

# Statistical Annex

## The international banking market

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## 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).<sup>1</sup>

### 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 31 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)

Securities statistics are harmonised with recommendations from the Handbook on Securities Statistics Part 1 (jointly released by BIS, ECB and IMF; available at the IMF web site [www.imf.org/external/np/sta/wgsd/pdf/051309.pdf](http://www.imf.org/external/np/sta/wgsd/pdf/051309.pdf)). There are three datasets, each covering a different market of issue: international debt securities, domestic debt securities and total debt securities.

The sectoral breakdown presents data based on the sector of the borrower itself and not on the sector of the parent of the borrower or any guarantor. "General government" comprises central government and other governments, while "Financial corporations" comprises commercial banks, central bank, and other financial institutions.

The compilation methodology was changed in December 2012 for the full history of the statistics. For statistics compiled according to the old methodology, see the detailed Annex Tables in pre-December 2012 version of the *BIS Quarterly Review*.

### 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.

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

**Table 1A: International positions of banks by residence of counterparty, September 2013<sup>1</sup>**

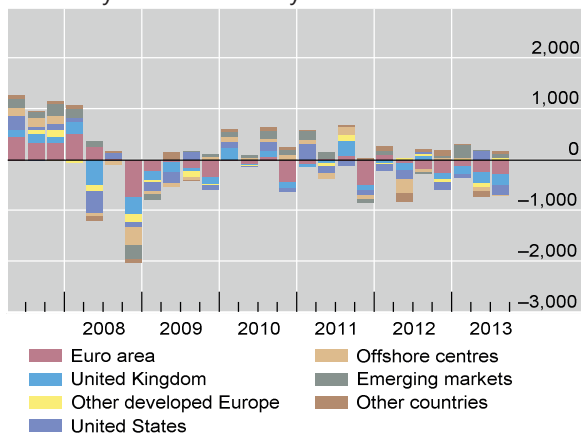
In billions of US dollars

	Vis-à-vis advanced economies	Vis-à-vis offshore centres	Vis-à-vis emerging market economies					All countries
			Total	Africa	Asia	Europe	Latin America	
<b>Amounts outstanding</b>								
<b>Total claims</b>	<b>23,680</b>	<b>4,433</b>	<b>4,200</b>	<b>500</b>	<b>2,005</b>	<b>941</b>	<b>754</b>	<b>32,859</b>
<b>Total cross-border claims</b>	<b>21,086</b>	<b>3,586</b>	<b>3,542</b>	<b>494</b>	<b>1,667</b>	<b>745</b>	<b>637</b>	<b>28,519</b>
Loans	14,355	2,804	2,757	447	1,295	559	455	19,985
Securities	4,486	547	450	14	248	73	116	5,716
Claims on banks	12,881	1,980	1,926	219	1,059	391	258	16,970
Claims on non-banks	8,205	1,606	1,617	275	609	354	379	11,548
US dollar	7,976	2,182	1,437	278	496	225	438	11,654
Euro	8,849	268	461	85	56	293	27	9,762
<b>Foreign currency claims on residents</b>	<b>2,594</b>	<b>847</b>	<b>657</b>	<b>7</b>	<b>338</b>	<b>196</b>	<b>117</b>	<b>4,099</b>
<b>Estimated exchange rate-adjusted changes during the quarter<sup>2</sup></b>								
<b>Total claims</b>	<b>-652</b>	<b>39</b>	<b>75</b>	<b>4</b>	<b>69</b>	<b>6</b>	<b>-5</b>	<b>-526</b>
<b>Total cross-border claims</b>	<b>-554</b>	<b>-4</b>	<b>60</b>	<b>6</b>	<b>70</b>	<b>-9</b>	<b>-7</b>	<b>-500</b>
Loans	-528	18	45	6	50	-7	-4	-478
Securities	5	-14	1	-4	12	-3	-5	2
Claims on banks	-457	-35	33	8	41	-6	-9	-466
Claims on non-banks	-97	30	27	-2	29	-3	3	-34
US dollar	-302	-4	11	2	17	4	-11	-295
Euro	-310	2	-6	-1	-6	-2	4	-310
<b>Foreign currency claims on residents</b>	<b>-98</b>	<b>44</b>	<b>15</b>	<b>-1</b>	<b>0</b>	<b>15</b>	<b>2</b>	<b>-39</b>
<b>Amounts outstanding</b>								
<b>Total liabilities</b>	<b>20,499</b>	<b>5,175</b>	<b>3,297</b>	<b>920</b>	<b>1,339</b>	<b>462</b>	<b>575</b>	<b>31,733</b>
<b>Total cross-border liabilities</b>	<b>17,620</b>	<b>4,057</b>	<b>2,645</b>	<b>909</b>	<b>915</b>	<b>331</b>	<b>490</b>	<b>24,574</b>
Deposits	14,731	3,801	2,492	869	867	314	442	21,267
Securities	1,484	92	26	4	12	1	9	1,605
Liabilities to banks	12,158	2,556	1,633	583	581	242	227	16,509
Liabilities to non-banks	5,462	1,500	1,012	325	334	89	263	8,065
US dollar	7,023	2,608	1,505	623	358	158	366	11,220
Euro	6,924	388	298	110	51	95	42	7,744
<b>Foreign currency liabilities to residents</b>	<b>2,879</b>	<b>1,118</b>	<b>652</b>	<b>12</b>	<b>424</b>	<b>131</b>	<b>85</b>	<b>4,649</b>
<b>Estimated exchange rate-adjusted changes during the quarter<sup>2</sup></b>								
<b>Total liabilities</b>	<b>-503</b>	<b>-69</b>	<b>107</b>	<b>25</b>	<b>57</b>	<b>2</b>	<b>24</b>	<b>-435</b>
<b>Total cross-border liabilities</b>	<b>-430</b>	<b>-103</b>	<b>60</b>	<b>25</b>	<b>29</b>	<b>-11</b>	<b>17</b>	<b>-475</b>
Deposits	-376	-95	57	24	29	-11	16	-415
Securities	-29	-1	4	1	1	0	2	-27
Liabilities to banks	-379	-78	23	13	16	-13	7	-443
Liabilities to non-banks	-51	-25	36	11	13	3	10	-32
US dollar	-279	-96	68	38	27	-11	14	-298
Euro	-241	-14	-13	-14	-5	6	-1	-275
<b>Foreign currency liabilities to residents</b>	<b>-73</b>	<b>34</b>	<b>47</b>	<b>0</b>	<b>28</b>	<b>13</b>	<b>7</b>	<b>8</b>

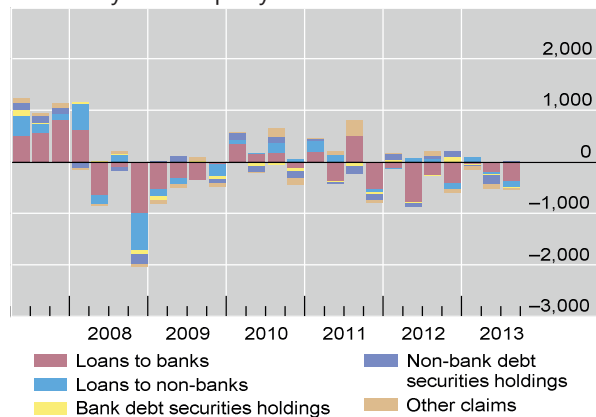
Cross-border positions

Exchange rate-adjusted changes in stocks

Claims by vis-à-vis country



Claims by counterparty and instrument



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

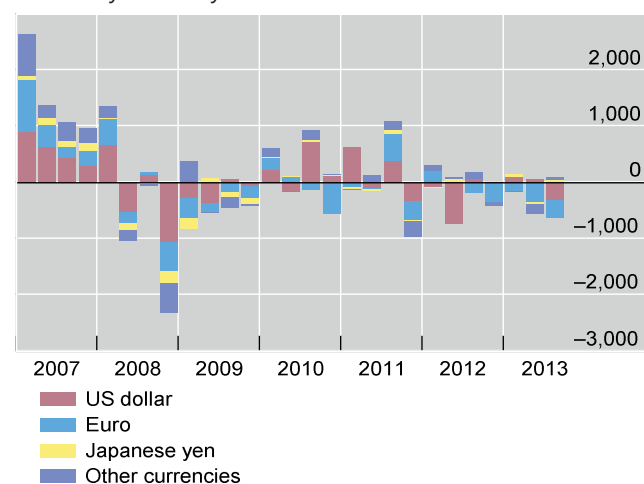
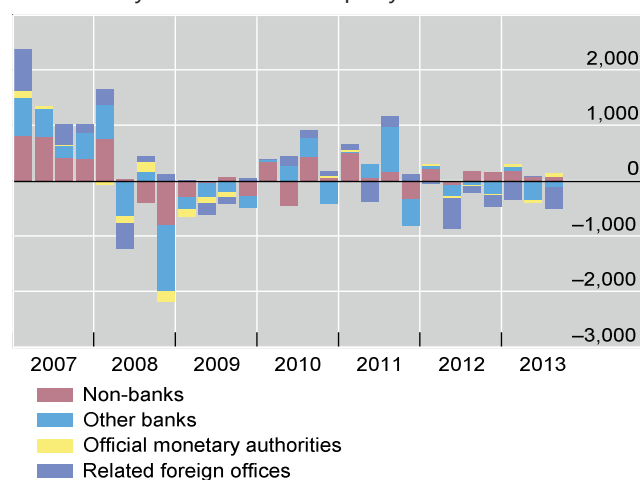
**Table 1B: International positions of banks by nationality of head office, September 2013<sup>1</sup>**

In billions of US dollars

	Nationality of banks										All countries
	France	Germany	Italy	Netherlands	Spain	Switzerland	United Kingdom	Japan	United States	Emerging markets	
<b>Amounts outstanding</b>											
<b>Total claims</b>	<b>3,668</b>	<b>3,583</b>	<b>912</b>	<b>1,613</b>	<b>708</b>	<b>2,508</b>	<b>4,014</b>	<b>4,322</b>	<b>3,693</b>	<b>1,524</b>	<b>32,806</b>
on banks	2,238	2,020	557	711	355	1,459	2,152	1,807	2,316	812	18,156
on related foreign offices	1,194	995	213	407	217	974	1,262	956	1,370	251	9,698
on other banks	1,017	1,000	343	285	136	482	859	848	910	497	8,210
on official monetary institutions	27	25	1	19	3	3	31	3	36	64	248
on non-banks	1,430	1,563	355	902	353	1,049	1,862	2,515	1,377	711	14,650
US dollar	1,094	1,136	142	422	232	1,233	1,738	2,472	2,384	1,163	14,440
Euro	1,901	1,920	676	887	335	529	1,338	611	667	140	10,640
Other currencies	673	527	95	303	141	747	938	1,239	642	221	7,726
<b>Estimated exchange rate-adjusted changes during the quarter<sup>2</sup></b>											
<b>Total claims</b>	<b>-74</b>	<b>-106</b>	<b>-17</b>	<b>21</b>	<b>8</b>	<b>-49</b>	<b>-316</b>	<b>78</b>	<b>-70</b>	<b>37</b>	<b>-522</b>
on banks	-72	-76	-16	7	10	-25	-229	-10	-74	27	-468
on related foreign offices	-24	-62	-15	-7	2	-15	-225	24	-72	7	-403
on other banks	-47	-19	-1	5	7	-9	12	-34	-2	14	-64
on official monetary institutions	-1	5	0	9	1	-1	-15	0	-1	6	-1
on non-banks	-1	-30	-2	14	-3	-23	-87	88	4	10	-54
US dollar	-98	-41	1	-23	9	-44	-138	79	-31	17	-300
Euro	-12	-71	-16	29	-3	-15	-175	20	-42	10	-326
Other currencies	36	7	-1	16	1	10	-3	-21	4	10	105
<b>Amounts outstanding</b>											
<b>Total liabilities</b>	<b>3,502</b>	<b>2,971</b>	<b>700</b>	<b>1,616</b>	<b>698</b>	<b>2,639</b>	<b>4,224</b>	<b>2,631</b>	<b>4,340</b>	<b>1,594</b>	<b>31,842</b>
to banks	1,872	1,661	463	546	456	1,409	1,917	1,677	2,187	892	16,726
to related foreign offices	1,029	987	184	351	160	999	1,152	835	1,194	206	8,701
to other banks	736	579	259	165	260	393	651	768	773	664	7,096
to official monetary institutions	107	96	20	30	35	16	115	74	220	21	929
to non-banks	1,630	1,310	237	1,070	243	1,230	2,307	954	2,153	702	15,115
US dollar	1,236	1,215	138	517	259	1,303	1,684	1,699	3,045	1,118	15,175
Euro	1,694	1,140	504	699	353	591	1,259	378	591	157	9,031
Other currencies	572	616	57	400	86	745	1,281	554	703	320	7,635
<b>Estimated exchange rate-adjusted changes during the quarter<sup>2</sup></b>											
<b>Total liabilities</b>	<b>-83</b>	<b>-84</b>	<b>-15</b>	<b>32</b>	<b>10</b>	<b>-53</b>	<b>-317</b>	<b>61</b>	<b>-7</b>	<b>38</b>	<b>-347</b>
to banks	-53	-79	-18	-8	17	18	-236	27	-22	17	-428
to related foreign offices	-77	-75	-11	12	7	31	-213	20	-52	14	-398
to other banks	17	-2	-11	-20	2	-13	-32	-1	11	-2	-98
to official monetary institutions	6	-2	5	0	8	0	9	8	20	4	68
to non-banks	-29	-5	3	39	-8	-70	-81	35	14	21	81
US dollar	-132	-50	11	-6	17	-29	-121	46	27	25	-217
Euro	12	-48	-19	23	-4	-22	-192	18	-53	9	-333
Other currencies	37	13	-6	15	-3	-2	-4	-3	19	4	203

**International positions of BIS reporting banks**

Exchange rate-adjusted changes in stocks

**Claims by currency**

**Liabilities by sector of counterparty**


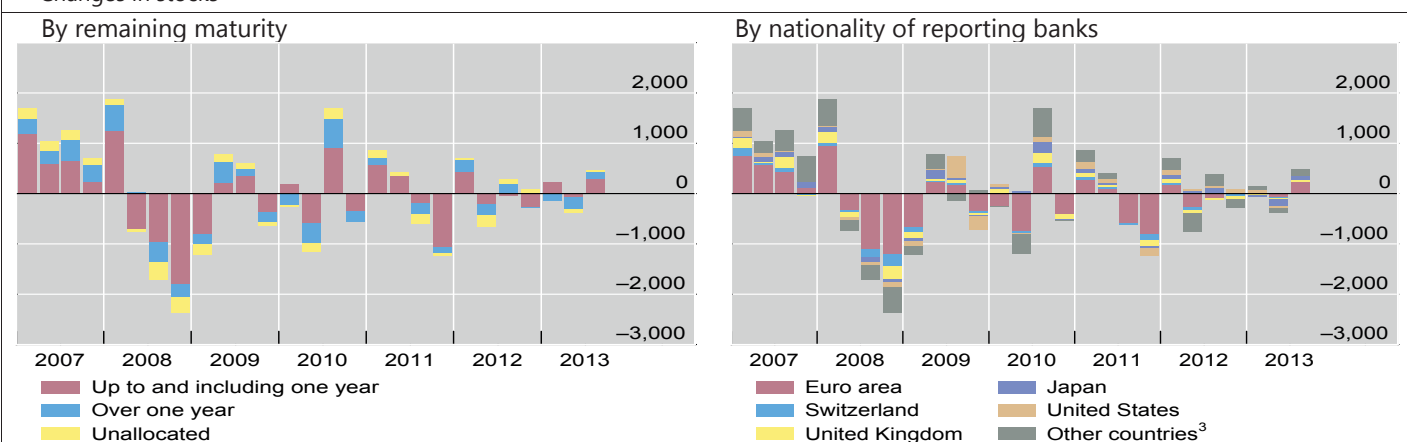
<sup>1</sup> Detailed breakdowns and time series data are available at [www.bis.org/statistics/bankstats.htm](http://www.bis.org/statistics/bankstats.htm) (Tables 8A–8B). <sup>2</sup> Taking into account exchange rate effects on outstanding balances in non-dollar currencies.

**Table 2A: Consolidated claims, immediate borrower basis, September 2013<sup>1</sup>**

Amounts outstanding, in billions of US dollars

	Vis-à-vis advanced economies				Vis-à-vis offshore centres	Vis-à-vis emerging market economies					All countries
	Total	United States	Euro area	Japan		Total	Africa	Asia	Europe	Latin America	
<b>Foreign claims</b>	<b>22,058</b>	<b>5,925</b>	<b>8,754</b>	<b>1,131</b>	<b>2,811</b>	<b>5,877</b>	<b>630</b>	<b>2,450</b>	<b>1,476</b>	<b>1,321</b>	<b>31,040</b>
<b>International claims</b>	<b>13,717</b>	<b>2,500</b>	<b>6,462</b>	<b>723</b>	<b>2,221</b>	<b>3,533</b>	<b>429</b>	<b>1,705</b>	<b>830</b>	<b>570</b>	<b>19,763</b>
Up to and including one year	7,061	933	3,089	602	1,188	1,910	197	1,141	310	263	10,231
Over one year	4,352	923	2,291	56	652	1,309	206	418	438	248	6,431
Unallocated by maturity	2,304	643	1,082	64	381	313	26	146	82	59	3,101
<b>Local currency claims</b>	<b>8,341</b>	<b>3,425</b>	<b>2,293</b>	<b>408</b>	<b>590</b>	<b>2,344</b>	<b>201</b>	<b>745</b>	<b>646</b>	<b>751</b>	<b>11,277</b>
<b>Local currency liabilities</b>	<b>6,252</b>	<b>2,558</b>	<b>2,022</b>	<b>195</b>	<b>496</b>	<b>1,747</b>	<b>169</b>	<b>472</b>	<b>517</b>	<b>589</b>	<b>8,498</b>
<b>Unadjusted changes during the quarter<sup>2</sup></b>											
Foreign claims	278	24	95	22	64	117	2	72	31	12	504
International claims	303	75	142	-16	41	85	1	66	9	9	474
Local currency claims	-24	-51	-47	38	22	32	1	6	22	3	30
Local currency liabilities	75	10	41	-4	21	22	-6	2	17	8	117
<b>Nationality of reporting banks:</b>											
<b>Foreign claims</b>											
<b>Domestically owned banks (total)</b>	<b>18,390</b>	<b>5,509</b>	<b>7,054</b>	<b>750</b>	<b>2,695</b>	<b>5,209</b>	<b>580</b>	<b>1,989</b>	<b>1,409</b>	<b>1,231</b>	<b>26,576</b>
Euro area	7,628	1,513	3,957	187	405	2,207	207	322	1,101	577	10,411
Switzerland	1,158	570	294	64	221	153	27	69	19	38	1,545
United Kingdom	2,327	1,057	877	98	614	939	212	519	66	142	3,929
Japan	2,203	1,179	583	.	573	387	32	260	36	59	3,163
United States	1,982	.	763	327	495	755	66	333	95	261	3,259
Other countries <sup>3</sup>	3,091	1,190	580	73	387	767	37	486	91	153	4,270
<b>Other foreign banks</b>	<b>3,669</b>	<b>416</b>	<b>1,700</b>	<b>380</b>	<b>116</b>	<b>668</b>	<b>49</b>	<b>461</b>	<b>68</b>	<b>90</b>	<b>4,464</b>
<b>International claims, all maturities</b>											
<b>Domestically owned banks (total)</b>	<b>10,154</b>	<b>2,108</b>	<b>4,835</b>	<b>343</b>	<b>2,104</b>	<b>2,868</b>	<b>382</b>	<b>1,244</b>	<b>762</b>	<b>480</b>	<b>15,406</b>
Euro area	4,332	590	2,403	101	366	1,058	148	238	528	144	5,927
Switzerland	534	98	271	15	201	123	24	56	19	25	868
United Kingdom	1,038	318	548	45	254	449	93	253	47	56	1,789
Japan	1,708	803	552	.	527	293	32	170	35	56	2,527
United States	1,339	.	694	132	441	426	49	191	66	120	2,234
Other countries <sup>3</sup>	1,203	298	368	49	316	518	36	335	68	79	2,061
<b>Other foreign banks</b>	<b>3,563</b>	<b>392</b>	<b>1,626</b>	<b>380</b>	<b>116</b>	<b>665</b>	<b>47</b>	<b>461</b>	<b>68</b>	<b>89</b>	<b>4,356</b>
<b>International claims, short-term</b>											
<b>Domestically owned banks (total)</b>	<b>4,695</b>	<b>710</b>	<b>2,112</b>	<b>248</b>	<b>1,113</b>	<b>1,466</b>	<b>170</b>	<b>782</b>	<b>284</b>	<b>230</b>	<b>7,341</b>
Euro area	2,053	310	928	58	194	402	49	122	163	68	2,689
Switzerland	292	37	156	7	149	69	17	30	9	13	512
United Kingdom	473	129	265	24	158	261	44	160	30	26	895
Japan	207	76	61	.	53	110	6	85	9	10	371
United States	1,012	.	507	123	376	318	38	159	45	76	1,724
Other countries <sup>3</sup>	657	159	196	36	182	306	15	227	27	37	1,150
<b>Other foreign banks</b>	<b>2,367</b>	<b>224</b>	<b>976</b>	<b>354</b>	<b>76</b>	<b>445</b>	<b>26</b>	<b>359</b>	<b>26</b>	<b>33</b>	<b>2,889</b>

**International claims of BIS reporting banks on an immediate borrower basis<sup>4</sup>**

 Changes in stocks<sup>2</sup>


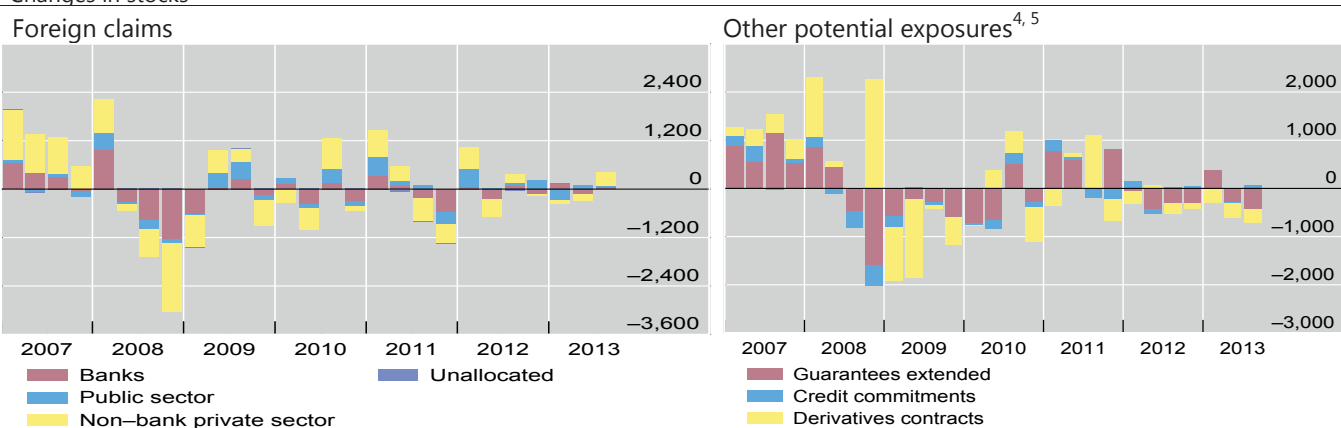
<sup>1</sup> Detailed breakdowns and time series data are available at [www.bis.org/statistics/consstats.htm](http://www.bis.org/statistics/consstats.htm) (Tables 9A–9B) and BIS WebStats. <sup>2</sup> Quarterly difference in outstanding stocks, excluding effects of breaks in series, not adjusted for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

**Table 2B: Consolidated claims, ultimate risk basis, September 2013<sup>1</sup>**

Amounts outstanding, in billions of US dollars

	Vis-à-vis advanced economies				Vis-à-vis offshore centres	Vis-à-vis emerging market economies					All countries
	Total	United States	Euro area	Japan		Total	Africa	Asia	Europe	Latin America	
<b>Foreign claims</b>	<b>18,035</b>	<b>5,506</b>	<b>6,896</b>	<b>781</b>	<b>2,095</b>	<b>5,022</b>	<b>529</b>	<b>1,939</b>	<b>1,363</b>	<b>1,191</b>	<b>25,433</b>
Banks	3,860	744	1,615	236	141	1,012	74	582	201	156	5,026
Public sector	4,136	1,663	1,524	252	222	1,182	124	382	318	357	5,747
Non-bank private sector	9,896	3,046	3,731	292	1,710	2,811	330	973	831	676	14,475
Unallocated	142	52	26	1	21	18	1	2	13	2	185
<b>Cross-border claims</b>	<b>9,166</b>	<b>2,087</b>	<b>4,633</b>	<b>314</b>	<b>1,284</b>	<b>2,189</b>	<b>285</b>	<b>1,030</b>	<b>502</b>	<b>372</b>	<b>12,915</b>
<b>Local claims in all currencies</b>	<b>8,869</b>	<b>3,419</b>	<b>2,263</b>	<b>467</b>	<b>811</b>	<b>2,833</b>	<b>244</b>	<b>908</b>	<b>861</b>	<b>819</b>	<b>12,518</b>
<b>Unadjusted changes during the quarter<sup>2</sup></b>											
Foreign claims	197	20	32	51	100	83	-3	46	31	10	410
Cross-border claims	158	26	93	28	64	35	-4	35	0	4	289
Local claims in all currencies	39	-6	-61	23	36	48	1	11	30	6	121
<b>Nationality of reporting banks<sup>3</sup></b>											
<b>Foreign claims</b>											
<b>Total</b>	<b>18,035</b>	<b>5,506</b>	<b>6,896</b>	<b>781</b>	<b>2,095</b>	<b>5,022</b>	<b>529</b>	<b>1,939</b>	<b>1,363</b>	<b>1,191</b>	<b>25,433</b>
Euro area	7,550	1,511	3,888	185	331	2,151	195	314	1,065	578	10,198
France	2,244	537	1,251	120	112	458	115	116	192	36	2,822
Germany	2,199	488	999	44	118	312	42	110	123	37	2,687
Italy	600	35	493	...	10	221	9	11	198	3	842
Spain	897	226	245	7	16	550	3	13	64	471	1,509
Switzerland	1,202	596	312	68	140	139	15	69	19	35	1,496
United Kingdom	2,349	1,031	906	116	572	960	207	538	69	145	3,930
Japan	2,207	1,250	543	.	389	379	29	254	34	62	2,975
United States	2,032	.	766	353	419	759	62	340	97	261	3,238
Other countries	2,695	1,119	480	58	244	634	21	423	79	110	3,596
<b>Cross-border claims</b>											
<b>Total</b>	<b>9,166</b>	<b>2,087</b>	<b>4,633</b>	<b>314</b>	<b>1,284</b>	<b>2,189</b>	<b>285</b>	<b>1,030</b>	<b>502</b>	<b>372</b>	<b>12,915</b>
Euro area	3,857	530	2,278	83	249	769	127	220	318	104	5,040
France	1,087	132	688	38	82	218	64	80	49	26	1,396
Germany	1,531	289	844	30	103	229	40	74	80	35	1,921
Italy	246	21	164	...	9	46	3	10	30	3	312
Spain	191	22	116	7	11	44	3	12	4	25	293
Switzerland	514	107	288	19	101	107	12	55	18	22	734
United Kingdom	1,039	312	562	47	147	366	61	212	43	49	1,600
Japan	1,732	900	512	.	314	240	26	124	31	58	2,286
United States	1,174	.	690	129	340	375	40	170	64	102	1,917
Other countries	851	238	302	35	133	332	19	250	28	36	1,338
<b>Other potential exposures<sup>4,5</sup></b>											
Derivatives contracts	2,442	608	913	73	99	148	28	61	23	35	2,704
Guarantees extended	6,629	889	2,649	238	227	1,291	151	416	464	260	8,640
Credit commitments	2,809	962	981	42	221	527	67	158	129	173	3,571

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

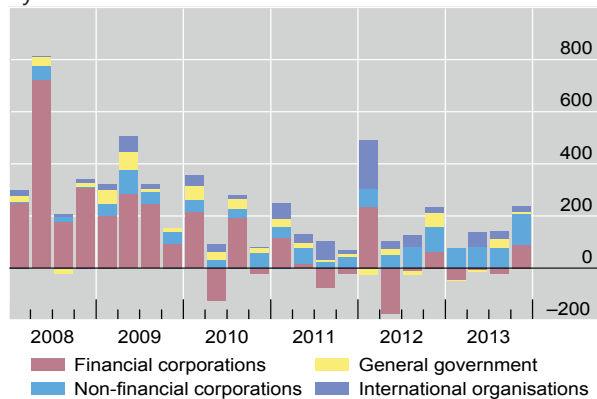
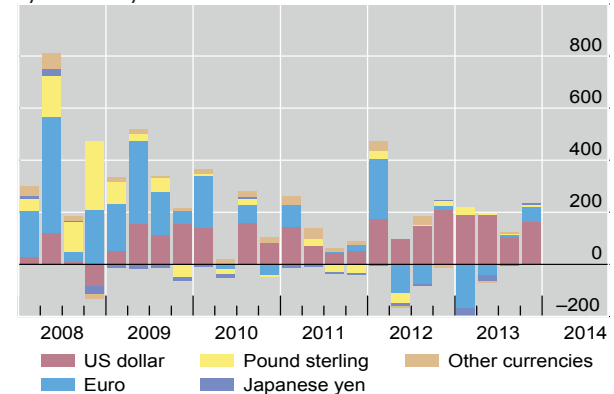
 Changes in stocks<sup>2</sup>


<sup>1</sup> Detailed breakdowns and time series data are available at [www.bis.org/statistics/consstats/htm](http://www.bis.org/statistics/consstats/htm) (Tables 9C–9E). <sup>2</sup> Quarterly difference in outstanding stocks, excluding effects of breaks in series, not adjusted for exchange rate movements. <sup>3</sup> Worldwide consolidated positions of domestically owned banks of 24 reporting countries. <sup>4</sup> Not included in foreign claims. <sup>5</sup> 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, December 2013**

In billions of US dollars

	Developed countries				Off-shore centres	Emerging markets					Int'l organisations	All countries
	Total	United States	Euro area	Japan		Total	Africa	Asia	Europe	Latin America		
<b>Amounts outstanding</b>												
<b>Total issues</b>	<b>17,781</b>	<b>2,062</b>	<b>9,627</b>	<b>202</b>	<b>1,826</b>	<b>1,716</b>	<b>214</b>	<b>444</b>	<b>458</b>	<b>600</b>	<b>1,470</b>	<b>22,794</b>
<b>Money market instruments</b>	<b>750</b>	<b>12</b>	<b>427</b>	<b>2</b>	<b>86</b>	<b>17</b>	<b>6</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>17</b>	<b>871</b>
Financial corporations	690	9	397	2	86	17	6	8	1	1	0	793
Non-financial corporations	34	3	19	0	0	0	0	0	0	0	0	34
General government	27	0	11	0	0	0	0	0	0	0	0	27
US dollar	263	1	137	1	40	11	4	4	1	1	14	327
Euro	298	7	201	0	13	3	1	2	0	0	0	314
Other currencies	190	4	88	1	32	4	2	2	0	0	3	229
<b>Bonds and notes</b>	<b>17,031</b>	<b>2,049</b>	<b>9,201</b>	<b>200</b>	<b>1,740</b>	<b>1,699</b>	<b>208</b>	<b>436</b>	<b>456</b>	<b>599</b>	<b>1,453</b>	<b>21,923</b>
Financial corporations	13,893	1,755	7,440	152	1,602	468	61	206	90	111	0	15,963
Non-financial corporations	2,286	289	1,139	44	81	483	64	131	66	222	0	2,850
General government	853	5	622	5	56	747	82	98	300	266	0	1,656
US dollar	4,803	1,365	1,397	112	1,351	1,278	174	340	273	490	416	7,847
Euro	8,866	425	6,887	12	149	228	16	13	148	51	668	9,911
Other currencies	3,362	260	917	77	240	193	18	84	35	57	369	4,164
Floating rate	5,288	404	3,015	25	519	67	12	23	12	20	127	6,001
Fixed rate	11,463	1,543	6,092	149	1,165	1,592	188	388	440	575	1,326	15,546
Equity-related	281	102	94	26	55	40	8	24	4	4	0	376
<b>Net issuance during the quarter</b>												
<b>Total issues</b>	<b>104</b>	<b>13</b>	<b>18</b>	<b>4</b>	<b>36</b>	<b>73</b>	<b>7</b>	<b>14</b>	<b>27</b>	<b>25</b>	<b>23</b>	<b>236</b>
<b>Money market instruments</b>	<b>-41</b>	<b>0</b>	<b>-45</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>-35</b>
Financial corporations	-20	2	-25	0	8	1	1	1	0	0	0	-11
Non-financial corporations	-8	-1	-5	0	0	0	0	0	0	0	0	-7
General government	-14	0	-15	0	0	0	0	0	0	0	0	-14
US dollar	-23	0	-23	0	2	0	0	0	0	0	-2	-22
Euro	-13	0	-15	0	2	1	0	0	0	0	0	-10
Other currencies	-6	0	-8	0	4	0	0	0	0	0	0	-2
<b>Bonds and notes</b>	<b>145</b>	<b>12</b>	<b>63</b>	<b>4</b>	<b>28</b>	<b>72</b>	<b>7</b>	<b>13</b>	<b>27</b>	<b>26</b>	<b>25</b>	<b>271</b>
Financial corporations	55	-24	36	4	27	18	4	7	7	0	0	100
Non-financial corporations	100	36	37	0	1	22	-1	5	3	16	0	123
General government	-9	0	-10	0	1	32	4	1	17	10	0	23
US dollar	96	7	46	4	32	52	6	6	20	20	5	185
Euro	43	7	19	0	-6	11	-1	2	7	3	18	66
Other currencies	7	-2	-2	0	2	10	2	5	0	2	1	19
Floating rate	2	1	-1	0	3	0	-2	2	-1	1	6	10
Fixed rate	109	-4	52	2	22	74	8	11	27	28	19	224
Equity-related	34	15	12	2	4	-2	0	0	1	-3	0	36

**Net international debt securities issuance**
**By sector**

**By currency**




**Table 3B: Domestic and total debt securities, September 2013**

In billions of US dollars

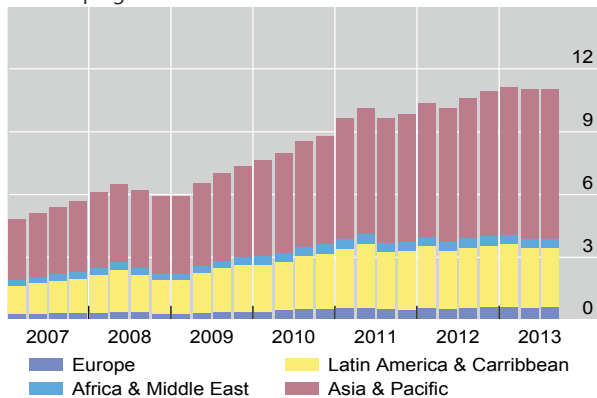
Domestic debt securities												
	China	Brazil	Korea	Mexico	Malaysia	Thailand	Turkey	South Africa	Russia	Israel	Indonesia	Singapore
<b>Amounts outstanding</b>												
All issuers	3,974	1,980	1,362	585	327	286	217	203	267	212	101	102
Financial corporations	1,718	580	383	164	59	131	14	43	69	31	13	...
Non-financial corporations	810	148	531	45	120	48	2	26	79	47	7	...
General government	1,447	1,253	448	375	147	107	200	134	119	134	81	102
Short-term	...	...	102	94	50	59	10	29	0	1	...	35
Long-term	...	...	1,260	491	276	228	207	173	267	133	...	66
Unallocated	3,974	1,980	0	0	0	0	0	2	0	78	101	0
<b>Exchange rate adjusted changes</b>												
All issuers	-93	22	16	9	1	-6	8	6	10	-15	4	-8
Financial corporations	-50	11	5	-1	0	-9	0	0	5	-17	1	...
Non-financial corporations	-118	5	8	1	-2	1	0	1	0	1	0	...
General government	74	6	3	9	4	1	8	6	5	1	3	-8
Short-term	...	...	-1	-5	-4	-7	0	0	...	0	...	-6
Long-term	...	...	17	14	5	0	8	6	10	1	...	-2
Unallocated	-93	22	0	0	0	0	0	0	0	-16	4	0
Total debt securities												
	United States	Japan	United Kingdom	France	Germany	Italy	Spain	Netherlands	Canada	Australia	Ireland	Denmark
<b>Amounts outstanding</b>												
All issuers <sup>1</sup>	36,414	13,102	5,722	4,695	4,307	4,015	2,389	2,370	2,210	1,853	1,182	859
Financial corporations	14,671	2,672	2,772	1,866	1,943	1,508	1,261	1,743	500	1,121	1,021	665
Non-financial corporations	6,952	802	658	646	170	161	28	148	380	207	3	34
General government	14,558	9,628	2,289	2,183	2,194	2,346	1,100	479	1,330	526	158	160

**Outstanding amounts**

In trillions of US dollars

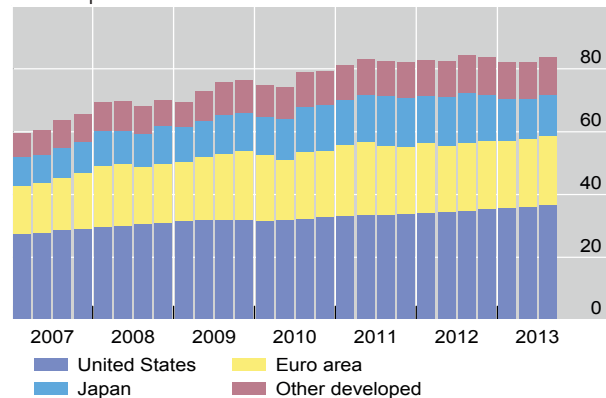
**Domestic debt securities**

Developing countries



**Total debt securities**

Developed countries



<sup>1</sup> All issuers include households and non-profit institutions serving households.

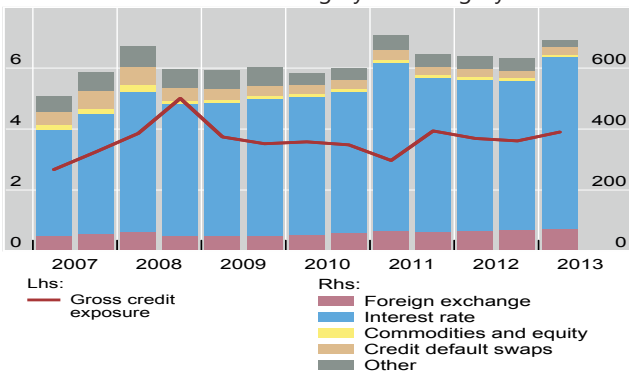
**Table 4: Global OTC derivatives market, end-June 2013<sup>1</sup>**

In billions of US dollars

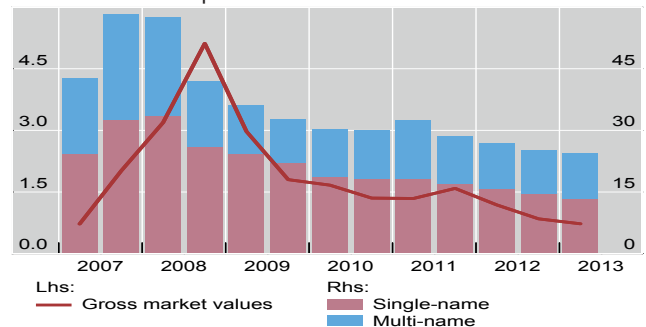
	Forwards and swaps				Options			
	Total	with reporting dealers	with other financial institutions	with non-financial customers	Total	with reporting dealers	with other financial institutions	with non-financial customers
<b>Notional amounts outstanding</b>								
<b>All contracts<sup>2</sup></b>	<b>621,526</b>	<b>117,770</b>	<b>458,066</b>	<b>44,053</b>	<b>71,382</b>	<b>38,809</b>	<b>26,390</b>	<b>5,272</b>
<b>Foreign exchange</b>	<b>59,075</b>	<b>24,289</b>	<b>26,122</b>	<b>8,663</b>	<b>14,046</b>	<b>6,401</b>	<b>5,635</b>	<b>2,010</b>
US dollar	52,348	22,916	22,870	6,563	11,960	5,460	4,755	1,745
Euro	20,739	8,081	8,860	3,798	3,660	1,756	1,267	637
Japanese yen	10,715	5,114	4,192	1,409	4,502	2,347	1,675	480
Pound sterling	7,125	2,668	3,225	1,232	1,319	527	615	178
Other	27,221	9,799	13,097	4,326	6,650	2,712	2,957	981
Up to one year	42,259	15,598	20,379	6,282	11,418	4,995	4,782	1,642
Over one year	16,816	8,691	5,744	2,381	2,628	1,406	853	369
<i>Memo: Exchange-traded<sup>3</sup></i>	227	.	.	.	117	.	.	.
<b>Interest rate</b>	<b>511,903</b>	<b>74,812</b>	<b>403,772</b>	<b>33,319</b>	<b>49,396</b>	<b>29,413</b>	<b>17,464</b>	<b>2,520</b>
US dollar	153,887	21,103	123,951	8,833	15,142	7,744	6,496	901
Euro	203,162	20,676	169,699	12,787	24,194	15,935	7,145	1,114
Japanese yen	49,867	12,532	32,384	4,951	5,204	3,322	1,700	182
Pound sterling	43,290	4,634	36,199	2,457	3,044	1,759	1,156	130
Other	61,696	15,867	41,538	4,291	1,812	654	966	192
Up to one year	205,032	24,642	168,402	11,988	14,205	7,414	6,084	707
Over one year	306,870	50,170	235,369	21,331	35,191	21,999	11,380	1,813
<i>Memo: Exchange-traded<sup>3</sup></i>	23,806	.	.	.	38,372	.	.	.
<b>Equity</b>	<b>2,321</b>	<b>715</b>	<b>1,308</b>	<b>297</b>	<b>4,501</b>	<b>1,603</b>	<b>2,345</b>	<b>553</b>
<i>Memo: Exchange-traded<sup>3</sup></i>	1,175	.	.	.	5,427	.	.	.
<b>Commodities</b>	<b>1,579</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>879</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>Credit default swaps</b>	<b>24,349</b>	<b>13,728</b>	<b>10,429</b>	<b>193</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>Unallocated</b>	<b>22,299</b>	<b>4,225</b>	<b>16,435</b>	<b>1,581</b>	<b>2,561</b>	<b>1,392</b>	<b>947</b>	<b>189</b>
<b>Gross market values</b>								
<b>All contracts</b>	<b>17,519</b>	<b>5,118</b>	<b>11,117</b>	<b>1,285</b>	<b>2,237</b>	<b>1,305</b>	<b>734</b>	<b>198</b>
<b>Foreign exchange</b>	<b>2,084</b>	<b>825</b>	<b>880</b>	<b>380</b>	<b>339</b>	<b>167</b>	<b>116</b>	<b>56</b>
US dollar	1,771	758	745	268	280	136	96	47
Euro	559	173	234	152	63	30	19	14
Japanese yen	495	231	180	84	190	104	57	29
Pound sterling	194	62	77	55	13	6	5	3
Other	1,149	426	524	199	133	58	55	20
<b>Interest rate</b>	<b>13,830</b>	<b>3,599</b>	<b>9,418</b>	<b>814</b>	<b>1,325</b>	<b>888</b>	<b>382</b>	<b>55</b>
US dollar	4,374	1,305	2,848	221	384	255	113	15
Euro	6,496	1,433	4,654	409	762	518	216	28
Japanese yen	651	249	374	28	63	46	16	1
Pound sterling	1,009	257	670	81	95	59	28	8
Other	1,301	354	872	75	21	10	9	3
<b>Equity</b>	<b>206</b>	<b>42</b>	<b>132</b>	<b>32</b>	<b>487</b>	<b>200</b>	<b>208</b>	<b>79</b>
<b>Credit default swaps</b>	<b>725</b>	<b>455</b>	<b>260</b>	<b>10</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
<b>Unallocated</b>	<b>674</b>	<b>197</b>	<b>428</b>	<b>49</b>	<b>86</b>	<b>50</b>	<b>28</b>	<b>8</b>

**Global OTC derivatives<sup>4</sup>**

Notional amounts outstanding by risk category



Credit default swaps



<sup>1</sup> 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). <sup>2</sup>

Due to incomplete counterparty breakdowns for the commodity derivatives, components do not add up to the total. <sup>3</sup> 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. <sup>4</sup> 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. 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 [www.bis.org/statistics/bankstats.htm](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 31 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.

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### Types of claims

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<b>A</b> Cross-border claims	<b>B</b> Local claims of foreign affiliates in foreign currency	<b>C</b> Local claims of foreign affiliates in local currency	<b>D</b> Domestic claims in the reporting country
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***International claims*** (A + B)

***Foreign claims*** (A + B + C)

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

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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 [www.bis.org/statistics/consstats.htm](http://www.bis.org/statistics/consstats.htm).

Tables 3A–3B Securities statistic are harmonised with recommendations from the Handbook on Securities Statistics Part 1 (jointly released by BIS, ECB and IMF; available at the IMF web site, [www.imf.org/external/np/sta/wgsd/pdf/051309.pdf](http://www.imf.org/external/np/sta/wgsd/pdf/051309.pdf)). There are three datasets, each covering different market of issue: international debt securities, domestic debt securities and total debt securities.

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. “General government” comprises central governments and other governments, while “Financial corporations” comprises commercial banks, central banks, and other financial institutions.

Detailed information about the compilation of the statistics on domestic and total debt securities is available on the BIS website.

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 [www.bis.org/publ/bispap14.htm](http://www.bis.org/publ/bispap14.htm)

## Special Features in the BIS Quarterly Review

December 2013	The anatomy of the global FX market through the lens of the 2013 Triennial Survey	D Rime & A Schrimpf
December 2013	FX market trends before, between and beyond Triennial Surveys	M Bech & J Sobrun
December 2013	FX and derivatives markets in emerging economies and the internationalisation of their currencies	T Ehlers & F Packer
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## Recent BIS publications<sup>1</sup>

### BIS Papers

#### **The role of central banks in macroeconomic and financial stability** **February 2014**

[www.bis.org/publ/bppdf/bispap76.htm](http://www.bis.org/publ/bppdf/bispap76.htm)

Central banks in Africa are changing as the continent becomes increasingly integrated with the global financial system. In this context, governors from major central banks met in Basel on 11-12 May 2013 to compare notes on their experiences in dealing with the challenges of increased financial integration. Four important challenges were analysed at this meeting.

First, the recent surge in *pan-African banking* is driving a new wave of financial integration. This has many benefits for the region, but confronts central banks and supervisors with new challenges in monitoring and managing risks.

Second, central banks have a key role in *developing local debt markets*. The development of local currency bond markets is critical to Africa's financial development and resilience to shocks.

Third, *financial stability frameworks* need to be strengthened. Central banks must have a major voice in financial stability policy which is closely linked with monetary policy.

Finally, the prolonged period of higher-than-average commodity prices, often attracting heavy capital inflows, has boosted growth but may also have created its own financial stability risks. In this context, a *macroprudential policy perspective* that addresses such risks can help to limit systemic threats

#### **Long-term finance: can emerging capital markets help?** **January 2014**

[www.bis.org/publ/bppdf/bispap75.htm](http://www.bis.org/publ/bppdf/bispap75.htm)

The volume presents and summarises the proceedings of the high level seminar jointly organised by the Bank of Russia and the Bank for International Settlements in Moscow on 18-20 July 2013 during the G20 meetings. Governors and deputy governors from around 30 BIS shareholder banks participated along with academic speakers and economists from the Bank of Russia and the BIS.

#### **Navigating the Great Recession: what role for monetary policy?** **December 2013**

[www.bis.org/publ/bppdf/bispap74.htm](http://www.bis.org/publ/bppdf/bispap74.htm)

The 12th BIS Annual Conference took place in Lucerne, Switzerland on 20-21 June 2013. The event brought together a distinguished group of central bank governors, leading academics and former public officials to exchange views on the conference theme of "Navigating the Great Recession: what role for monetary policy?". This volume contains the opening address by Stephen Cecchetti (former Economic Adviser, BIS), a keynote address by Finn Kydland (University of California, Santa Barbara) and the contributions of the policy panel. The participants in the policy panel, chaired by Jaime Caruana (General Manager, BIS), were Zeti Akhtar Aziz (Bank Negara Malaysia), Thomas Jordan (Swiss National Bank) and Glenn Stevens (Reserve Bank of Australia).

### BIS Working Papers

#### **A parsimonious approach to incorporating economic information in measures of potential output**

**Claudio Borio, Piti Disyatat and Mikael Juselius**

<sup>1</sup> 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](http://www.bis.org)).

[www.bis.org/publ/work442.htm](http://www.bis.org/publ/work442.htm)

A popular strategy for estimating output gaps is to anchor them to structural economic relationships. The resulting output gaps, however, are often highly sensitive to numerous auxiliary assumptions inherent in the approach. This complicates their use in policymaking. We illustrate the point using the Phillips curve, arguably the most popular structural relationship in this context. Depending on the specification, we show that conditioning on this relationship either introduces a trend in the output gap - which is conceptually unappealing - or has little effect on it - which defeats the purpose of the exercise. Moreover, the estimated gaps perform poorly in real time, with large ex-post revisions. The opaqueness of the approach, which increases greatly with the dimension of the estimated system, can mask these problems. In order to address these limitations, we propose a more parsimonious and transparent approach to embedding economic information that is less vulnerable to misspecification. As an illustration, we apply the corresponding parsimonious multivariate filter to US data. We find that proxies for the financial cycle, notably credit growth, but also unemployment contain significant information and help generate robust real-time output gap estimates.

### **Liquidity The global long-term interest rate, financial risks and policy choices in EMEs** **Philip Turner**

[www.bis.org/publ/work441.htm](http://www.bis.org/publ/work441.htm)

The global long-term interest rate now matters much more for the monetary policy choices facing emerging market economies than a decade ago. The low or negative term premium in the yield curve in the advanced economies from mid-2010 has pushed international investors into EM local bond markets: by lowering local long rates, this has considerably eased monetary conditions in the emerging markets. It has also encouraged much increased foreign currency borrowing in international bond markets by emerging market corporations, much of it by affiliates offshore. These developments strengthen the feedback effects between bond and foreign exchange markets. They also have significant implications for local banking systems.

### **Monetary policy and financial stability: what role in prevention and recovery?** **Claudio Borio**

[www.bis.org/publ/work440.htm](http://www.bis.org/publ/work440.htm)

If the criteria for an institution's success are diffusion and longevity, then central banking has been hugely successful. But if the criterion is the degree to which it has achieved its goals, then the evaluation has to be more nuanced. Historically, those goals have included a changing mix of financial and monetary stability. Attaining monetary and financial stability simultaneously has proved elusive across regimes. Edging closer towards that goal calls for incorporating systematically long-duration and disruptive financial booms and busts - financial cycles - in policy frameworks. For monetary policy, this means leaning more deliberately against booms and easing less aggressively and persistently during busts. What is ultimately at stake is the credibility of central banking - its ability to retain trust and legitimacy.

### **On the economics of committed liquidity facilities** **Morten Bech and Todd Keister**

[www.bis.org/publ/work439.htm](http://www.bis.org/publ/work439.htm)

We study the effects of the new Basel III liquidity regulations in jurisdictions with a limited supply of high-quality liquid assets. Using a model based on Bech and Keister (2013), we show how introducing a liquidity coverage ratio in such settings can have significant side effects, leading to a large liquidity premium and pushing the short-term interest rate to the floor of the central bank's rate corridor. Adding a committed liquidity facility allows the central bank to mitigate these effects. By pricing committed liquidity appropriately, the central bank can determine either the equilibrium liquidity premium or the quantity of liquid assets held by banks, but not both. We argue that the optimal pricing arrangement will depend on local market conditions.

### **Asia's decoupling: fact, forecast or fiction?** **Lillie Lam and James Yetman**

[www.bis.org/publ/work438.htm](http://www.bis.org/publ/work438.htm)

Standard measures of real economic co-movement between Asia-Pacific economies and those elsewhere had been observed to follow a downward trend, leading some commentators to suggest that the region was decoupling. However, this process reversed in response to the International Financial Crisis, and co-movement increased to historically high levels for some economies. We examine co-movement patterns and show that these are very sensitive to changes in macroeconomic volatility over time. Controlling for

this, however, co-movement is closely linked to underlying trade and financial integration. If international links continue to strengthen in future, co-movement will strengthen in tandem. Decoupling is more a fiction than a fact or a forecast.

### **International monetary policy coordination: past, present and future**

**John B Taylor**

[www.bis.org/publ/work437.htm](http://www.bis.org/publ/work437.htm)

This paper examines two explanations for the recent spate of complaints about cross-border monetary policy spillovers and calls for international monetary policy coordination, a development that contrasts sharply with the monetary system in the 1980s, 1990s and until recently. The first explanation holds that deviations from rules-based policy at several central banks created incentives for other central banks to deviate from such policies. The second explanation either does not see deviations from rules or finds such deviations benign; it characterises recent unusual monetary policies as appropriate, explains the complaints as an adjustment to optimal policies, and downplays concerns about interest rate differentials and capital controls. Going forward, the goal for central banks should be an expanded rules-based system similar to that of the 1980s and 1990s, which would operate near an international cooperative equilibrium. International monetary policy coordination - at least formal discussions of rules-based policies and the issues reviewed here - would help central banks get such equilibrium.

### **Global spillovers and domestic monetary policy**

**Menzie D Chinn**

[www.bis.org/publ/work436.htm](http://www.bis.org/publ/work436.htm)

I discuss how the unconventional monetary policy measures implemented over the past several years - quantitative and credit easing, and forward guidance - can be analysed in the context of conventional models of asset prices, with particular reference to exchange rates. I then discuss alternative approaches to interpreting the effects of such policies, and review the empirical evidence. Finally, I examine the ramifications for thinking about the impact on exchange rates and asset prices of emerging market economies. I conclude that although the implementation of unconventional monetary policy measures may introduce more volatility into global markets, in general it will support global rebalancing by encouraging the revaluation of emerging market currencies.

### **Is monetary policy overburdened?**

**Athanasios Orphanides**

[www.bis.org/publ/work435.htm](http://www.bis.org/publ/work435.htm)

Following the experience of the global financial crisis, central banks have been asked to undertake unprecedented responsibilities. Governments and the public appear to have high expectations that monetary policy can provide solutions to problems that do not necessarily fit in the realm of traditional monetary policy. This paper examines three broad public policy goals that may overburden monetary policy: full employment, fiscal sustainability and financial stability. While central banks have a crucial position in public policy, the appropriate policy mix also involves other institutions, and overreliance on monetary policy to achieve these goals is bound to disappoint. Central bank policies that facilitate postponement of needed policy actions by governments may also have longer-term adverse consequences that could outweigh more immediate benefits. Overburdening monetary policy may eventually diminish and compromise the independence and credibility of the central bank, thereby reducing its effectiveness in maintaining price stability and contributing to crisis management.

### **Cyclical macroeconomic policy, financial regulation and economic growth**

**Philippe Aghion and Enisse Kharroubi**

[www.bis.org/publ/work434.htm](http://www.bis.org/publ/work434.htm)

This paper investigates the effect of cyclical macroeconomic policy and financial sector characteristics on growth. Using cross-country, cross-industry OECD data, it yields two main findings. First, countercyclical fiscal and monetary policies foster growth disproportionately in more credit/liquidity-constrained industries. Second, while higher bank capital ratios may contribute to reducing the benefit of a countercyclical monetary policy, countercyclical credit enhances growth disproportionately in more credit/liquidity-constrained industries and this complements the growth effects of countercyclical monetary policy. Raising regulatory requirements for bank capital can therefore help achieve financial stability and preserve economic growth if complemented with more countercyclical macroeconomic and regulatory policy.



## Basel Committee on Banking Supervision

### **A sound capital planning process: fundamental elements**

January 2014

[www.bis.org/publ/bcbs277.htm](http://www.bis.org/publ/bcbs277.htm)

The Basel Committee has issued these sound practices to foster overall improvement in banks' capital planning practices. Indeed, an important lesson from the financial crisis concerned the need for banks to improve and strengthen their capital planning. Some of the observed weaknesses reflected processes that were not sufficiently comprehensive, appropriately forward-looking or adequately formalised. As a consequence, some banks underestimated the risks inherent in their business strategies and, in turn, misjudged their capital needs.

In the absence of comprehensive information, some banks continued to pay dividends and repurchase common shares when capital could have been retained to insulate them against potential future losses. Some banks also issued large amounts of capital instruments - such as hybrid debt - that ultimately proved ill-equipped to absorb realised losses. In sum, many banks did not scale their decisions about the level and composition of regulatory capital to the potential impact of changing economic conditions.

During and after the financial crisis, the official sector in certain jurisdictions conducted ad hoc stress tests to assess the capital adequacy of banks in their jurisdictions. Because of the pressing need to determine whether banks were appropriately capitalised, those first rounds of official stress tests often did not include an assessment of the processes banks employ to project potential capital needs and to manage capital sources and uses on an ongoing basis. More recently, supervisors have begun to codify their expectations for what constitutes sound capital planning. Those planning processes enable a bank's management to make informed judgments about the appropriate amount and composition of capital needed to support the bank's business strategies across a range of potential scenarios and outcomes.

### **Revised good practice principles for supervisory colleges - consultative document**

January 2014

[www.bis.org/publ/bcbs276.htm](http://www.bis.org/publ/bcbs276.htm)

The Basel Committee on Banking Supervision has today issued a consultative document on *Revised good practice principles for supervisory colleges*. The Committee seeks to ensure that the principles remain fit for purpose and that they describe how high quality supervisory colleges typically function. The key changes include the following:

- Principle 1 now places greater emphasis on collaboration and information-sharing on an ongoing basis.
- Principle 2 provides greater clarity on the expectation to strike a balance between core college effectiveness and host involvement.
- Principle 3 includes the expectation that home and host supervisors will put in place appropriate mechanisms and sufficient resources for effective and timely information exchange.
- Principle 6 encourages home and host supervisors to agree on the types of feedback provided to banks and ensure consistency in how such feedback is provided.
- Principle 7 differentiates between banks that have established crisis management groups (CMGs), eg systemically important banks, and banks that do not have a CMG. For the former, guidance is provided on possible communication and coordination between the college and CMG on crisis preparedness.
- Alignment across the principles in terms of how macroprudential information is shared and utilised.

The original Good practice principles on supervisory colleges were published in October 2010, and included a commitment to review the principles to take stock of any key lessons learned from their use. This consultative document updates the principles following a review of practical challenges in their implementation and possible areas of additional best practices. The perspectives of home and host supervisors, as well as internationally active banks, were taken into account during this process

### **Sound management of risks related to money laundering and financing of terrorism**

January 2014

[www.bis.org/publ/bcbs275.htm](http://www.bis.org/publ/bcbs275.htm)

The Basel Committee on Banking Supervision has issued a set of guidelines to describe how banks should include risks related to money laundering and financing of terrorism within their overall risk management framework.

Prudent management of these risks, together with effective supervisory oversight, is critical in protecting the safety and soundness of banks as well as the integrity of the financial system. Failure to manage these risks can expose banks to serious reputational, operational, compliance and other risks.

These guidelines are consistent with the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation issued by the Financial Action Task Force (FATF) in 2012 and supplement their goals and objectives. The risk management guidelines published today includes cross-references to FATF standards to help banks comply with national requirements based on those standards.

The guidelines supersede two previously-issued Basel Committee publications: Customer due diligence for banks (October 2001) and Consolidated KYC management (October 2004).

An earlier version of the *Sound management of risks related to money laundering and financing of terrorism guidelines* was issued for consultation in June 2013. The Committee thanks those who provided feedback and comments, which were taken into account in revising and finalising the guidelines.

### **The Liquidity Coverage Ratio and restricted-use committed liquidity facilities January 2014**

[www.bis.org/publ/bcbs274.htm](http://www.bis.org/publ/bcbs274.htm)

In January 2013, the Basel Committee's oversight body, the Group of Governors and Heads of Supervision (GHOS), agreed the final form of the Liquidity Coverage Ratio (LCR). At that time, the GHOS asked the Committee to undertake some additional work on liquidity disclosure, the use of market-based indicators of liquidity within the regulatory framework, and the interaction between the LCR and the provision of central bank facilities. The Committee has completed this work, and has published a package of material that responds to these requests.

The Committee agreed to modify the definition of HQLA within the LCR to provide greater use of Committed Liquidity Facilities (CLFs) provided by central banks. The use of CLFs within the LCR has to now been limited to those jurisdictions with insufficient HQLA to meet the needs of the banking system. The Committee has agreed that, subject to a range of conditions and limitations, a restricted version of a CLF (an RCLF) may be used by all jurisdictions.

Whether jurisdictions choose to make use of RCLFs is a matter for national discretion. Importantly, central banks are under no obligation to offer them. Furthermore, the restrictions agreed by the Committee are intended to limit the use of RCLFs in normal times, and therefore maintain the principle that banks should self-insure against liquidity shocks, and that central banks should remain the lenders of last resort. These restrictions may, however, be relaxed during times of stress, when HQLA might otherwise be in short supply.

### **Liquidity coverage ratio disclosure standards January 2014**

[www.bis.org/publ/bcbs272.htm](http://www.bis.org/publ/bcbs272.htm)

In January 2013, the Basel Committee's oversight body, the Group of Governors and Heads of Supervision (GHOS), agreed the final form of the Liquidity Coverage Ratio (LCR). At that time, the GHOS asked the Committee to undertake some additional work on liquidity disclosure, the use of market-based indicators of liquidity within the regulatory framework, and the interaction between the LCR and the provision of central bank facilities. The Committee has completed this work, and has published a package of material that responds to these requests.

The Committee has issued final requirements for banks' LCR-related disclosures. These requirements will improve the transparency of regulatory liquidity requirements and enhance market discipline. Consistent with the Basel III agreement, national authorities will give effect to these disclosure requirements, and banks will be required to comply with them, from the date of the first reporting period after 1 January 2015.

### **Guidance for supervisors on market-based indicators of liquidity January 2014**

[www.bis.org/publ/bcbs273.htm](http://www.bis.org/publ/bcbs273.htm)

In January 2013, the Basel Committee's oversight body, the Group of Governors and Heads of Supervision (GHOS), agreed the final form of the Liquidity Coverage Ratio (LCR). At that time, the GHOS asked the Committee to undertake some additional work on liquidity disclosure, the use of market-based indicators of liquidity within the regulatory framework, and the interaction between the LCR and the provision of central bank facilities. The Committee has completed this work, and has published a package of material that responds to these requests.

The Basel Committee has published *Guidance for supervisors on market-based indicators of liquidity*. This document has been published to assist supervisors in their evaluation of the liquidity profile of assets held by banks, and to help promote greater consistency in High Quality Liquid Assets (HQLA) classifications across jurisdictions, for the purposes of Basel III's LCR. Importantly, the guidance does not change the definition of HQLA within the LCR; rather, it helps supervisors assess whether assets are suitably liquid for LCR purposes.

## **Basel III: the net stable funding ratio - consultative document January 2014**

[www.bis.org/publ/bcbs271.htm](http://www.bis.org/publ/bcbs271.htm)

The Basel Committee has issued proposed revisions to the Basel framework's Net Stable Funding Ratio (NSFR), following endorsement on 12 January 2014 by its governing body - the Group of Central Bank Governors and Heads of Supervision (GHOS).

The NSFR is an essential component of the Basel III reforms to promote a more resilient banking sector. It is designed to ensure that banks maintain a stable funding profile in relation to the characteristics of their on- and off-balance sheet activities. A robust funding structure reduces the likelihood that a bank's liquidity position deteriorates, due to disruptions to its regular sources of funding, in a way that would lead to increased risk of failure and, potentially, to broader systemic stress. In particular, the NSFR limits over-reliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability.

Proposals on the NSFR were first published in 2009, and the measure was included in the Basel III agreement in December 2010. At that time, the Basel Committee put in place a rigorous process to review the standard and its implications for financial market functioning and the economy.

The revisions to the NSFR developed and agreed by the Basel Committee include reducing cliff effects within the measurement of funding stability, improving the alignment of the NSFR with the Liquidity Coverage Ratio (LCR), and altering the calibration of the NSFR to focus greater attention on short term, potential volatile funding sources.

## **Basel III leverage ratio framework and disclosure requirements January 2014**

[www.bis.org/publ/bcbs270.htm](http://www.bis.org/publ/bcbs270.htm)

The Basel Committee has issued the full text of Basel III's leverage ratio framework and disclosure requirements following endorsement on 12 January 2014 by its governing body, the Group of Central Bank Governors and Heads of Supervision (GHOS). A simple leverage ratio framework is critical and complementary to the risk-based capital framework that will help ensure broad and adequate capture of both the on- and off-balance sheet sources of banks' leverage. This simple, non-risk based "backstop" measure will restrict the build-up of excessive leverage in the banking sector to avoid destabilising deleveraging processes that can damage the broader financial system and the economy.

Basel III's leverage ratio is defined as the "capital measure" (the numerator) divided by the "exposure measure" (the denominator) and is expressed as a percentage. The capital measure is currently defined as Tier 1 capital and the minimum leverage ratio is 3%. The Committee will continue to monitor banks' leverage ratio data on a semiannual basis in order to assess whether the design and calibration of a minimum Tier 1 leverage ratio of 3% is appropriate over a full credit cycle and for different types of business models. It will also continue to collect data to track the impact of using either Common Equity Tier 1 (CET1) or total regulatory capital as the capital measure.

A consultative version of the leverage ratio framework and disclosure requirements was published in June 2013. After carefully considering comments received and thoroughly analysing bank data to assess potential impact, the Committee adopted a package of amendments, which pertains to the leverage ratio's exposure measure. The Committee thanks those who provided feedback and comments as these were instrumental in revising and finalising the leverage ratio standard. The technical modifications to the June 2013 proposals relate to:

- Securities financing transactions (SFTs). SFTs include transactions such as repos and reverse repos. The final standard now allows limited netting with the same counterparty to reduce the leverage ratio's exposure measure, where specific conditions are met.
- Off-balance sheet items. Instead of using a uniform 100% credit conversion factor (CCF), which converts an off-balance sheet exposure to an on-balance sheet equivalent, the leverage ratio will use the same CCFs that are used in the Basel framework's Standardised Approach for credit risk under the risk-based requirements, subject to a floor of 10%.
- Cash variation margin. Cash variation margin associated with derivative exposures may be used to reduce the leverage ratio's exposure measure, provided specific conditions are met.
- Central clearing. To avoid double-counting of exposures, a clearing member's trade exposures to qualifying central counterparties (QCCPs) associated with client-cleared derivatives transactions may be excluded when the clearing member does not guarantee the performance of a QCCP to its clients.
- Written credit derivatives. The effective notional amounts included in the exposure measure may be capped at the level of the maximum potential loss, and there will be some broadening of eligible offsetting hedges.

Implementation of the leverage ratio requirements has begun with bank-level reporting to national supervisors of the leverage ratio and its components, and will proceed with public disclosure starting 1 January 2015. The Committee will carefully monitor the impact of these disclosure requirements. Any

final adjustments to the definition and calibration of the leverage ratio will be made by 2017, with a view to migrating to a Pillar 1 (minimum capital requirements) treatment on 1 January 2018 based on appropriate review and calibration. The Committee will also closely monitor accounting standards and practices to address any differences in national accounting frameworks that are material to the definition and calculation of the leverage ratio.

### **Longevity risk transfer markets: market structure, growth drivers and impediments, and potential risks**

**December 2013**

[www.bis.org/publ/joint34.htm](http://www.bis.org/publ/joint34.htm)

Ageing populations pose serious social policy and regulatory/supervisory challenges in many countries. Longevity risk - the risk of paying out on pensions and annuities for longer than anticipated - is significant when measured from a financial perspective. Longevity risk transfer markets: market structure, growth drivers and impediments, and potential risks is a forward-looking report released by the Joint Forum on longevity risk transfer (LRT) markets. It makes the following recommendations to policymakers and supervisors:

1. Communicate and cooperate: Supervisors should communicate and cooperate on LRT internationally and cross-sectorally in order to reduce the potential for regulatory arbitrage.

2. Understand longevity risk exposures: Supervisors should seek to ensure that holders of longevity risk under their supervision have the appropriate knowledge, skills, expertise and information to manage it.

3. Assess relevant policies: To inform their policy towards LRT markets, policymakers should review their explicit and implicit policies with regard to where longevity risk should reside. They should also be aware that social policies may have consequences for both longevity risk management practices and the functioning of LRT markets.

4. Review longevity risk rules and regulations: Policymakers should review rules and regulations pertaining to the measurement, management and disclosure of longevity risk with the objective of establishing or maintaining appropriately high qualitative and quantitative standards, including provisions and capital requirements for expected and unexpected increases in life expectancy.

5. Ensure adequate risk-bearing capacity: Policymakers should consider ensuring that institutions taking on longevity risk, including pension fund sponsors, are able to withstand unexpected, as well as expected, increases in life expectancy.

6. Monitor market developments: Policymakers should closely monitor the LRT taking place between corporates, banks, (re)insurers and the financial markets, including the amount and nature of the longevity risk transferred, and the interconnectedness this gives rise to.

7. Pay attention to tail risk: Supervisors should take into account that longevity swaps may expose the banking sector to longevity tail risk, possibly leading to risk transfer chain breakdowns.

8. Collect adequate data: Policymakers should support and foster the compilation and dissemination of more granular and up-to-date longevity and mortality data that are relevant for the valuations of pension and life insurance liabilities.

An earlier version of this report was issued for consultation in August 2013. The Joint Forum wishes to thank those who provided feedback and comments as these were instrumental in revising and finalising the report and its recommendations. The changes made to the consultation document are explained in a feedback statement annexed to the final report.

### **Revisions to the securitisation framework - consultative document**

**December 2013**

[www.bis.org/publ/bcbs269.htm](http://www.bis.org/publ/bcbs269.htm)

The Basel Committee on Banking Supervision has today issued a second consultative paper on revisions to the Basel securitisation framework. The paper, which is part of the Committee's broader agenda to reform regulatory standards for banks in response to lessons learned from the global financial crisis, comprises a detailed set of proposals, including draft standards text, for a comprehensive revision of the treatment of securitisation.

In developing these proposals, the Committee has carefully taken into account the comments received on the first consultative document, as well as the results of the related quantitative impact study (QIS). Revisions have also been informed by the Committee's desire to strike an appropriate balance between risk sensitivity, simplicity and comparability.

Relative to the first consultation, the major changes in this consultative document apply to the hierarchy of approaches, and the calibration of capital requirements.

For the hierarchy, the Committee has proposed a simple framework akin to that used for credit risk:

- Where banks have the capacity and supervisory approval to do so, they may use an internal ratings-based approach to determine the capital requirement based on the risk of the underlying pool of exposures, including expected losses.

- If this internal ratings-based approach cannot be used for a particular securitisation exposure, an external ratings-based approach may be used (assuming that the use of ratings is permitted within the relevant jurisdiction).
- Finally, if neither of these approaches can be used, a standardised approach would be applied. This is based on the underlying capital requirement that would apply under the standardised approach for credit risk, and other risk drivers.

In reviewing the calibration of the approaches, the Committee has revised some of the modelling assumptions behind the original calibration proposed in the first consultative document. These changes result in greater consistency with the underlying credit risk framework. The result is to significantly reduce capital requirements vis-à-vis the initial proposals, although capital requirements remain more stringent than under the existing framework. The Committee also proposes to set a 15% risk-weight floor for all approaches, instead of the 20% floor originally proposed.

### **Progress in adopting the principles for effective risk data aggregation and risk reporting December 2013**

[www.bis.org/publ/bcbs268.htm](http://www.bis.org/publ/bcbs268.htm)

The Basel Committee on Banking Supervision today issued the report on *Progress in adopting the principles for effective risk data aggregation and risk reporting*.

The Committee's *Principles for effective risk data aggregation and risk reporting*, which were published in January 2013, aim to strengthen risk data aggregation and risk reporting practices at banks to improve their risk management practices, decision-making processes and resolvability. Firms designated as global systemically important banks (G-SIBs) are required to implement the Principles in full by the beginning of 2016.

To facilitate consistent and effective implementation of the Principles among G-SIBs, the Basel Committee decided to use a coordinated approach for national supervisors to monitor and assess banks' progress. The first step of this coordinated approach was to issue a "stocktaking" self-assessment survey completed by G-SIBs, other large banks and supervisors during 2013.

The progress report provides a snapshot of G-SIBs' overall preparedness to comply with the Principles, as well as the related challenges they face. G-SIBs are increasingly aware of the importance of this topic and have taken steps towards fully implementing the Principles. Nevertheless, many banks are facing difficulties in establishing strong data aggregation governance, architecture and processes, which collectively represent the initial stage of implementation. Instead, they resort to extensive manual workarounds. Notably, of the 30 banks that were identified as G-SIBs during 2011 and 2012, 10 reported that they will not be able to fully comply with the Principles by the 2016 deadline. The main reason reported is large, ongoing, multi-year IT and data-related projects.

G-SIBs are required to implement the Principles in full by the beginning of 2016 at the latest, and the Committee will continue to monitor their progress towards meeting this deadline. In addition, the Committee strongly suggests that national supervisors apply these principles to institutions identified as domestic systemically important banks three years after their designation as such. The Committee believes that the principles can be applied to a wider range of banks, in a way that is proportionate to their size, nature and complexity.

### **Regulatory Consistency Assessment Programme (RCAP) - Second report on risk-weighted assets for market risk in the trading book December 2013**

[www.bis.org/publ/bcbs262.htm](http://www.bis.org/publ/bcbs262.htm)

The Basel Committee on Banking Supervision has today published its second report on the regulatory consistency of risk-weighted assets (RWAs) for market risk in the trading book. This study is a part of its wider Regulatory Consistency Assessment Programme (RCAP), which is intended to ensure consistent implementation of the Basel III framework.

Today's report, which follows up on an initial study conducted by the Committee that was published in January 2013, extended that earlier analysis to more representative and complex trading positions. Consistent with the findings in the January 2013 report, the results show significant variation in the outputs of market risk internal models used to calculate regulatory capital. In addition, the results show that variability typically increases for more complex trading positions. The analysis also re-confirms the finding that differences in modelling choices are a significant driver of variation in market risk RWAs across banks.

In terms of policy recommendations this study further supports reform areas identified in the earlier report and which are being addressed by the Committee's on-going reviews of the trading book framework and Pillar 3 requirements:

- (i) improving public disclosure and the collection of regulatory data to aid the understanding of market risk RWAs;

- (ii) narrowing the range of modelling choices for banks; and
- (iii) further harmonising supervisory practices with regard to model approvals.

### **Capital requirements for banks' equity investments in funds - final standard December 2013**

[www.bis.org/publ/bcbs266.htm](http://www.bis.org/publ/bcbs266.htm)

The Basel Committee on Banking Supervision has revised its policy framework for the prudential treatment of banks' investments in the equity of funds that are held in the banking book. The revised policy framework will take effect from 1 January 2017 and will apply to investments in all types of funds (eg hedge funds, managed funds, investment funds). The framework will be applicable to all banks, irrespective of whether they apply the Basel framework's Standardised Approach or an Internal Ratings-Based (IRB) approach for credit risk.

Basel II outlines the current policy framework for banks' equity investments in funds. The revised standard improves upon the framework by:

- taking account of a fund's leverage when determining risk-based capital requirements associated with banks' investments in a fund;
- clarifying the application of the IRB approaches for credit risk; and
- more appropriately reflecting the risk of a fund's underlying investments, including the use of a 1,250% risk weight for situations in which there is not sufficient transparency regarding a fund's investment activities.

The revised framework is based on the general principle that banks should apply a look-through approach to identify the underlying assets whenever investing in funds. The Committee recognises that a full look-through approach may not always be feasible and that a staged approach based on different degrees of granularity of the look-through is warranted. The proposed risk-weighting framework therefore enables the application of a consistent risk-sensitive capital framework which provides incentives for improved risk management practices.

Following this principle, the framework includes three approaches for setting capital requirements for banks' equity investments in funds, which have varying degrees of risk sensitivity: the "look-through approach" (LTA), the "mandate-based approach" (MBA), and the "fall-back approach" (FBA). To ensure that banks have appropriate incentives to enhance their risk management of their investments, the degree of conservatism increases with each successive approach (as risk sensitivity decreases). This hierarchy of approaches was instituted to promote due diligence by banks and transparent reporting by the funds in which they invest.

The revised policy framework will also help to address risks associated with banks' interactions with shadow banking entities. The work of the Basel Committee therefore contributes to the broader effort by the Financial Stability Board to strengthen the oversight and regulation of shadow banking.

## **Committee on the Global Financial System**

### **Trade finance: developments and issues**

**January 2014**

[www.bis.org/publ/cgfs50.htm](http://www.bis.org/publ/cgfs50.htm)

This report - prepared by a Working Group chaired by John Clark (Federal Reserve Bank of New York) - examines the structure and recent evolution of the global trade finance market, and the interplay between changes in trade finance and international trade. In particular, it reviews the available data sources and what they reveal about the size and evolution of the market, sheds light on the performance and impact of trade finance during recent episodes of funding strains in global markets, and examines how ongoing structural changes may affect the market's future resilience.

In terms of financial stability risks, it concludes that losses on trade finance portfolios historically have been low. Moreover, given their short-term nature, banks have been able to quickly reduce their exposures in times of stress. However, this latter feature also introduces the possibility for trade finance to act as a conduit of stress from the financial system to the real economy, when banks run down trade finance books in response to funding and liquidity strains. As a result, policies that broadly address banking system capital and liquidity vulnerabilities and encourage vibrant competition are found to generally provide an effective means for avoiding or containing disruptions to trade finance flows - current regulatory efforts clearly work in this direction.

## Committee on Payment and Settlements Systems

### **Statistics on payment, clearing and settlement systems in the CPSS countries - Figures for 2012**

**December 2013**

[www.bis.org/publ/cpss116.htm](http://www.bis.org/publ/cpss116.htm)

This is an annual publication that provides data on payments and payment, clearing and settlement systems in the CPSS countries.

This version of the statistical update contains data for 2012 and earlier years. There are detailed tables for each individual country as well as a number of comparative tables.

A preliminary version was published in September 2013.

### **Assessment methodology for the oversight expectations applicable to critical service providers - consultative report**

**December 2013**

[www.bis.org/publ/cpss115.htm](http://www.bis.org/publ/cpss115.htm)

The Committee on Payment and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO) have published for public comment a consultative document on the *Assessment methodology for the oversight expectations applicable to critical service providers*.

The CPSS-IOSCO *Principles for financial market infrastructures*, published in April 2012, include an annex (Annex F) on the *Oversight expectations applicable to critical service providers*. The operational reliability of a financial market infrastructure (FMI) may be dependent on the continuous and adequate functioning of third-party service providers that are critical to an FMI's operations, such as information technology and messaging providers. Although an FMI remains ultimately responsible for its operational reliability, a regulator, supervisor or overseer of an FMI may use Annex F to establish expectations specifically targeted at critical service providers.

The consultative document establishes an assessment methodology and provides guidance for authorities in assessing an FMI's critical service providers against the oversight expectations in Annex F. This assessment methodology also provides guidance to critical service providers in complying with the oversight expectations.

Comments, in particular on the key questions in the assessment methodology, are invited from all interested parties. Please note that the oversight expectations themselves and their respective explanatory text just mirror the content of the Annex F of the Principles for financial market infrastructures and are therefore not subject to public consultation.