

## 2022 Triennial Central Bank Survey - Frequently Asked Questions

The 13th Triennial Survey of turnover in FX spot markets and FX and interest rate OTC derivatives markets will be conducted in April 2022. Data on the outstanding notional amounts and gross market values of FX, interest rate, equity, commodity, credit and other OTC derivatives contracts will be collected at end-June 2022 for markets worldwide.<sup>1</sup> The reporting guidelines and templates were posted on the BIS website in September 2021 ([Reporting guidelines for the BIS Triennial Central Bank Survey](#)). Annex in this document provides a short overview of the Triennial.

This document of Frequently Asked Questions (FAQs) provides further clarifications of the guidelines (also available in the link above). It includes replies that have been prepared by the BIS based on questions received from reporting national authorities. The BIS will continue to update this document as needed going forward. The FAQs are ordered based on the date each question reached the BIS. Reporting authorities are invited to send any additional questions that should be added to e-mail: [ibfs.derivatives@bis.org](mailto:ibfs.derivatives@bis.org).

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<sup>1</sup> Data for the largest OTC derivatives markets are collected semi-annually.

## Q1: What is the appropriate treatment of foreign branches of domestic banks in the lists of reporting dealers/participating institutions?

Foreign branches should be excluded from the list in the [turnover](#) part of the Survey but included in the [amounts outstanding](#) part of the Survey.

*Background:* For [turnover](#) part of the survey, the basis for reporting is the location of the “sales desk” of any transaction, even if deals entered into in different locations were booked in a central location. Thus, transactions conducted by offices located abroad should not be reported by the country of location of the head office but by that of the office abroad (insofar as the latter is a reporting institution in one of the other reporting countries).

In contrast to the turnover part, the [amounts outstanding](#) part of the survey should be collected on a consolidated basis. This means that data from all branches and (majority-owned) subsidiaries worldwide of a given institution must be added together and reported by the parent institution. Deals between affiliates (ie branches and subsidiaries) of the same institution must not be included. Rules regarding consolidation should as far as possible be consistent with the consolidated Basel Framework, taking into account national discretion.

## Q2: Are cryptocurrencies included in the Survey?

Cryptocurrencies are not included in the Survey.

*Background:* While recognizing that some accounting standards already recognize crypto-assets from the holder’s perspective ([Accounting by holders of crypto-assets \(Updated October 2021\) | EY - Global](#)), the current statistical recommendations treat cryptocurrencies as assets that do not give rise to a liability because there are no issuers of cryptocurrencies (unlike currencies issued by central banks). Furthermore, they are currently treated as nonfinancial assets. Additional information can be found in [Proceeding with caution - a survey on central bank digital currency \(bis.org\)](#) and [Treatment of Crypto Assets in Macroeconomic Statistics \(imf.org\)](#).

## Q3: What is the coverage of grand total in Table A5?

The grand total in Table A5 refers to item “total foreign exchange contracts” (cell AA136 in Table A3) minus item “other products” (cell AA133 in Table A3).

*Background:* [Table A5](#) covers [settlement of foreign exchange transactions](#). This table expands the 2019 requirement by adding columns for counterparty types (reporting dealers, other financial institutions, and non-financial institutions) and CLS eligible currency pairs. The item “other products” in Table A3 is the only item that contributes to total foreign exchange contracts that is not crossed with counterparty type and currency pair.

Reporting the item “other products” in the respective cells of Table A5 would increase the reporting burden. In addition, the same item in 2019 constituted a small fraction of daily average turnover of OTC foreign exchange contracts (ie see [Table 2.9](#) in *Global foreign exchange market turnover in 2019*). Thus, the additional burden would not necessarily increase the usefulness of Table A5.

#### Q4: Should reporting authorities produce national aggregates by simply aggregating the reporting dealers' data or should they also take care of adjustments for double reporting?

Reporting authorities should aggregate reporting dealers' data with no correction for local or cross-border double reporting. The BIS will adjust the aggregates for double reporting of interdealer turnover for both local and cross-border deals.

*Background:* The [2022 Guidelines](#) state *Each central bank or monetary authority aggregates the data from reporting dealers in its jurisdiction and transmits the aggregated data to the BIS.* The BIS deals with double counting in both local and cross-border deals, so reporting authorities do not need to do anything here. Reporting authorities should report a "gross-gross" measure (ie unadjusted for double counting) to the BIS. The BIS will correct for *local* dealer double counting (ie deals between reporting dealers located in the same reporting jurisdiction) to produce the "net-gross" measure that corresponds to the country's OTC derivatives market (ie [Table D11.2](#)). In addition, to be able to aggregate country data into global aggregates, the BIS adjusts for double counting in cross-border deals resulting in the "net-net" measure (ie [Table D11.1](#)).

#### Q5: How should compression trades be reported?

In the turnover part of the Triennial Survey, trades are to be reported on a pre-novation basis, while in the outstanding amounts part they should be reported on a post-novation basis. Compression-related trades (conducted bilaterally or multilaterally) that take place in April with any counterparty, including with central counterparties, should be reported in the main part of the turnover part of the survey in the usual way (eg by instrument, counterparty and currency, like any other trade) and additionally in the new item "o/w compression trades".

For example, if the initial trades took place before April 2022, they should not be reported in the April 2022 Survey. Only new compression-related trades that take place in April 2022 should be captured. If both the initial trade and related compression trades (that replace the original deals) take place in April 2022, all should be reported as defined above.

#### Q6: Do the turnover data include non-deliverable transactions?

All transactions in non-deliverable instruments should be included in the reported data.

*Background:* Reporting dealers [are requested to identify](#) how much of their turnover of outright forwards for selected currency pairs is attributable to non-deliverable forwards (NDF). The Survey collects separate turnover data on NDFs for currency pairs with significant turnover, as well as separate NDF data for the domestic currency, the USD, EUR, JPY and the grand total (ie item "o/w non-deliverable forwards" in tables A1-A3). Also, non-deliverable options should be reported under "options".

#### Q7: What is the impact of the Libor transition on the reporting?

Reporting dealers that provide data to national authorities are advised to report single-currency forward rate agreements (FRA) and interest rate swaps (IRS) using the new reference rates (ie overnight risk-free rates, RFRs) for CHF, GBP, JPY, and in addition EUR and USD, as overnight index swaps (OIS). IRS referencing term unsecured rates (such as Euribor, Tibor, ICE Bank Yield Index, The Bloomberg Short Term Bank Yield Index (BSBY), Ameribor or any other forward-looking credit sensitive benchmark) should still be reported as such. In amounts outstanding, the legacy FRA and IRS contracts

that originated before the shift to new reference rates (ie overnight RFRs) and affected thereby should be classified as OIS.

*Background:* The LIBOR reference rates in FRA and IRS transactions for some currencies have been or will be replaced by “backward-looking” compound rates based on short-term risk-free rates (eg for the case of CHF, by SARON). According to the [FSB Statement to Support Preparations for LIBOR Cessation](#), banks should have prepared for the cessation of all GBP, EUR, CHF and JPY LIBOR panels and the 1-week and 2-month USD LIBOR settings, and should stop entering into new contracts that use USD LIBOR from the end of 2021 (the continuation of some key USD LIBOR tenors through to 30 June 2023 is intended to allow legacy contracts to mature).<sup>2</sup> Specifically for EUR, contracts based on Euribor should not be affected (because we are not aware of any plan for its discontinuation).

The impact of this is already evident in publicly available data on derivatives markets. [Deciphering the end of LIBOR in the data | \(clarusft.com\)](#) shows that both FRA and IRS declined significantly in December 2021 for CHF, GBP and JPY. Also, contracts in [exchange-traded futures and options](#) already reference the new rates for CHF, GBP and JPY.

The following is expected in the April 2022 turnover data:

- There should be no significant FRA turnover for CHF, GBP and JPY.
- There should be no significant IRS turnover for CHF, GBP and JPY. Most should be replaced by OIS.
- There should be lower FRA and IRS turnover for USD, since some may be replaced by OIS.
- Cross-currency swaps should not be affected.

The following is expected in the June 2022 amounts outstanding data, where some legacy contracts may still be active until end-June 2022:

- FRA should not be significant anymore for CHF, GBP and JPY.
- IRS (collected in a single aggregate) may increase if new OIS partially replace FRA.

## Q8: How do settlement days impact the maturity classification of same day, spot, and FX forward instruments?

Cash/same day transactions should be reported under spot. Settlement for spot is normally up to 2 trading days. FX forwards have longer settlement periods.

*Background:* The Guidelines currently define that cash/same day transactions should be reported under spot (with T+0 (same day) and T+1 (next day) settlement).<sup>3</sup> Spot also includes T+2 working days settlement. The EU Commission [REGULATION \(EU\) 2017/565](#) states that the settlement period for a spot contract is generally accepted in most main currencies as taking place within 2 days or less, but where this is not market practice it is necessary to make provisions to allow settlement to take place in accordance with normal market practice. Market practices differ in some cases for contracts with a settlement date between 3 and 7 trading days in national laws defining the FX derivatives and spot trades. In the Triennial Survey, these contracts should be reported as FX forwards and not as spot.

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<sup>2</sup> Also, see [CCPs to review conversion blueprint ahead of SOFR switch - Risk.net](#).

<sup>3</sup> Cash sale/settlement trades are those in which a contract is settled on the same day as the trade date, or the next day (if the trade occurs after certain defined time of a day).

### Q9: Should the reported data include the local inter-desk deals in the related-parties category?

Related-party [trades between desks and offices](#) should be reported regardless of whether the counterparty is resident in the same country as the reporting dealer or in another country. These trades should be reported by both reporting entities and the BIS will take care of double-reporting.

### Q10: Should both the Turnover and Outstanding amounts survey include silver and other metals?

[Gold](#) and [other precious metals](#) are *included* in amounts outstanding (separately, as defined on page 5 and page 6 of the Outstanding Amounts Guidelines), but *excluded* from [turnover](#). Please note that in table O3 of the outstanding amounts template there is a separate column for precious metals other than gold (column K).

### Q11: What should be reported as the internalization ratio if reporting dealers do not offset risk arising from client transactions against risk arising from transactions with other clients?

The internalization ratio should be 0 in that case.

*Background:* Only volumes from principal e-trading desks that assume risk on their own books should be included. Customer spot turnover hedged on external markets (numerator) is defined as passive or aggressive trading on anonymous CLOBs or other explicit hedging of risk with internal or external counterparties. Total customer spot turnover (denominator) is defined as passive trading executed via platforms where the identity of the counterparty is disclosed pre-trade either by name or by a tag enabling the dealer to recognise a future quote from the same counterparty. The Guidelines provide [additional details](#) of what is included here.

### Q12: What should be included in the item “related party trades”?

[Transactions](#) conducted between desks and offices, with own branches or subsidiaries and between affiliated firms that are part of the same consolidated dealer that *do* involve a transfer of risk should be included in “related party trades”. Transactions conducted between two desks that are part of the same reporting dealer that do not involve a transfer of risk should be excluded. The footnote in the turnover template (version 1.5) has been updated accordingly. Related-party trades should be included regardless of whether the counterparty is resident in the same country as the reporting dealer or in another country.

### Q13: How should the location of a counterparty be determined?

The turnover survey is on a locational basis. The distinction between local and cross-border transactions should be determined according to the residence of the counterparty and not the nationality (ie ownership) of the counterparty. Thus, transactions with any foreign-owned entity located in the reporting country should be classified as local transactions. Similarly, transactions with any domestically-owned entity located outside the reporting country should be classified as a cross-border transaction.

## Annex: 2022 Triennial, overview

For the 2022 Triennial Survey, turnover data will be collected in April 2022 and aggregates reported to the BIS by mid-July. Outstanding amounts will be collected in June 2022 and aggregates reported to the BIS by end-September. More than 1,200 financial institutions in more than 50 reporting jurisdictions will contribute to the 2022 Triennial Survey.

*Reporting authorities and participating institutions:* Reporting authorities survey financial institutions in their jurisdictions and submit national aggregates to the BIS, which will calculate and publish global totals for both turnover and amounts outstanding, and national aggregates for turnover. To help control for double reporting of deals between reporting dealers, each authority has submitted the list of participating reporting dealers to the BIS which are then consolidated and shared as a global list with all participating authorities (via [eBIS](#)), for use by participating reporting dealers.

*Turnover data:* Data are collected on a sales desk basis. This enables estimation of turnover in national OTC derivatives markets for each reporting jurisdiction. In the 2022 Survey, separate aggregates for non-market facing trades (back-to-back and compression trades) have been introduced, and the data fields for FX settlement risk have been expanded. The [Turnover guidelines](#) provide detailed descriptions of the reporting requirements in [section A](#) and [section B](#), and details about the reporting template in [section C](#). As in previous Surveys, turnover in FX and turnover in interest rate derivatives are collected in separate reporting tables.

*Amounts outstanding:* OTC derivatives outstanding are collected on a consolidated basis. National aggregates are used in estimation of global amounts outstanding. To generate global aggregates, the BIS combines data from regular semiannual reports on OTC derivatives outstanding provided by a selection of jurisdictions with data submitted as part of the Triennial Survey for non-regular reporters. The [Amounts outstanding guidelines](#) provide detailed descriptions of the reporting requirements in [section A](#) and [section B](#), and details about the reporting template in [section C](#).

*National aggregates:* In turnover, the aggregation process starts with the reported data (gross-gross measure). The reported data are cleaned for local market double reporting (net-gross) and in the next step the amounts for global aggregations are calculated (net-net). Reporting authorities should provide only the gross-gross measure to the BIS, with no correction for double counting. The BIS will correct the amounts outstanding for double reporting of deals.

*Data dissemination:* The BIS will publish preliminary results for turnover in September 2022, and for amounts outstanding in November 2022. The final results will be published in December 2022.