Zhu
December 2011	Enhanced BIS statistics on credit risk transfer	N Vause
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December 2010	Counterparty risk and contract volumes in the credit default swap market	N Vause
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Recent BIS publications[1]

BIS Papers

Property markets and financial stability
March 2012

http://www.bis.org/publ/bppdf/bispap64.htm

The Bank for International Settlements (BIS) and the Monetary Authority of Singapore (MAS) jointly organised a workshop on property markets and financial stability in Singapore on 5 September 2011. The workshop aimed to bring together academics and researchers at central banks, regulatory agencies and international organisations to present and discuss ongoing theoretical and empirical work in the field. In response to their call for papers, the organisers received 67 submissions from central banks, public agencies, international organisations and academic institutions. From these, a paper selection committee comprising staff of the BIS, the MAS and academia chose seven papers organised around the following four themes: (1) lessons from the crisis; (2) house price assessment; (3) housing booms and busts; and (4) property, credit and markets.
All in all, 39 participants took part, including central bank economists as well as academics from Asia and the Pacific, Europe and the United States. Assistant Managing Director Andrew Khoo of the MAS and Frank Packer, Head of Financial Stability and Markets for Asia and the Pacific of the BIS, delivered the opening remarks. Professor Timothy Riddiough at the University of Wisconsin gave a keynote speech. This volume is a collection of the opening remarks, the keynote speech, revised versions of all the papers presented during the workshop, as well as discussant remarks on these papers.

Working Papers

When capital adequacy and interest rate policy are substitutes (and when they are not)
Stephen Cecchetti and Marion Kohler

http://www.bis.org/publ/work379.htm

Prudential instruments are commonly seen as the tools that can be used to deliver the macroprudential policy goals of reducing the frequency and severity of financial crises. And interest rates are traditionally viewed as the means to deliver the macroeconomic stabilisation goals of low, stable inflation and sustainable, stable growth. But, at the macroeconomic level, these two sets of policy tools have quite a bit in common. We use a simple macroeconomic model to study the extent to which capital adequacy requirements and interest rates might be substitutes in meeting the objective of stabilising the economy. We find that in our model both are substitutes for achieving conventional monetary policy objectives. In addition, we show that, in principle, they can both be used to meet financial stability objectives. This implies a need to coordinate the use of macroprudential and traditional monetary policy tools, a need that has clear implications for the construction of the policy framework designed to deliver the joint objectives of macroeconomic and financial stability.

Ensuring price stability in post-crisis Asia: lessons from the recovery
Andrew Filardo

http://www.bis.org/publ/work378.htm

Asian central banks have adopted monetary policy frameworks over the past decade that have, by and large, worked well both to ensure price stability during the pre-crisis period and to navigate the shoals during the recent international financial crisis. Inflation concerns in recent years nonetheless raise the possibility that existing monetary policy frameworks in Asia may be contributing to procyclical inflation swings. Three particular aspects of the policy environment are highlighted. They include the approach of monetary policy to commodity price cycles, to the uneven global recovery and to the new financial stability mandates.

Rapid credit growth and international credit: Challenges for Asia

Stefan Avdjiev, Robert N McCauley and Patrick McGuire

http://www.bis.org/publ/work377.htm

Very low interest rates in major currencies have raised concerns over international credit flows to robustly growing economies in Asia. This paper examines three components of international credit and highlights several of the policy challenges that arise in constraining such credit. Our empirical findings suggest that international credit enables domestic credit booms in emerging markets. Furthermore, we demonstrate that higher levels of international credit on the eve of a crisis are associated with larger subsequent contractions in overall credit and real output. In Asia today, international credit generally is small in relation to overall credit - as was not the case before the Asian crisis. So even though dollar credit is growing very rapidly in some Asian economies, its contribution to overall credit growth has been modest outside the more dollarised economies of Asia.

Systemic risk in global banking: what can available data tell us and what more data are needed?
Eugenio Cerutti, Stijn Claessens and Patrick McGuire

http://www.bis.org/publ/work376.htm

[1] Requests for publications should be addressed to: Bank for International Settlements, Press & Communications, Centralbahnplatz 2, CH-4002 Basel. These publications are also available on the BIS website (www.bis.org).

The recent financial crisis has shown how interconnected the financial world has become. Shocks in one location or asset class can have a sizable impact on the stability of institutions and markets around the world. But systemic risk analysis is severely hampered by the lack of consistent data that capture the international dimensions of finance. While currently available data can be used more effectively, supervisors and other agencies need more and better data to construct even rudimentary measures of risks in the international financial system. Similarly, market participants need better information on aggregate positions and linkages to appropriately monitor and price risks. Ongoing initiatives that will help close data gaps include the G20 Data Gaps Initiative, which recommends the collection of consistent banklevel data for joint analyses and enhancements to existing sets of aggregate statistics, and enhancements to the BIS international banking statistics.

Loan loss provisioning practices of Asian banks
Frank Packer and Haibin Zhu

http://www.bis.org/publ/work375.htm

In the wake of the Asian financial crisis, many regimes in Asia adopted stricter provisioning requirements, as well as discretionary measures, with the objective of increasing provisioning in good times in response to rising levels of risk. Based on a final sample of 240 banks in 12 Asian economies, the evidence is that countercyclical loan loss provisioning has dominated throughout emerging Asia, most strikingly so in the case of India. Thus, loan loss provisioning did not simply become more conservative at all points in time subsequent to the Asian financial crisis, but actively leaned in a fashion that ameliorated swings in earnings and the macroeconomy.

A comprehensive look at financial volatility prediction by economic variables
Charlotte Christiansen, Maik Schmeling and Andreas Schrimpf

http://www.bis.org/publ/work374.htm

We investigate if asset return volatility is predictable by macroeconomic and financial variables and shed light on the economic drivers of financial volatility. Our approach is distinct due to its comprehensiveness: First, we employ a data-rich forecast methodology to handle a large set of potential predictors in a Bayesian Model Averaging approach, and, second, we take a look at multiple asset classes (equities, foreign exchange, bonds, and commodities) over long time spans. We find that proxies for credit risk and funding (il)liquidity consistently show up as common predictors of volatility across asset classes. Variables capturing time-varying risk premia also perform well as predictors of volatility. While forecasts by macro-finance augmented models also achieve forecasting gains out-of-sample relative to autoregressive benchmarks, the performance varies across asset classes and over time.

Collateral requirements for mandatory central clearing of over-the-counter derivatives
Daniel Heller and Nicholas Vause

http://www.bis.org/publ/work373.htm

By the end of 2012, all standardised over-the-counter (OTC) derivatives must be cleared with central counterparties (CCPs). In this paper, we estimate the amount of collateral that CCPs should demand to clear safely all interest rate swap and credit default swap positions of the major derivatives dealers. Our estimates are based on potential losses on a set of hypothetical dealer portfolios that replicate several aspects of the way that derivatives positions are distributed within and across dealer portfolios in practice. Our results suggest that major dealers already have sufficient unencumbered assets to meet initial margin requirements, but that some of them may need to increase their cash holdings to meet variation margin calls. We also find that default funds worth only a small fraction of dealers' equity appear sufficient to protect CCPs against almost all possible losses that could arise from the default of one or more dealers, especially if initial margin requirements take into account the tail risks and time variation in risk of cleared portfolios. Finally, we find that concentrating clearing of OTC derivatives in a single CCP could economise on collateral requirements without undermining the robustness of central clearing.

Inflation dynamics in the presence of informal labour markets
Paul Castillo and Carlos Montoro

http://www.bis.org/publ/work372.htm

In this paper we analyse the effects of informal labour markets on the dynamics of inflation and on the transmission of aggregate demand and supply shocks. In doing so, we incorporate the informal sector in a modified New Keynesian model with labour market frictions as in the Diamond-Mortensen-Pissarides model. Our main results show that the informal economy generates a "buffer" effect that diminishes the pressure of demand shocks on inflation. This finding is consistent with the empirical literature on the effects of informal labour markets in business cycle fluctuations. This result implies that, in economies with large informal labour markets, changes in interest rates are more effective in stimulating real output and there is less impact on inflation. Furthermore, the model produces cyclical flows from informal to formal employment, consistent with the data.

Basel Committee on Banking Supervision

Models and tools for macroprudential analysis
May 2012

http://www.bis.org/publ/bcbs_wp21.htm

The Basel Committee's Research Task Force Transmission Channel project aimed at generating new research on various aspects of the credit channel linkages in the monetary transmission mechanism. Under the credit channel view, financial intermediaries play a critical role in the allocation of credit in the economy. They are the primary source of credit for consumers and businesses that do not have direct access to capital markets. Among

more traditional macroeconomic modelling approaches, the credit view is unique in its emphasis on the health of the financial sector as a critically important determinant of the efficacy of monetary policy.
The final products of the project are two working papers that summarise the findings of the many individual research projects that were undertaken and discussed in the course of the project. The first working paper, Basel Committee Working Paper No 20, "The policy implications of transmission channels between the financial system and the real economy", analyses the link between the real economy and the financial sector, and channels through which the financial system may transmit instability to the real economy. The second working paper, Basel Committee Working Paper No 21, "Models and tools for macroprudential analysis", focuses on the methodological progress and modelling advancements aimed at improving financial stability monitoring and the identification of systemic risk potential. Because both working papers are summaries, they touch only briefly on the results and methods of the individual research papers that were developed during the course of the project. Each working paper includes comprehensive references with information that will allow the interested reader to contact any of the individual authors and acquire the most up-to-date version of the research that was summarised in each of these working papers.

The policy implications of transmission channels between the financial system and the real economy

May 2012

http://www.bis.org/publ/bcbs_wp20.htm

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Fundamental review of the trading book - consultative document

May 2012

http://www.bis.org/publ/bcbs219.htm

This consultative document sets out a revised market risk framework and proposes a number of specific measures to improve trading book capital requirements. These proposals reflect the Committee's increased focus on achieving a regulatory framework that can be implemented consistently by supervisors and which achieves comparable levels of capital across jurisdictions.
Key elements of the proposals include:

- A more objective boundary between the trading book and the banking book that materially reduces the scope for regulatory arbitrage - feedback is sought on two alternative approaches;
- Moving from value-at-risk to expected shortfall, a risk measure that better captures "tail risk";
- Calibrating the revised framework in both the standardised and internal models-based approaches to a period of significant financial stress, consistent with the stressed value-at-risk approach adopted in Basel 2.5;
- Comprehensively incorporating the risk of market illiquidity, again consistent with the direction taken in Basel 2.5;
- Measures to reduce model risk in the internal models-based approach, including a more granular models approval process and constraints on diversification; and
- A revised standardised approach that is intended to be more risk-sensitive and act as a credible fallback to internal models.

The Committee is also proposing to strengthen the relationship between the models-based and standardised approaches by establishing a closer link between the calibration of the two approaches, requiring mandatory calculation of the standardised approach by all banks, and considering the merits of introducing the standardised approach as a floor or surcharge to the models-based approach. Furthermore, the treatment of hedging and diversification will be more closely aligned between the two approaches.
Comments on this consultative document should be submitted by Friday 7 September 2012 by e-mail to baselcommittee@bis.org. Alternatively, comments may be sent by post to the Secretariat of the Basel Committee on Banking Supervision, Bank for International Settlements, CH-4002 Basel, Switzerland. All comments will be published on the Bank for International Settlements's website unless a commenter specifically requests confidential treatment.
Once the Committee has reviewed responses, it intends to release for comment a more detailed set of proposals to amend the Basel III framework. In line with its normal process, the Committee will also subject such proposals to a thorough Quantitative Impact Study.

Peer review of supervisory authorities' implementation of stress testing principles

April 2012

http://www.bis.org/publ/bcbs218.htm

Stress testing is an important tool used by banks to identify the potential for unexpected adverse outcomes across a range of risks and scenarios. In 2009, the Committee reviewed the performance of stress testing practices during the financial crisis and published recommendations for banks and supervisors entitled Principles for sound stress testing practices and supervision.

As part of its mandate to assess the implementation of standards across countries and to foster the promotion of good supervisory practice, the Committee's Standards Implementation Group (SIG) conducted a peer review during 2011 of supervisory authorities' implementation of the principles. The review found that stress testing has become a key component of the supervisory assessment process as well as a tool for contingency planning and communication. Countries are, however, at varying stages of maturity in the implementation of the principles; as a result, more work remains to be done to fully implement the principles in many countries.

Overall, the review found the 2009 stress testing principles to be generally effective. The Committee, however, will continue to monitor implementation of the principles and determine whether, in the future, additional guidance might be necessary.

Results of the Basel III monitoring exercise as of 30 June 2011
April 2012

http://www.bis.org/publ/bcbs217.htm

This report presents the results of the Basel Committee's Basel III monitoring exercise. The study is based on rigorous reporting processes set up by the Committee to periodically review the implications of the Basel III standards for financial markets. A total of 212 banks participated in the study, including 103 Group 1 banks (ie those that have Tier 1 capital in excess of €3 billion and are internationally active) and 109 Group 2 banks (ie all other banks).

While the Basel III framework sets out transitional arrangements to implement the new standards, the monitoring exercise results assume full implementation of the final Basel III package based on data as of 30 June 2011 (ie they do not take account of the transitional arrangements such as the phase in of deductions). No assumptions were made about bank profitability or behavioural responses, such as changes in bank capital or balance sheet composition. For that reason the results of the study are not comparable to industry estimates.

The study finds that based on data as of 30 June 2011 and applying the changes to the definition of capital and risk-weighted assets, the average common equity Tier 1 capital ratio (CET1) of Group 1 banks was 7.1%, as compared with the Basel III minimum requirement of 4.5%. In order for all Group 1 banks to reach the 4.5% minimum, an increase of €38.8 billion CET1 would be required. The overall shortfall increases to €485.6 billion to achieve a CET1 target level of 7.0% (ie including the capital conservation buffer); this amount includes the surcharge for global systemically important banks where applicable. As a point of reference, the sum of profits after tax and prior to distributions across the same sample of Group 1 banks in the second half of 2010 and the first half of 2011 was €356.6 billion.

For Group 2 banks, the average CET1 ratio stood at 8.3%. In order for all Group 2 banks in the sample to meet the new 4.5% CET1 ratio, the additional capital needed is estimated to be €8.6 billion. They would have required an additional €32.4 billion to reach a CET1 target 7.0%; the sum of these banks' profits after tax and prior to distributions in the second half of 2010 and the first half of 2011 was €35.6 billion.

Basel III regulatory consistency assessment programme
April 2012

http://www.bis.org/publ/bcbs216.htm

Full, timely and consistent implementation of Basel III is fundamental to raising the resilience of the global banking system, in maintaining market confidence in regulatory ratios and in providing a level playing field. The benefits of the recent round of regulatory reforms will not be realised without implementation.

To aid the implementation process, members of the Basel Committee have agreed on an assessment programme that will review and report on their implementation of Basel III. The assessment programme will be conducted on three levels:

- Level 1: ensuring the timely adoption of Basel III;
- Level 2: ensuring regulatory consistency with Basel III; and
- Level 3: ensuring consistency of risk-weighted asset outcomes.

This document describes the Level 2 review programme, which utilises a peer review process to assess the compliance of individual jurisdiction's domestic regulations with the international minimum requirements defined by the Basel Committee. By identifying domestic regulations and provisions that are not consistent with the rules agreed by the Committee and by assessing and reporting on their impact on financial stability and on the international level playing field, this programme is intended to promote full and consistent implementation of Basel III. It will also facilitate an effective dialogue among members and to provide peer pressure if needed.

Progress report on Basel III implementation (update published in April 2012)
April 2012

http://www.bis.org/publ/bcbs215.htm

This updated Progress report on Basel III implementation provides a high-level view of Basel Committee members' progress in adopting Basel II, Basel 2.5 and Basel III, as of end March 2012. It focuses on the status of domestic rule-making processes to ensure that the Committee's capital standards are transformed into national law or regulation according to the internationally agreed timeframes. The Committee believes that disclosure will provide additional incentive for members to fully comply with the international agreements. This report updates the Committee's October 2011 progress report.

Committee on Payment and Settlement Systems

Principles for financial market infrastructures, assessment methodology and disclosure framework
April 2012

http://www.bis.org/publ/cpss101.htm

The report Principles for financial market infrastructures contains new and more demanding international standards for payment, clearing and settlement systems, including central counterparties. Issued by the CPSS and the International Organization of Securities Commissions (IOSCO), the new standards (called "principles") are designed to ensure that the infrastructure supporting global financial markets is more robust and thus well placed to withstand financial shocks.
The principles apply to all systemically important payment systems, central securities depositories, securities settlement systems, central counterparties and trade repositories (collectively "financial market infrastructures"). They replace the three existing sets of international standards set out in the Core principles for systemically important payment systems (CPSS, 2001); the Recommendations for securities settlement systems (CPSS-IOSCO, 2001); and the Recommendations for central counterparties (CPSS-IOSCO, 2004). CPSS and IOSCO have strengthened and harmonised these three sets of standards by raising minimum requirements, providing more detailed guidance and broadening the scope of the standards to cover new risk-management areas and new types of FMIs.
The principles were issued for public consultation in March 2011. The finalised principles being issued now have been revised in light of the comments received during that consultation.
CPSS and IOSCO members will strive to adopt the new standards by the end of 2012. Financial market infrastructures (FMIs) are expected to observe the standards as soon as possible.

Consultation versions of an assessment methodology and disclosure framework
At the same time as publishing the final version of the principles, CPSS and IOSCO have issued two related documents for public consultation, namely an assessment methodology and a disclosure framework for these new principles.
Comments on these two documents are invited from all interested parties and should be sent by 15 June 2012 to both the CPSS secretariat (cpss@bis.org) and the IOSCO secretariat (fmi@iosco.org). The comments will be published on the websites of the Bank for International Settlements (BIS) and IOSCO unless commentators request otherwise. After the consultation period, the CPSS and IOSCO will review the comments received and publish final versions of the two documents later in 2012.

Other documents
A cover note that explains the background to the three documents above and sets out some specific points on the two consultation documents on which the committees are seeking comments during the public consultation period is also available.

Speeches

Shareholder value and stability in banking: Is there a conflict?

Speech by Mr Jaime Caruana, General Manager of the BIS, at the Morgan Stanley European Financials Conference, London, 27 March 2012.

http://www.bis.org/speeches/sp120403.htm

Is there really a conflict between shareholder value and the public policy goal of safer banks? The evidence suggests not, especially over longer time horizons. Bank shareholders also stand to gain from the greater resilience of the financial system that regulatory reforms seek to achieve. Over time, the banks that have created the most value for shareholders have been those that performed well in both good and bad conditions. These tended to be less leveraged, they produced sustainable profits and kept risks and costs under control. Over the long term, only banks with a solid business model will generate sustained returns for shareholders.

Central banking in a balance sheet recession

Panel remarks by Mr Jaime Caruana, General Manager of the BIS, at the Board of Governors of the Federal Reserve System 2012 conference on "Central banking: before, during and after the crisis", Washington, 23–24 March 2012.

http://www.bis.org/speeches/sp120321.htm

In order to reduce the risk of protracted weakness and accelerate the return to a self-sustained recovery, policymakers need to promote balance sheet repair and to avoid overburdening monetary policy. Extraordinarily easy monetary policy can buy time, but may actually make it easier to waste that time. It also gives rise to political economy risks that may ultimately threaten central banks' operational independence and their hard-earned credibility. A key challenge for central banks is to recognise these risks and limitations, to factor them into policy decisions and to communicate them clearly.