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 44 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, March 2012[1]

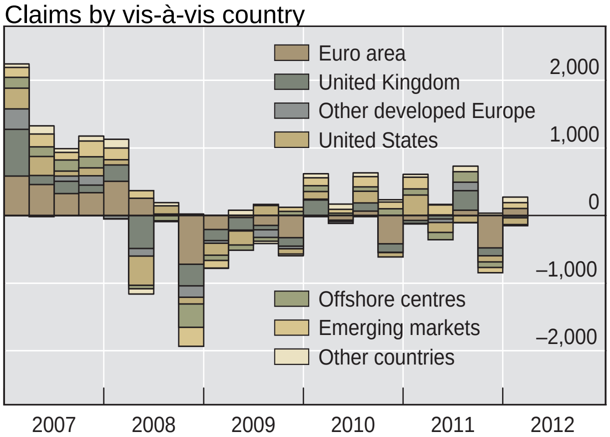
In billions of US dollars

	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	**25,772**	**4,548**	**3,823**	**503**	**1,734**	**858**	**727**	**34,816**
Total cross-border claims	**22,981**	**3,964**	**3,169**	**495**	**1,328**	**728**	**617**	**30,788**
Loans	16,420	3,282	2,503	456	1,052	556	440	22,541
Securities	4,625	547	359	17	144	72	127	5,660
Claims on banks	14,816	2,466	1,683	207	843	389	244	19,522
Claims on non-banks	8,165	1,498	1,486	289	485	339	373	11,266
US dollar	8,813	2,541	1,313	295	401	195	423	12,752
Euro	9,906	304	456	85	51	296	24	10,821
Foreign currency claims on residents	**2,791**	**583**	**654**	**8**	**407**	**129**	**110**	**4,028**
			Estimated exchange rate-adjusted changes during the quarter[2]					
Total claims	**51**	**21**	**136**	**12**	**103**	**-3**	**24**	**212**
Total cross-border claims	**50**	**-15**	**86**	**11**	**68**	**-9**	**16**	**126**
Loans	-48	-29	56	11	52	-8	1	-42
Securities	97	10	12	1	2	-3	12	137
Claims on banks	4	-75	41	9	40	-5	-3	-28
Claims on non-banks	46	60	45	2	28	-4	19	154
US dollar	-94	-41	23	11	10	-8	10	-111
Euro	174	-8	-4	-1	0	-4	1	175
Foreign currency claims on residents	**0**	**36**	**50**	**1**	**35**	**6**	**8**	**86**
			Amounts outstanding					
Total liabilities	**22,355**	**5,225**	**3,186**	**857**	**1,365**	**423**	**541**	**34,083**
Total cross-border liabilities	**19,251**	**4,346**	**2,518**	**849**	**902**	**310**	**458**	**29,433**
Deposits	16,680	4,207	2,427	834	867	305	421	23,787
Securities	1,370	88	27	8	11	0	7	4,111
Liabilities to banks	14,245	2,999	1,561	522	617	218	204	21,560
Liabilities to non-banks	5,006	1,347	956	326	285	91	254	7,872
US dollar	7,704	2,816	1,385	561	365	119	341	12,846
Euro	7,933	442	386	138	86	117	45	9,575
Foreign currency liabilities to residents	**3,103**	**879**	**669**	**9**	**464**	**113**	**83**	**4,650**
			Estimated exchange rate-adjusted changes during the quarter[2]					
Total liabilities	**4**	**-47**	**209**	**53**	**128**	**15**	**13**	**258**
Total cross-border liabilities	**52**	**-61**	**156**	**54**	**90**	**10**	**1**	**240**
Deposits	64	-56	156	53	88	11	4	162
Securities	12	0	-2	0	1	0	-3	96
Liabilities to banks	23	-117	109	21	90	5	-7	105
Liabilities to non-banks	29	57	47	33	0	5	8	136
US dollar	-109	-104	81	41	40	2	-1	-94
Euro	187	-10	35	5	24	8	-2	235
Foreign currency liabilities to residents	**-49**	**14**	**52**	**-1**	**37**	**4**	**11**	**17**

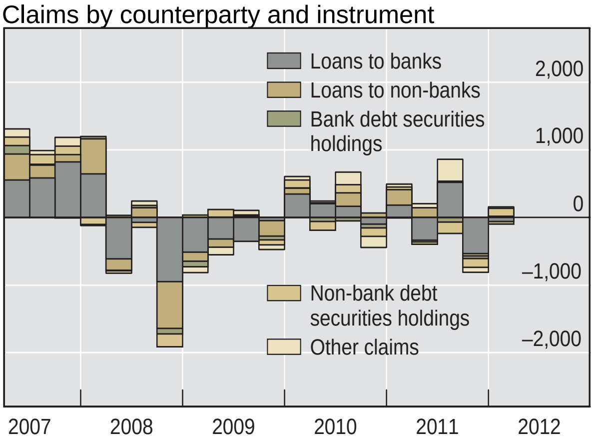
Cross-border positions

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.

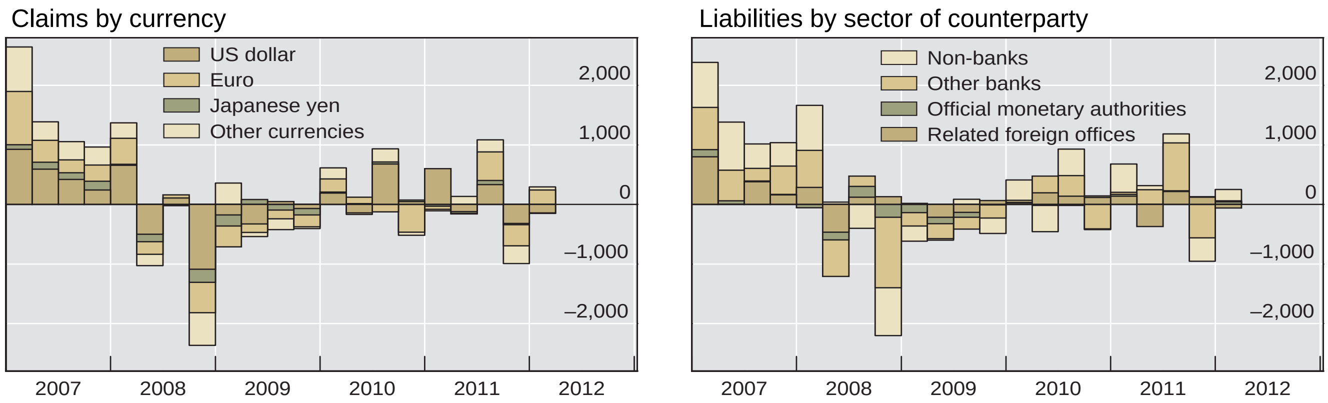
Table 1B: International positions of banks by nationality of head office, March 2012[1]

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	**3,691**	**4,010**	**895**	**1,566**	**770**	**2,529**	**4,873**	**4,042**	**4,349**	**1,413**	**34,787**
on banks	2,550	2,234	503	1,003	429	1,640	2,966	1,642	2,954	751	20,833
on related foreign offices	1,047	1,235	254	458	252	866	1,592	823	1,718	227	10,672
on other banks	1,486	991	248	544	174	772	1,295	819	1,233	486	9,919
on official monetary institutions	18	7	0	1	3	2	79	1	3	39	243
on non-banks	1,141	1,777	392	563	341	889	1,907	2,400	1,395	662	13,954
US dollar	1,130	1,225	122	368	252	1,320	1,971	2,221	2,933	960	14,436
Euro	1,944	2,149	696	866	348	584	1,784	467	608	127	11,510
Other currencies	617	636	77	332	170	625	1,118	1,353	808	326	8,841
	Estimated exchange rate-adjusted changes during the quarter[2]										
Total claims	**-67**	**-23**	**-28**	**57**	**22**	**32**	**193**	**64**	**-198**	**77**	**213**
on banks	-84	6	-25	57	19	45	144	-47	-233	52	7
on related foreign offices	-74	-25	-5	31	-3	43	51	-9	-173	12	-128
on other banks	-16	31	-20	30	23	2	67	-38	-61	39	74
on official monetary institutions	6	0	0	-4	-1	1	26	0	0	0	62
on non-banks	18	-30	-3	0	3	-14	50	111	36	25	206
US dollar	-34	-27	-6	-17	-10	23	-7	64	-153	54	-81
Euro	-19	61	-22	39	36	2	154	24	-9	5	246
Other currencies	-14	-57	-1	35	-4	7	46	-24	-35	18	48
	Amounts outstanding										
Total liabilities	**3,484**	**3,349**	**825**	**1,705**	**916**	**2,752**	**4,886**	**2,361**	**5,012**	**1,495**	**34,066**
to banks	2,357	1,925	544	1,225	455	1,541	2,561	1,386	2,910	842	19,862
to related foreign offices	965	1,177	209	392	190	938	1,456	653	1,535	197	9,622
to other banks	1,298	619	314	798	232	584	987	681	1,201	622	9,373
to official monetary institutions	94	129	21	35	33	20	118	52	174	23	867
to non-banks	1,127	1,424	281	481	461	1,211	2,325	975	2,102	652	14,203
US dollar	1,143	1,287	104	536	277	1,357	1,649	1,434	3,711	962	15,100
Euro	1,707	1,320	649	718	498	694	1,755	271	554	137	10,520
Other currencies	635	742	72	452	141	702	1,482	657	748	395	8,446
	Estimated exchange rate-adjusted changes during the quarter[2]										
Total liabilities	**-61**	**27**	**-23**	**56**	**-21**	**50**	**154**	**-16**	**-136**	**78**	**258**
to banks	-93	15	-28	58	2	18	130	-50	-180	55	51
to related foreign offices	-42	0	-6	42	4	7	104	-34	-143	14	9
to other banks	-68	-17	-23	23	0	7	25	-16	-39	43	-4
to official monetary institutions	16	32	1	-7	-2	4	1	1	2	-1	46
to non-banks	32	12	5	-2	-23	32	23	34	44	23	207
US dollar	-10	-51	-7	16	-5	39	-24	-14	-130	52	-73
Euro	-32	78	-19	14	-15	16	161	31	-1	3	307
Other currencies	-20	0	3	26	-1	-5	17	-33	-6	23	24

International positions of BIS reporting banks

Exchange rate-adjusted changes in stocks



[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, March 2012[1]

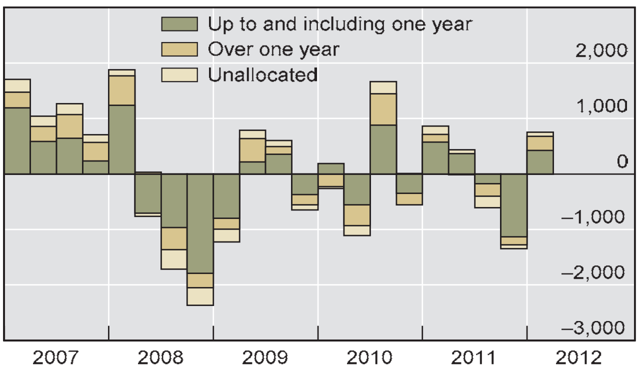
Amounts outstanding, in billions of US dollars

	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	**23,270**	**6,100**	**9,337**	**1,189**	**2,584**	**5,507**	**672**	**2,085**	**1,418**	**1,333**	**31,530**
International claims	**14,435**	**2,853**	**6,514**	**767**	**2,042**	**3,185**	**443**	**1,373**	**812**	**556**	**19,829**
Up to and including one year	7,370	962	3,214	640	1,037	1,676	211	894	307	265	10,119
Over one year	4,731	1,204	2,272	64	617	1,226	214	341	445	226	6,629
Unallocated by maturity	2,334	688	1,028	63	389	283	19	139	60	65	3,082
Local currency claims	**8,836**	**3,247**	**2,824**	**422**	**542**	**2,322**	**229**	**711**	**605**	**777**	**11,701**
Local currency liabilities	**6,298**	**2,524**	**1,982**	**229**	**472**	**1,776**	**197**	**482**	**497**	**600**	**8,548**
	Unadjusted changes during the quarter[2]										
Foreign claims	*881*	*74*	*501*	*73*	*82*	*242*	*23*	*104*	*72*	*44*	*1,230*
International claims	*534*	*83*	*293*	*46*	*72*	*123*	*11*	*79*	*27*	*7*	*755*
Local currency claims	*347*	*-9*	*208*	*27*	*10*	*119*	*12*	*26*	*45*	*37*	*476*
Local currency liabilities	*331*	*75*	*161*	*18*	*16*	*80*	*3*	*16*	*30*	*32*	*427*
Nationality of reporting banks:	**Foreign claims**										
Domestically owned banks (total)	**19,285**	**5,552**	**7,528**	**827**	**2,482**	**4,997**	**618**	**1,771**	**1,360**	**1,247**	**26,925**
Euro area	8,035	1,532	4,118	215	430	2,208	237	289	1,085	597	10,737
Switzerland	1,475	756	356	90	185	164	26	71	20	46	1,834
United Kingdom	2,727	1,139	1,177	132	578	941	229	484	66	162	4,289
Japan	2,086	1,145	487	.	577	343	33	230	26	54	3,006
United States	2,028	.	731	328	413	741	61	345	76	258	3,207
Other countries[3]	2,933	980	659	62	300	600	32	353	86	130	3,853
Other foreign banks	**3,985**	**548**	**1,809**	**362**	**102**	**510**	**54**	**313**	**58**	**85**	**4,605**
	International claims, all maturities										
Domestically owned banks (total)	**10,450**	**2,305**	**4,705**	**405**	**1,940**	**2,675**	**390**	**1,060**	**754**	**471**	**15,225**
Euro area	4,335	630	2,302	108	385	1,072	162	205	550	155	5,857
Switzerland	655	128	293	54	170	134	24	59	18	33	966
United Kingdom	1,300	417	659	81	255	420	96	222	47	56	2,019
Japan	1,689	854	448	.	535	262	33	152	25	52	2,486
United States	1,285	.	613	123	362	396	44	192	47	114	2,070
Other countries[3]	1,185	276	389	38	234	391	31	230	67	63	1,828
Other foreign banks	**3,985**	**548**	**1,809**	**362**	**102**	**510**	**54**	**313**	**58**	**85**	**4,605**
	International claims, short-term										
Domestically owned banks (total)	**4,785**	**726**	**2,073**	**289**	**966**	**1,347**	**182**	**653**	**280**	**231**	**7,132**
Euro area	1,927	301	830	66	202	400	61	92	179	68	2,534
Switzerland	395	61	178	35	109	74	17	32	8	17	580
United Kingdom	572	146	314	39	147	236	44	137	29	26	960
Japan	206	78	54	.	59	101	8	78	6	9	366
United States	991	.	456	116	318	318	36	166	33	83	1,643
Other countries[3]	693	139	241	34	131	217	16	150	24	28	1,048
Other foreign banks	**2,585**	**235**	**1,141**	**351**	**71**	**329**	**29**	**240**	**26**	**34**	**2,987**

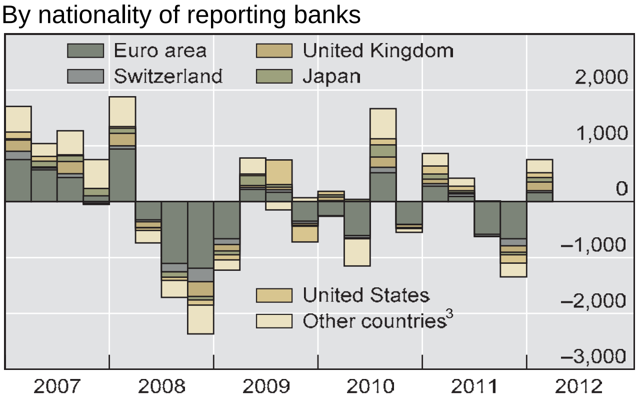
International claims of BIS reporting banks on an immediate borrower basis[4]

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, March 2012[1]

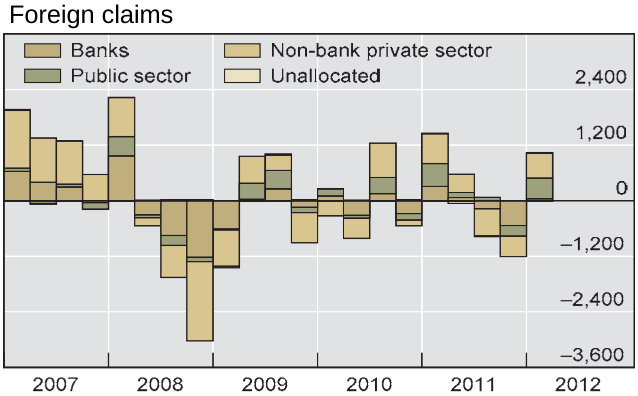
Amounts outstanding, in billions of US dollars

	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	**18,899**	**5,609**	**7,297**	**833**	**1,886**	**4,826**	**582**	**1,737**	**1,298**	**1,208**	**25,792**
Banks	4,183	847	1,754	247	152	925	96	500	183	146	5,268
Public sector	4,038	1,419	1,735	310	199	1,184	129	356	301	398	5,563
Non-bank private sector	10,546	3,286	3,789	275	1,510	2,697	356	881	798	662	14,778
Unallocated	133	57	20	1	25	20	1	1	17	2	182
Cross-border claims	**9,520**	**2,403**	**4,580**	**363**	**1,156**	**2,069**	**337**	**877**	**483**	**372**	**12,921**
Local claims in all currencies	**9,379**	**3,206**	**2,717**	**470**	**730**	**2,757**	**246**	**860**	**815**	**836**	**12,871**
	Unadjusted changes during the quarter[2]										
Foreign claims	*783*	*124*	*438*	*17*	*43*	*180*	*16*	*62*	*63*	*40*	*1,033*
Cross-border claims	*444*	*132*	*231*	*8*	*30*	*53*	*3*	*29*	*11*	*10*	*556*
Local claims in all currencies	*339*	*-8*	*207*	*9*	*13*	*127*	*12*	*33*	*51*	*30*	*477*
Nationality of reporting banks[3]	**Foreign claims**										
Total	**18,899**	**5,609**	**7,297**	**833**	**1,886**	**4,826**	**582**	**1,737**	**1,298**	**1,208**	**25,792**
Euro area	7,887	1,530	4,024	216	354	2,142	227	282	1,037	597	10,452
France	2,335	563	1,239	149	97	428	130	96	167	35	2,870
Germany	2,266	502	1,054	42	144	319	53	98	126	41	2,768
Italy	636	34	528	…	14	221	12	17	188	4	875
Spain	913	209	258	2	22	543	4	12	47	480	1,480
Switzerland	1,507	778	352	86	128	150	18	67	19	45	1,793
United Kingdom	2,700	1,125	1,153	146	531	949	223	500	65	161	4,222
Japan	2,093	1,241	435	.	362	328	31	215	25	57	2,784
United States	2,111	.	735	340	302	730	60	345	74	251	3,182
Other countries	2,601	935	599	46	210	527	24	328	78	96	3,359
	Cross-border claims										
Total	**9,520**	**2,403**	**4,580**	**363**	**1,156**	**2,069**	**337**	**877**	**483**	**372**	**12,921**
Euro area	4,032	639	2,315	107	267	799	164	181	333	121	5,166
France	1,222	201	634	82	72	231	85	63	56	27	1,536
Germany	1,514	307	877	16	122	235	51	61	84	38	1,909
Italy	269	23	183	…	13	43	6	9	24	4	329
Spain	192	22	120	2	13	51	3	11	4	32	259
Switzerland	614	152	289	48	94	117	16	53	17	31	832
United Kingdom	1,238	403	628	77	156	335	66	184	40	45	1,773
Japan	1,707	968	394	.	311	223	31	114	24	55	2,240
United States	1,120	.	619	110	227	335	39	163	41	92	1,721
Other countries	809	241	335	22	100	260	20	182	29	28	1,188
	Other potential exposures[4, 5]										
Derivatives contracts	3,596	914	1,414	112	107	210	41	92	25	52	3,931
Guarantees extended	6,633	712	2,730	241	248	1,265	158	377	450	280	9,145
Credit commitments	2,808	904	939	81	188	574	73	179	137	184	3,573

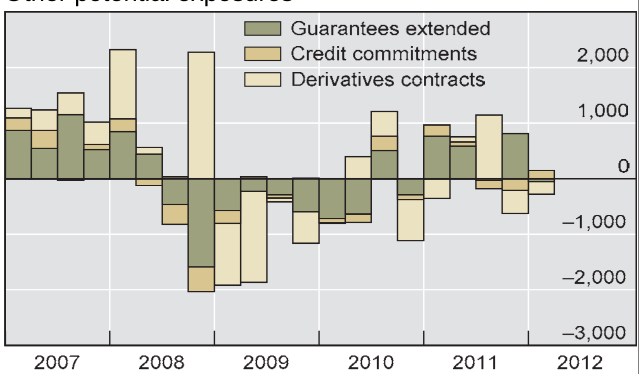
Consolidated claims and other potential exposures of BIS reporting banks on an ultimate risk basis

Changes in stocks[2]

Foreign claims



Other potential exposures[4, 5]



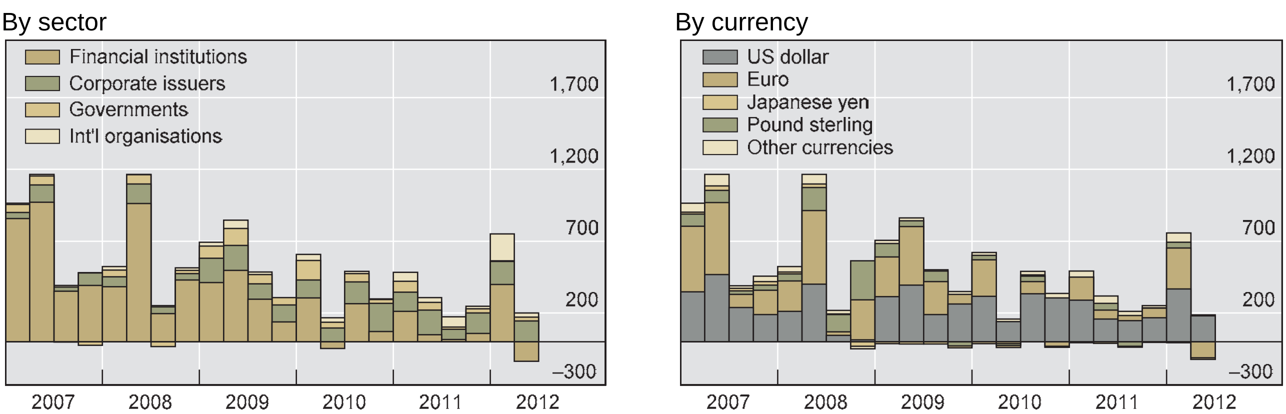
[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/consstats/htm (Tables 9C–9E). [2] Quarterly difference in outstanding stocks, excluding effects of breaks in series, not adjusted for exchange rate movements. [3] Worldwide consolidated positions of domestically 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, June 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	**24,638**	**6,973**	**11,489**	**181**	**1,679**	**1,372**	**175**	**375**	**328**	**494**	**1,251**	**28,940**
Money market instruments	**882**	**53**	**531**	**1**	**77**	**12**	**3**	**7**	**0**	**2**	**29**	**1,000**
Financial institutions	813	52	479	1	77	11	2	7	0	1	0	900
Corporate issuers	39	0	30	0	0	1	0	0	0	0	0	40
Governments	30	0	22	0	0	1	0	0	0	0	0	30
US dollar	277	46	141	0	32	7	2	4	0	1	14	331
Euro	402	3	285	0	4	1	1	1	0	0	9	417
Other currencies	203	4	106	1	41	3	0	2	0	0	5	252
Bonds and notes	**23,756**	**6,920**	**10,959**	**180**	**1,602**	**1,361**	**173**	**368**	**328**	**492**	**1,222**	**27,940**
Financial institutions	18,122	4,780	8,541	136	1,487	340	42	169	40	89	0	19,949
Corporate issuers	3,838	2,127	971	40	67	370	63	111	41	156	0	4,274
Governments	1,796	12	1,446	4	49	650	67	88	247	248	0	2,495
US dollar	9,274	6,222	1,256	68	1,177	1,002	129	287	182	404	376	11,829
Euro	10,704	421	8,763	10	149	180	17	9	114	40	480	11,513
Other currencies	3,777	277	939	102	276	178	26	72	31	48	367	4,599
Floating rate	6,687	963	3,634	21	527	78	23	28	12	15	81	7,374
Straight fixed rate	16,703	5,810	7,219	126	1,017	1,228	141	304	314	470	1,141	20,089
Equity-related	365	147	106	32	58	55	9	36	2	7	0	478
						Net issuance during the quarter						
Total issues	**-38**	**41**	**-90**	**-4**	**30**	**43**	**0**	**14**	**21**	**8**	**28**	**63**
Money market instruments	**-29**	**4**	**-31**	**0**	**7**	**1**	**1**	**0**	**0**	**0**	**1**	**-20**
Financial institutions	-35	5	-39	0	7	1	1	0	0	0	0	-26
Corporate issuers	9	-1	9	0	0	0	0	0	0	0	0	9
Governments	-3	0	-1	0	0	0	0	0	0	0	0	-3
US dollar	11	4	2	0	4	1	1	0	0	0	1	17
Euro	-31	0	-22	0	1	0	0	0	0	0	1	-28
Other currencies	-9	0	-11	0	2	0	0	0	0	0	-2	-9
Bonds and notes	**-9**	**37**	**-59**	**-4**	**23**	**41**	**-1**	**13**	**21**	**8**	**27**	**83**
Financial institutions	-137	-51	-71	-5	18	8	-1	5	3	0	0	-111
Corporate issuers	124	88	23	-1	1	10	1	2	2	5	0	134
Governments	5	0	-11	1	3	23	-1	6	16	3	0	31
US dollar	97	60	-1	0	28	30	-1	6	21	5	8	164
Euro	-95	-13	-65	0	-6	-2	-1	0	-1	0	21	-82
Other currencies	-10	-10	7	-4	0	13	1	8	0	3	-1	1
Floating rate	-94	-25	-45	-1	-11	-4	-3	-2	0	0	1	-108
Straight fixed rate	90	61	-13	-3	38	47	1	18	20	8	26	201
Equity-related	-5	0	-1	0	-4	-1	1	-3	0	1	0	-10
Memo: Announced international equity issuance	*96*	*51*	*22*	*1*	*8*	*20*	*1*	*13*	*1*	*5*	*0*	*124*

Net international debt securities issuance



[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, March 2012[1]

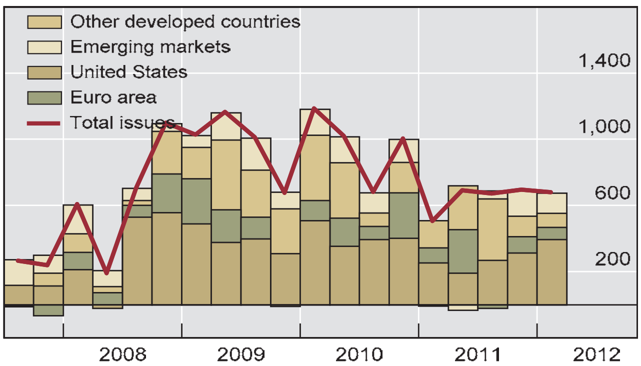
In billions of US dollars

	Amounts outstanding										
	All countries	**United States**	**Euro area**	**France**	**Germany**	**Italy**	**Spain**	**Other developed**	**Canada**	**Japan**	**United Kingdom**
Total issues	**70,148**	**26,391**	**13,458**	**3,574**	**2,621**	**2,973**	**1,574**	**20,424**	**1,622**	**14,051**	**1,823**
Governments	42,593	13,257	7,654	1,874	1,838	2,056	750	15,826	1,134	12,143	1,524
Of which: short-term[2]	9,874	2,881	1,639	379	430	449	162	3,810	200	3,257	212
Financial institutions	20,442	9,704	4,833	1,399	438	859	803	3,373	307	1,047	279
Of which: short-term[2]	5,331	1,969	1,202	567	394	0	81	1,193	102	438	279
Corporate issuers	7,113	3,430	971	301	345	58	21	1,225	181	860	20
Of which: short-term[2]	790	160	197	89	53	1	2	131	12	99	1
	Emerging markets	**Brazil**	**China**	**Chinese Taipei**	**Czech Republic**	**India**	**Malaysia**	**Mexico**	**South Africa**	**South Korea**	**Turkey**
Total issues	**9,875**	**1,568**	**3,407**	**276**	**87**	**621**	**354**	**506**	**218**	**1,168**	**222**
Governments	5,856	1,034	1,485	163	57	533	165	311	137	507	211
Of which: short-term[2]	1,544	460	441	19	12	24	32	57	23	137	0
Financial institutions	2,532	524	1,256	39	18	66	76	155	53	247	10
Of which: short-term[2]	967	524	139	9	0	66	51	28	14	110	7
Corporate issuers	1,487	10	666	74	12	22	113	40	28	415	0
Of which: short-term[2]	301	10	102	29	0	22	17	2	1	109	0

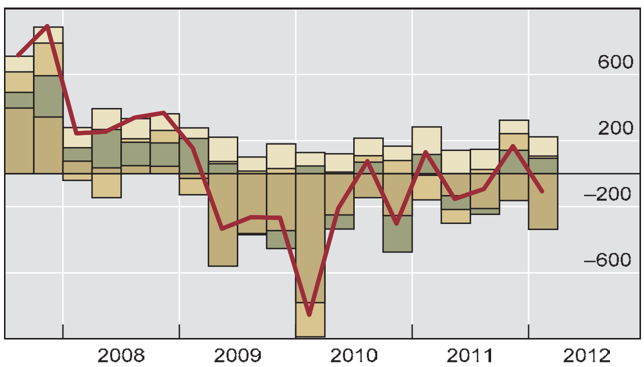
	Changes in stocks during the quarter										
	All countries	**United States**	**Euro area**	**France**	**Germany**	**Italy**	**Spain**	**Other developed**	**Canada**	**Japan**	**United Kingdom**
Total issues	**561**	**57**	**167**	**157**	**5**	**85**	**82**	**99**	**40**	**-7**	**45**
Governments	674	394	73	75	29	42	40	85	15	17	13
Of which: short-term[3]	127	154	-2	-1	-8	39	-10	-63	-4	-70	0
Financial institutions	-309	-505	87	66	-16	46	41	20	21	-7	31
Of which: short-term[3]	17	-63	43	59	-5	-21	25	47	9	-2	31
Corporate issuers	196	169	7	16	-8	-4	1	-7	3	-17	0
Of which: short-term[3]	-15	14	11	15	-5	0	1	-23	1	-25	0
	Emerging markets	**Brazil**	**China**	**Chinese Taipei**	**Czech Republic**	**India**	**Malaysia**	**Mexico**	**South Africa**	**South Korea**	**Turkey**
Total issues	**237**	**51**	**59**	**5**	**0**	**…**	**31**	**20**	**10**	**…**	**3**
Governments	121	59	-25	0	0	…	8	17	5	…	3
Of which: short-term[3]	38	55	-31	0	-1	…	6	2	-1	…	-1
Financial institutions	89	-7	78	0	0	…	8	2	5	…	0
Of which: short-term[3]	-10	-7	0	-1	0	…	7	-2	0	…	0
Corporate issuers	27	-1	6	5	0	…	14	1	0	…	0
Of which: short-term[3]	-17	-1	-27	5	0	…	6	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.

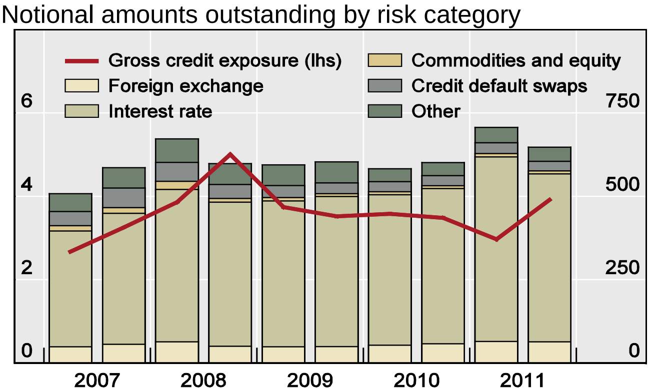
Table 4: Global OTC derivatives market, end-December 2011[1]

In billions of US dollars

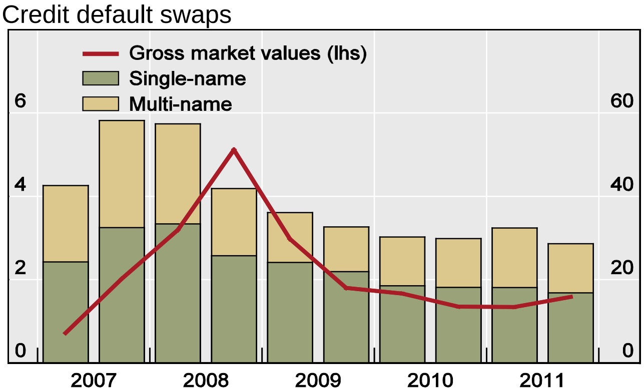
	Forwards and swaps				Options			
	Total	with reporting dealers	with other financial institutions	with non-financial customers	Total	with reporting dealers	with other financial institutions	with non-financial customers
	Notional amounts outstanding							
All contracts[2]	**576,873**	**177,573**	**351,082**	**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, Indonesia, 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 and nationality statistics of the latest quarter for Bahamas relate to 2011Q4. Locational data on other instruments for Finland for 2011 Q4 and 2012 Q1 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

June 2012	Countercyclical policies in emerging markets	E Takáts
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June 2012	The expansion of central bank balance sheets in emerging Asia: what are the risks?	A Filardo & J Yetman
March 2012	The impact of Federal Reserve asset purchase programmes: another twist	J Meaning and F Zhu
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December 2010	Derivatives in emerging markets	D Mihaljek & F Packer
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December 2010	A user's guide to the Triennial Central Bank Survey of foreign exchange market activity	M R King & C Mallo

Recent BIS publications[1]

BIS Papers

Threat of fiscal dominance?
May 2012

www.bis.org/publ/bppdf/bispap65.htm

The massive expansion of central bank balance sheets to contain the worst financial crisis in living memory raises questions about the theory and practice of monetary policy. The persistence in many advanced countries of large fiscal deficits and the prospect of high public debt/GDP ratios for many years is likely, at some point, to create policy dilemmas not only for central banks but also for public debt managers. Some countries have already had to cope with higher sovereign risk.

Worries about both "fiscal dominance" and "financial repression" have certainly gained ground. Whatever view is taken of this, the boundary between monetary policy and government debt management has become increasingly blurred. Policy interactions have changed in ways that are difficult to understand. The current delineation of policy mandates may need to be reassessed.

The aim of this BIS-OECD workshop was to better understand these issues. Theoretical perspectives draw on a long and rich body of monetary theory, but the theory is far from settled. Analysis of the history of fiscal/debt/monetary policy interconnections shows how such linkages have varied across countries and over time - there is no "one size fits all". And careful review of empirical studies shows that precise estimates of the impact of large-scale central bank purchases of government bonds need to be treated with caution.

There is great uncertainty about the impact of increased government debt on inflation, on interest rates and on future growth. Much will depend on future policies. Do monetary policies need to be better coordinated with other macroeconomic or financial policies? Could government financing decisions and financial sector regulation drive the long-term interest rate too low, at least in the short-term? What medium-term risks could this create? What could be the implications for the efficiency and stability of the financial system?

The papers and discussions in this volume do not, of course, converge on simple answers to any of these questions. Indeed, opposite views are expressed. The aim rather is to stimulate discussion about the complex interactions between fiscal deficits, government debt management and monetary policy in unusual macroeconomic circumstances. Some of these interactions are new, but many would be very familiar to an earlier generation of central bankers faced with heavy government debts and thin financial markets.

Working Papers

The social value of policy signals
Stefan Avdjiev, Patrick McGuire and Nikola Tarashev

www.bis.org/publ/work386.htm

Do public policy signals improve the alignment of market outcomes with economic fundamentals? Existing work contends that, when individual players have an incentive to coordinate their actions, public policy signals could steer these actions away from the fundamentals. We argue that such a conclusion rests on a restricted information structure, predicated on markets being segmented. Public policy signals are unambiguously beneficial in an integrated market, where they refine other public information that prices generate endogenously. An implication of this finding is that policy authorities have an important role to play in collecting and disseminating data on aggregate market positions.

Ageing, property prices and money demand
Kiyohiko G Nishimura and Előd Takáts

www.bis.org/publ/work385.htm

When the baby boomers joined the workforce and started saving, money supply and property prices entered a rising trajectory. We conclude that demography was the long-run driver of this process, basing our argument on data from 22 advanced economies for the 1950-2010 period. According to our lifecycle model, large working-age populations saved for their old age by investing in property and broad money instruments, such as deposits. In the past, savings activity by baby boomers drove up property prices and also increased demand for money. As baby boomers retire, these dynamics will go into reverse. Falling demand for savings, including money and deposits, might hinder banks in their efforts to collect deposits and thereby bring down excessively high loan-to-deposit ratios. Our model also confirms that monetary stability contributes to long-run property price stability.

The effectiveness of unconventional monetary policy at the zero lower bound: a cross-country analysis
Leonardo Gambacorta, Boris Hofmann and Gert Peersman

www.bis.org/publ/work384.htm

This paper assesses the macroeconomic effects of unconventional monetary policies by estimating a panel VAR with monthly data from eight advanced economies over a sample spanning the period since the onset of the global finanancial crisis. It finds that an exogenous increase in central bank balance sheets at the zero lower bound leads to a temporary rise in economic activity and consumer prices. The estimated output effects turn out to be qualitatively similar to the ones found in the literature on the effects of conventional monetary policy, while the impact on the price level is weaker and less persistent. Individual country results suggest that there are no

[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).

major differences in the macroeconomic effects of unconventional monetary policies across countries, despite the heterogeneity of the measures that were taken.

Public recapitalisations and bank risk: evidence from loan spreads and leverage
Michael Brei and Blaise Gadanecz

www.bis.org/publ/work383.htm

A number of countries' authorities put in place bank rescue packages using public funds in response to the global financial crisis. Were these public recapitalisations followed by a reduction of risk in banks' loan books? To answer this question, in this paper the balance sheets and syndicated loan portfolios of 87 large internationally active banks, approximately half of which were rescued during the crisis, are analysed for the period 2000–10. Evidence is presented that banks that were later rescued took on higher risk in their loan books before the crisis than banks that were not, especially in their home markets. Although the riskiness of loan signings started diminishing across the board in 2009, we do not find consistent evidence that rescued banks reduced their risk relatively more than non-rescued banks during the crisis.

Risk-on/risk-off, capital flows, leverage and safe assets
Robert McCauley

www.bis.org/publ/work382.htm

This paper describes the international flow of funds associated with calm and volatile global equity markets. During calm periods, portfolio investment by real money and leveraged investors in advanced countries flows into emerging markets. When central banks in the receiving countries resist exchange rate appreciation and buy dollars against domestic currency, they end up investing in medium-term bonds in reserve currencies. In the process they fund themselves (or "sterilise" the expansion of local bank reserves) by issuing safe assets in domestic currency to domestic investors. Thus, calm periods, marked by leveraged investing in emerging markets, lead to an asymmetric asset swap (risky emerging market assets against safe reserve currency assets) and leveraging up by emerging market central banks. In declining and volatile global equity markets, these flows reverse, and, contrary to some claims, emerging market central banks draw down reserves substantially. In effect emerging market central banks then release safe assets from their reserves, supplying safe havens to global investors.

Reassessing the impact of finance on growth
Stephen G Cecchetti and Enisse Kharroubi

www.bis.org/publ/work381.htm

This paper investigates how financial development affects aggregate productivity growth. Based on a sample of developed and emerging economies, we first show that the level of financial development is good only up to a point, after which it becomes a drag on growth. Second, focusing on advanced economies, we show that a fast-growing financial sector is detrimental to aggregate productivity growth.

Characterising the financial cycle: don't lose sight of the medium term!
Mathias Drehmann, Claudio Borio and Kostas Tsatsaronis

www.bis.org/publ/work380.htm

We characterise empirically the financial cycle using two approaches: analysis of turning points and frequency-based filters. We identify the financial cycle with the medium-term component in the joint fluctuations of credit and property prices; equity prices do not fit this picture well. We show that financial cycle peaks are very closely associated with financial crises and that the length and amplitude of the financial cycle have increased markedly since the mid-1980s. We argue that this reflects, in particular, financial liberalisation and changes in monetary policy frameworks. So defined, the financial cycle is much longer than the traditional business cycle. Business cycle recessions are much deeper when they coincide with the contraction phase of the financial cycle. We also draw attention to the "unfinished recession" phenomenon: policy responses that fail to take into account the length of the financial cycle may help contain recessions in the short run but at the expense of larger recessions down the road.

Basel Committee on Banking Supervision

Supervisory guidance for managing risks associated with the settlement of foreign exchange transactions - consultative document
August 2012

www.bis.org/publ/bcbs229.htm

The Since the BCBS's Supervisory guidance for managing settlement risk in foreign exchange transactions (2000) was published, the foreign exchange market has made significant strides in reducing the risks associated with the settlement of FX transactions. Substantial FX settlement-related risks remain, however, not least because of the rapid growth in the FX trading.

The consultative document aims to review and update the last supervisory guidance in order to ensure that such risks are properly managed: it will provide a more comprehensive and detailed view on governance arrangements and the management of principal risk, replacement cost risk and all other FX settlement-related risks. In addition, it promotes the use of payment-versus-payment arrangements, where practicable, to reduce principal risk.

The guidance is organised into seven "guidelines" that address governance, principal risk, replacement cost risk, liquidity risk, operational risk, legal risk, and capital for FX transactions. The key recommendations emphasise the following:

- A bank should ensure that all FX settlement-related risks are effectively managed and that its practices are consistent with those used for managing other counterparty exposures of similar size and duration.
- A bank should reduce its principal risk as much as practicable by settling FX transactions through the use of FMIs that provide PVP arrangements. Where PVP settlement is not practicable, a bank should properly identify, measure, control and reduce the size and duration of its remaining principal risk.

- A bank should ensure that when analysing capital needs, all FX settlement-related risks should be considered, including principal risk and replacement cost risk and that sufficient capital is held against these potential exposures, as appropriate.

Capital requirements for bank exposures to central counterparties
July 2012

www.bis.org/publ/bcbs227.htm

The Basel Committee issued today interim rules for the capitalisation of bank exposures to central counterparties (CCPs).

The Committee's framework for capitalising exposures to CCPs builds on the new CPSS-IOSCO Principles for Financial Market Infrastructures (PFMIs), which are designed to enhance the robustness of the essential infrastructure - including CCPs - supporting global financial markets. Where a CCP is supervised in a manner consistent with these principles, exposures to such CCPs will receive a preferential capital treatment. In particular, trade exposures will receive a nominal risk-weight of 2%. In addition, the interim rules published today allow banks to choose from one of two approaches for determining the capital required for exposures to default funds: (i) a risk sensitive approach on which the Committee has consulted twice over the past years, or (ii) a simplified method under which default fund exposures will be subject to a 1250% risk weight subject to an overall cap based on the volume of a bank's trade exposures.

These rules also include provisions on indirect clearing that allow clients to benefit from the preferential treatment for central clearing.

The interim rules allow for full implementation of Basel III, while still recognising that additional work is needed to develop an improved capital framework. Further work in this area is planned for 2013.

Margin requirements for non-centrally-cleared derivatives - consultative document
July 2012

www.bis.org/publ/bcbs226.htm

The G20 Leaders agreed in 2011 to add margin requirements on non-centrally-cleared derivatives to the reform programme for over-the-counter (OTC) derivatives markets. Margin requirements can further mitigate systemic risk in the derivatives markets. In addition, they can encourage standardisation and promote central clearing of derivatives by reflecting the generally higher risk of non-centrally-cleared derivatives. The consultative paper published today lays out a set of high-level principles on margining practices and treatment of collateral, and proposes margin requirements for non-centrally-cleared derivatives.

These policy proposals are articulated through a set of key principles that primarily seek to ensure that appropriate margining practices will be established for all non-centrally-cleared OTC derivative transactions. These principles will apply to all transactions that involve either financial firms or systemically important non-financial entities.

The Basel Committee and IOSCO would like to solicit feedback from the public on questions related to the scope, feasibility and impact of the margin requirements. Responses to the public consultation, together with the QIS results, will be considered in formulating a final joint proposal on margin requirements on non-centrally-cleared derivatives by year-end.

Monitoring indicators for intraday liquidity management - consultative document
July 2012

www.bis.org/publ/bcbs225.htm

Intraday liquidity can be defined as funds that are accessible during the business day, usually to enable financial institutions to make payments in real time. The Basel Committee's proposed Monitoring indicators for intraday liquidity management are intended to allow banking supervisors to monitor a bank's intraday liquidity risk management. Over time, the indicators will also help supervisors to gain a better understanding of banks' payment and settlement behaviour and their management of intraday liquidity risk.

A framework for dealing with domestic systemically important banks - consultative document
June 2012

www.bis.org/publ/bcbs224.htm

The consultative document sets out a framework of principles covering the assessment methodology and the higher loss absorbency requirement for domestic systemically important banks (D-SIBs). The D-SIB framework takes a complementary perspective of the global systemically important bank (G-SIB) framework published by the Basel Committee in November 2011. It focuses on the impact that the distress or failure of banks will have on the domestic economy. While not all D-SIBs are significant from a global perspective, the failure of such a bank could have an important impact on its domestic financial system and economy compared to non-systemic institutions. In order to accommodate the structural characteristics of individual jurisdictions, the assessment and application of policy tools should allow for an appropriate degree of national discretion. That is why the D-SIB framework is proposed to be a principles-based approach, which contrasts with the prescriptive approach in the G-SIB framework.

The proposed D-SIB framework requires banks, which have been identified as D-SIBs by their national authorities, to comply with the principles beginning in January 2016. This is consistent with the phase-in arrangements for the G-SIB framework and means that national authorities will establish a D-SIB framework by 2016. The Basel Committee will introduce a strong peer review process for the implementation of the principles. This will help ensure that appropriate and effective frameworks for D-SIBs are in place across different jurisdictions.

The internal audit function in banks - final document
June 2012

www.bis.org/publ/bcbs223.htm

The Basel Committee on Banking Supervision is issuing this revised supervisory guidance for assessing the effectiveness of the internal audit function in banks, which forms part of the Committee's ongoing efforts to address bank supervisory issues and enhance supervision through guidance that encourages sound practices within banks. The document replaces the 2001 document Internal audit in banks and the supervisor's relationship with auditors. It takes into account developments in supervisory practices and in banking organisations and incorporates lessons drawn from the recent financial crisis.

The document builds on the Committee's Principles for Enhancing Corporate Governance which require banks to have an internal audit function with sufficient authority, stature, independence, resources and access to the board of directors. Independent, competent and qualified internal auditors are central to sound corporate governance.

The document is based on 20 principles, organised in three sections: A) Supervisory expectations relevant to the internal audit function, B) The relationship of the supervisory authority with the internal audit function, and C) Supervisory assessment of the internal audit function. This approach seeks to promote a strong internal audit function within banking organisations. It also encourages bank internal auditors to comply with and to contribute to the development of national and international professional standards and it promotes due consideration of prudential issues in the development of internal audit standards and practices. An annex to the consultative document details responsibilities of a bank's audit committee.

Composition of capital disclosure requirements - Rules text
June 2012

www.bis.org/publ/bcbs221.htm

The Basel Committee on Banking Supervision has published a set of disclosure requirements on the composition of banks' capital. During the financial crisis, market participants and supervisors were hampered in their efforts to undertake detailed assessments of banks' capital positions and make cross-jurisdictional comparisons. The source of this difficulty was insufficiently detailed disclosure by banks and a lack of consistency in reporting between banks and across jurisdictions. This lack of clarity may have contributed to uncertainty during the financial crisis. The disclosure requirements aim to improve market discipline through enhancing both transparency and comparability.

Principles for effective risk data aggregation and risk reporting - consultative document
June 2012

www.bis.org/publ/bcbs222.htm

The financial crisis that started in 2007 revealed that many banks, including global systemically important banks (G-SIBs), were unable to aggregate risk exposures fully and quickly. This meant that banks' ability to take risk decisions in a timely fashion was seriously impaired with wide-ranging consequences for individual banks and the stability of the financial system as a whole. The Basel Committee's proposed Principles for effective risk data aggregation and risk reporting - consultative document are intended to strengthen banks' risk management capabilities. This should ensure banks are better prepared to cope with stress, hence reducing the potential recourse to tax-payers.

Report to G20 Leaders on Basel III implementation
June 2012

www.bis.org/publ/bcbs220.htm

The Basel Committee on Banking Supervision has established a comprehensive implementation review process to ensure its globally-agreed standards are implemented fully by member jurisdictions. A key element of the process is transparency, including reporting to the G20 Leaders. As such, this report of interim findings to the G20 Leaders summit in Los Cabos, marks an important step forward in the Committee's work on implementation.

The Basel Committee's implementation review process consists of three levels:

- Level 1: ensuring the timely adoption of Basel III
- Level 2: ensuring regulatory consistency with Basel III
- Level 3: ensuring the consistency of outcomes initially focusing on risk-weighted assets

The interim report includes preliminary findings on all three levels of review. The Level 1 progress reports will continue to be published on a six-monthly basis. The full results for the first three level 2 assessments of the EU, Japan and the US are expected to be published around the end September 2012. The two Level 3 assessments of risk-weighted assets in the banking book and trading book will deliver initial findings to the Basel Committee by end 2012.

Committee on Payment and Settlement Systems

Recovery and resolution of financial market infrastructures - consultative report
July 2012

www.bis.org/publ/cpss103.htm

The consultative report Recovery and resolution of financial market infrastructures has been published for public comment.

Financial market infrastructures (FMIs) play an essential role in the global financial system. The disorderly failure of an FMI can lead to severe systemic disruption if it causes markets to cease to operate effectively. Accordingly, all types of FMIs should generally be subject to regimes and strategies for recovery and resolution.

The CPSS-IOSCO Principles for financial market infrastructures (Principles) published in April 2012 require that FMIs have effective strategies, rules and procedures to enable them to recover from financial stresses. The

Financial Stability Board's Key Attributes of Effective Resolution Regimes for Financial Institutions (Key Attributes) published in 2011 further require that jurisdictions establish resolution regimes to allow for the resolution of a financial institution in circumstances where recovery is no longer feasible. An effective resolution regime must enable resolution without systemic disruption or exposing the taxpayer to loss. To achieve this in the context of FMIs, relevant authorities must have powers to maintain an FMI's critical services.

The purpose of the report Recovery and resolution of financial market infrastructures is to outline the issues that should be taken into account for different types of FMIs when putting in place effective recovery plans and resolution regimes that are consistent with the Principles and Key Attributes.

Published alongside the report is a cover note that lists specific issues on which the committees seek comments during the public consultation period.

Innovations in retail payments

May 2012

www.bis.org/publ/cpss102.htm

Over the past decade, a number of innovative developments in retail payments have emerged. Many central banks take an interest in retail payments as part of their role in maintaining the stability and efficiency of the financial system and preserving confidence in their currencies. Although most retail payment systems are not considered systemically important, their potential weaknesses with regard to security and reliability could nonetheless affect the financial system and the economy. Innovations in retail payments can therefore raise policy issues for central banks.

In June 2010, the Committee on Payment and Settlement Systems (CPSS) set up a working group to investigate developments in retail payments, focusing especially on innovations. This report, produced by that group, first provides an overview of innovative retail payment activities in the CPSS and other selected countries from a fact-finding exercise, which attempted to cover influential developments in retail payment instruments and schemes over the past decade. Based on the trends observed and the economics of retail payments, the report identifies a number of exogenous and endogenous factors that could serve as drivers for retail payment innovations or as barriers to them. The analysis was also used to suggest some pointers as to what can be expected over the next five years. Finally, the report identifies a number of issues for central banks concerning their various responsibilities and tasks as catalysts, overseers and/or operators of payment systems.

Speeches

Policymaking in an interconnected world

Luncheon speech by Mr Jaime Caruana, General Manager of the BIS, at the The Federal Reserve Bank of Kansas City's 36th Economic Policy Symposium on "The changing policy landscape", Jackson Hole, 31 August 2012.

www.bis.org/speeches/sp120903.htm

Is there scope for greater international cooperation in monetary policy? The answer is "yes". The need for cooperation in financial regulation is taken for granted but, when it comes to monetary policy, the view is widespread that it is enough to keep one's own house in order. But the case for cooperation can be made by considering the following questions: whether exchange rate fluctuations can really insulate economies against contagion: whether global bond markets are isolated or integrated, and whether fallacies of composition characterise monetary policymaking. We conclude that monetary policy does require international cooperation, particularly when it provides the backing for financial stability. Monetary policymakers need to take further practical steps to complement their domestic analysis with a more global perspective.

Interconnectedness and the importance of international data-sharing

Speech by Mr Jaime Caruana, General Manager of the BIS, at the 3rd Swiss National Bank - International Monetary Fund conference on the international monetary system , Zürich, 8 May 2012

www.bis.org/speeches/sp120730.htm

Interconnections within the financial sector make international cooperation essential to monitor and respond to vulnerabilities. In order to detect, for example, common exposures to particular asset classes, or to gauge the ripple effects from the failure of a particular institution, information is required from the balance sheets of banks worldwide. Cooperation to promote international data-sharing has a long history at the BIS. The international banking and financial statistics collected by central banks and compiled by the BIS have evolved substantially over time, in response to the concerns of the day. The most recent crisis highlighted some limitations in the statistics, and forthcoming enhancements will address many of these.

Central bank cooperation: reflections on the experience of the last eight decades

Keynote speech by Mr Jaime Caruana, General Manager of the BIS, at CEMLA's 60th Anniversary Commemorative Conference on "Central bank cooperation at the beginning of the 21st century", 20 July 2012

www.bis.org/speeches/sp120724.htm

In our complex and interdependent world there is, and will continue to be, a clear need for structured, institutionalised central bank cooperation. To be effective and legitimate, such cooperation must continuously evolve. Since the interwar period, the evolution of central bank cooperation has been inherently linked to that of the international monetary and financial environment, with financial and economic crises serving as catalysts for change. This dynamic equally applies to the challenges and prospects ahead.

Is globalisation great?

Speech by Mr Stephen G Cecchetti, Economic Adviser and Head of Monetary and Economic Department of the BIS, at the 11th BIS Annual Conference, Lucerne, Switzerland, 21-22 June 2012

www.bis.org/speeches/sp120625.htm

This year the theme of the 11th BIS Annual Conference is the future of financial globalisation. Anyone who has lived through the last five years must surely ask: Is globalisation great? Given the orientation of the BIS, we are forced to ask this question. In fact, I am led to ask two questions, namely: how much globalisation is good and how much finance is good. Over the next two days we will reflect on these questions. Let me give you my answers to my questions up front: financial deepening is great, but only up to a point. And, this means that the globalisation of finance is great, too; but only up to a point.

General Manager's speech: It's time to address the root causes

Speech delivered by Mr Jaime Caruana, General Manager of the BIS, on the occasion of the Bank's Annual General Meeting, Basel, 24 June 2012

www.bis.org/speeches/sp120624a.htm

Five years after the start of the financial crisis, the world economy is still in a fragile state. This fragility is not primarily cyclical - rather, it reflects fundamental weaknesses shared by many countries. There has been progress in addressing these long-standing problems, but more remains to be done. This is why output in the advanced economies has barely returned to the levels reached at the outset of the crisis.

Confidence in the global recovery has eroded further over the past few months. Markets are jittery. Growth prospects in the advanced economies remain modest. European financial markets are under stress, and a number of European countries are in recession.

Emerging market economies are growing more strongly than the advanced economies. Over the past five years, their expansion has accounted for three fourths of global growth. It was thanks to earlier reforms - often pursued when domestic demand was contracting - that many returned to strong growth and were able to pursue countercyclical policies during this crisis. But emerging markets have recently felt increasing strains from unbalanced growth, and some are struggling with inflation pressures. They are not immune to the global slowdown.

In these difficult circumstances, calls for further economic stimulus are not surprising. Some advocate additional monetary accommodation; others suggest a softening of the new financial regulatory regime; and still others recommend postponing fiscal consolidation and structural adjustment in the private sector until happier times. The common basis for all of these proposals is that, if only policymakers were less rigorous and stimulated more now, growth would eventually come to the rescue. If only it were that simple!

The main roadblock to sustained growth is not a lack of economic stimulus. Instead, it is a vicious cycle of adverse feedbacks between three fundamental weaknesses, all related to balance sheets:

- First, the financial sector is still fragile. Despite some progress, many banks remain overleveraged, and uncertainty about the quality of their assets prevents many banks from borrowing in unsecured markets. Government bond yields have soared for some sovereign borrowers in Europe as they have found it harder to attract foreign investors. The fragmentation of bank and bond markets along national lines is a cause of deep concern.
- Second, large structural imbalances that existed well before the crisis still weigh on households and firms. In many advanced economies, their debt burdens remain too high. In some countries, the real estate sector is still adjusting; and in some others, growth remains too dependent on exports.
- And third, government debt is unsustainably high in most industrial countries.

Central banks find themselves caught in the middle, forced to be the policymakers of last resort. They are providing monetary stimulus on a massive scale. They are supplying liquidity support to banks unable to fund themselves in private markets. And they are easing government financing burdens by keeping interest rates low far out along the yield curve. These emergency measures could have undesirable side effects if continued for too long. A worry is that monetary policy would be pressured to do still more because not enough action has been taken in other areas. While central bank actions can buy time, they cannot substitute for balance sheet repair or reforms to raise productivity and growth. Central banks cannot solve the problems neglected by other policies.

Progress and challenges in financial reform

Speech by Mr Jaime Caruana, General Manager of the BIS, at the XXI International Banking Congress on "Banking business and banking regulation: strategies, results, prospects", St Petersburg, 6 June 2012

www.bis.org/speeches/sp120612.htm

The current global economic uncertainty makes it all the more important for us to follow through on strengthening financial reform. This will remove uncertainty and reassure businesses and households that the financial system is not at risk of another crisis. A number of broad principles guide this work. First, we need to have reliable buffers in the system, including capital, liquidity, sound infrastructure and strengthened resolution. Second, preserving financial stability involves a wide range of policy areas. Third, a globalised financial system requires global rules. And fourth, building a stronger system is not just a job for the public sector - the private sector, too, has an interest in contributing to financial stability. We all benefit from a financial system characterised by less leverage, better risk management, better incentives, less moral hazard, stronger oversight and more transparency. The key challenges in carrying forward this agenda are: first, implementing what has been agreed, especially with regard to bank capital and liquidity; second, completing the regulatory reform agenda, notably in the areas of resolution regimes, OTC derivatives, and the shadow banking system; and third, ensuring sound micro- and macroprudential oversight.