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### Instructions for the

# Central Bank Survey of Foreign Exchange and Derivatives Market Activity

# Turnover Survey
# April 2022

## FR 3036
## OMB No. 7100-0285

This report is authorized by law [12 U.S.C. §§ 225a and 263]. Your voluntary cooperation in submitting this report is needed to make the results comprehensive, accurate and timely. The Federal Reserve may not conduct or sponsor, and an organization is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Individual firm information collected on the FR 3036 is considered confidential to the extent it constitutes nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent. Therefore, this information may be kept confidential under exemption 4 of the Freedom of Information Act, which exempts “trade secrets and commercial or financial information obtained from a person and privileged or confidential.” [5 U.S.C. §552(b)(4)]. If it should be determined that any information collected on this form must be released, other than in the aggregate in ways that will not reveal the amounts reported by any one institution, respondents will be notified.

Public reporting burden for this collection of information is estimated to be 65 hours per response, including time to gather and maintain data in the proper form, to review instructions and to complete the information collection. Send comments regarding this burden estimate to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project, (7100-0285), Washington, DC 20503.

## Introduction

These instructions cover the *turnover* part of the survey. The *turnover* part of the survey will be conducted on a *locational* basis. Turnover data should be collected over the entire month of April 2022. The data should reflect all transactions entered into during the month, regardless of whether delivery or settlement is made during that month.

In order to limit the reporting burden, the *turnover* part of the survey only covers spot transactions and turnover in OTC foreign exchange and interest rate derivatives. No data are collected on turnover of exchange-traded derivative instruments.

The Federal Reserve System treats information provided by each respondent as confidential. Aggregate totals will be published by the Federal Reserve Bank of New York and the Bank for International Settlements.

## Reporting Deadline

The survey should be submitted to the Federal Reserve Bank of New York by June 15, 2022 using the Reporting Central application. Additional information on Reporting Central can be found here:

https://www.frbservices.org/central-bank/reporting-central/index.html

A reporting dealer should contact the Federal Reserve Bank of New York if it believes it may not be able to submit the survey electronically.

## Reporters

Reporting dealers are financial institutions that actively participate in local and global foreign exchange and derivatives markets. These entities (1) participate in the interdealer market or (2) actively conduct business with large customers, such as large corporate firms, and other financial institutions. That is, reporting dealers are institutions that are actively buying and selling currency and entering into OTC derivatives for their own account or in meeting customer demand. Reporting dealers also include the U.S. branches and subsidiaries of foreign institutions that have trading desks or sales desks in the United States.

## A. The Main Survey

### 1. Counterparties

Reporting dealers should provide for each instrument in the foreign exchange and interest rate derivatives categories a breakdown of contracts by counterparty as follows: reporting dealers, other financial institutions, and non-financial customers.

For these three basic counterparty categories, reporting dealers should also provide separate information on local and cross-border transactions. The determination of local and cross-border should be determined according to the location of the counterparty and not its nationality. Local transactions are transactions with counterparties resident in the U.S. Cross-border transactions are with counterparties outside of the U.S.

In addition, the counterparty category “other financial institutions” is further broken down into five subcategories in the counterparty breakdown. This additional breakdown is only used in the foreign exchange part of the survey (Tables A1 to A6; a simplified breakdown to distinguish between reporting dealers, other financial institutions and non-financial customers is used in the new Table A7). It categorises counterparties by their primary business activity or their primary motives for trading in foreign exchange markets.

As some counterparties may potentially fall into more than one category, some judgement may be required on the part of reporting dealers to assign a specific counterparty to a category that best fits this entity. The primary business activity of the counterparty should serve as the criterion.

Transactions conducted under prime brokerage arrangements should be reported by the executing dealer with the prime broker as the counterparty (not the customer of the prime broker). The executing dealer should classify the prime broker as "reporting dealer" or "other financial institution" as appropriate. Similarly, the prime broker, if a reporting dealer, should report two trades, one for the executing dealer and a second trade for the customer.

**Counterparty Categories, Subcategories and Definitions**

- Reporting dealers[1]

Reporting dealers are institutions throughout the world that are submitting this report to their local central bank.

These are mainly large commercial and investment banks and securities houses that (i) participate in the inter-dealer market and/or (ii) have an active business with large customers, such as large corporate firms, governments and non-reporting financial institutions; in other words, reporting dealers are institutions that are actively buying and selling currency and OTC derivatives both for their own account and/or in meeting customer demand.

In practice, reporting dealers are often those institutions that actively or regularly deal through electronic platforms, such as EBS or Refinitiv dealing facilities.

This category also includes the branches and subsidiaries of institutions operating in multiple locations that do not have a trading desk but do have a sales desk in those locations that conduct active business with large customers.

In order to allow the accurate elimination of double counting of inter-reporter transactions, reporting institutions should identify transactions with "reporting dealers" to the best of their ability.

A list of reporting dealers is available at

https://www.newyorkfed.org/fxc/volumesurvey/dealers.html

- Other financial institutions

This category covers the financial institutions that are not classified as *reporting dealers*. These are typically regarded as end users in foreign exchange and interest rate derivatives markets. It covers all non-reporting depository institutions and other financial institutions and intermediaries whose primary business is to extend credit for business purposes or for financing personal expenditures, such as investment banks and securities firms, mutual funds, pension funds, hedge funds, currency funds, money market funds, thrifts, leasing companies, insurance companies, and financial subsidiaries of non-financial companies. It also includes central banks. For foreign exchange turnover only, Other financial institutions is further broken down into five reportable sub-categories:

  - *Of which non-reporting banks* Smaller or regional commercial banks, publicly owned banks, securities firms or investment banks that are not directly participating as reporting dealers.

  - *Of which institutional investors* Institutional investors such as mutual funds, pension funds, insurance and reinsurance companies and endowments. Their primary motives for market participation are to trade FX instruments e.g., for hedging, investing and risk management purposes. A common label for this counterparty category is "real money investors".

[1] This definition differs from that used for the amounts outstanding part of the survey where "reporting dealers" refers only to institutions whose head office participates in the BIS's semiannual OTC derivatives statistics and is located in one of the reporting countries. For details, please refer to *the* *Reporting Guidelines for amounts outstanding for non-regular reporting institutions.*

- *Of which hedge funds and proprietary trading firms* (a) Investment funds and various types of money managers, including commodity trading advisers (CTAs) which share (a combination of) the following characteristics: they often follow a relatively broad range of investment strategies that are not subject to borrowing and leverage restrictions, with many of them using high levels of leverage; they often have a different regulatory mandate than “institutional investors” and typically cater to sophisticated investors such as high net worth individuals or institutions; and they often hold long and short positions in various markets, asset classes and instruments, with frequent use of derivatives for speculative purposes. (b) Proprietary trading firms that invest, hedge or speculate for their own account. This category may include, for example, specialised “high frequency trading” (HFT) firms that employ high-speed algorithmic trading strategies characterised by numerous frequent trades and very short holding periods. In addition, this category may include PTFs that employ their technology for the purpose of electronic market-making (see also Section 8.4).

- *Of which official sector financial institutions* Central banks, sovereign wealth funds, international financial institutions of the public sector (BIS, IMF, etc.), development banks and agencies (e.g., national debt management agencies or national development funds/agencies).

- *Of which other* All remaining financial institutions (e.g., retail-aggregators or central counterparties[2]) that cannot be classified as any of the sub-categories above.

- *undistributed* captures the amount of "other financial institutions" turnover that fails to be allocated into one of the sub-categories above.

- Non-financial customers

This category covers any counterparty other than those describe above, i.e., mainly non-financial *end-users,* such as corporate and non-financial government entities.

## 2. Definition of Turnover Data

To gauge the size of the foreign exchange and OTC derivatives markets, the survey collects turnover data for both proprietary and commissioned business of the reporting institution. Commissioned business refers to reporting institutions’ transactions as a result of deals as an agent or trustee in their own name, but on behalf of third parties.

Turnover is defined as the gross value of all new deals entered into during a given period and is measured in terms of the notional amount of the contracts. In addition to spot foreign exchange transactions, turnover data are requested for foreign exchange and interest rate derivatives.

No distinction should be made between sales and purchases (for example, a purchase of $5 million against sterling and a sale of $7 million against sterling would amount to a gross turnover of $12 million). Direct cross-currency transactions should be counted as single transactions; however, cross-currency transactions passing through a vehicle currency should be recorded as two separate deals against the vehicle currency (for example, if a bank sells Swiss francs $5 million against euro first and then uses the euro to purchase krona, the reported turnover should be $10 million). The gross amount of each transaction should be recorded once and netting arrangements and offsets should be ignored. In this context, reporting institutions are reminded that CLS pay-in data is on a net basis, and so should not be used as a source for completing the survey, which is on a gross basis.

For turnover of transactions with variable nominal or notional principal amounts, the basis for reporting should be the nominal or notional principal amounts on the transaction date.

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[2] A portion of total turnover that relates to compression trades (as described in Section 8.3) is also captured in the sector breakdown under the respective instrument.

Turnover data should be collected over a one-month period in order to reduce the likelihood of very short-term variations in activity distorting the data. The data collected for the survey should reflect all transactions entered into during the calendar month of April 2022, regardless of whether delivery or settlement is made during that month.

### 2.1 Sales desk basis

For turnover data, the basis for reporting any trade should be the location of the *sales desk* of any transaction, even if the trade was booked in another location. Transactions conducted by offices located in the United States should be reported to the Federal Reserve Bank of New York, even if these trades were booked at an office in another country. Where no sales desk is involved in a deal, the *trading desk* should be used to determine the location of deals. (Please see the list of illustrative examples of how to report trades by location of deals in Annex 1)

**Large financial groups operating in a range of centers should ensure that the agreed definitions of the guidelines are followed, as consistently as possible, by all their reporting units. The guiding principle should be that each trade is reported once.**

### 2.2 Novation and Central Clearing

OTC derivatives transactions that are centrally cleared via central counterparties (CCPs) should be reported on a pre-novation basis in the turnover part of the survey (i.e., with the original execution counterpart as counterparty). Any post-trade transaction records that arise from central clearing via CCPs (e.g., through novation) should not be reported as additional transactions[3].

However, compression trades with CCPs that are done to reduce the size of the outstanding amounts with the CCP and that are not tied specifically to any one (or particular group of) novated trade(s) should be included in the reported turnover figures. See Section 8.3.

### 2.3 Cancelled Contracts[4]

The actual turnover of all new contracts initiated during the period of review, which are not cancelled during this period, should be reported. In case of cancellation during the period of review, for example if the original deal is incorrect, the transaction should be excluded from reporting unless it is rebooked during the period of review. In this case, the specifications of the new transaction should be used for reporting.

## 3. Risk Categories

The survey collects data on foreign exchange transactions and OTC derivative products according to the following broad market classification:

- foreign exchange contracts (Tables A1 to A6)
- single-currency interest rate derivatives (Tables B1 and B2)

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[3] For example, if a reporting dealer executed a non-deliverable forward (NDF) contract with a hedge fund and the contract was post-trade transferred to a CCP for central clearing, the reporting dealer should report only the turnover associated with that NDF contract with the hedge fund as counterparty. The post-novation contract with the CCP should not be reported as additional turnover. Please note that the treatment of centrally cleared OTC derivatives transactions in the turnover part of the survey is different from that in the amount outstanding part.

[4] The fact that one of the counterparties to a contract is entering an offsetting contract for terminating the original position does not impact the reporting of the original contract. Both the original contract and the new mirror contract should be reported (sometimes called rollback contracts). Similarly the fact that the counterparties to a contract agree in the settlement process to roll the proceeds to a future date (entering a new contract) does not impact the reporting of the original contract. Both the original contract and the new contract should be reported.

*Foreign exchange contracts.* Foreign exchange contracts cover spot, outright forwards, foreign exchange swaps, currency swaps, currency options and other foreign exchange instrument transactions with exposure to more than one currency. (see Section 5.1).

*Single-currency interest rate derivatives.* Interest rate contracts are contracts related to an interest-bearing financial instrument whose cash flows are determined by referencing interest rates or another interest rate contract (e.g., an option on a futures contract to purchase a Treasury bill) (see Section 5.2). Interest rate contracts include forward rate agreements, single-currency interest rate swaps and interest rate options, including caps, floors, collars, and corridors.

This category includes only those deals where all the legs are exposed to only one currency's interest rate. Thus it excludes contracts involving the exchange of currencies (e.g., cross-currency swaps and currency options) and other contracts whose predominant risk characteristic is foreign exchange risk, which are to be reported as foreign exchange contracts.

### 3.1 Categorization of derivatives involving more than one risk category

Individual derivatives transactions are to be categorised into two risk classes: *foreign exchange* and *single-currency interest rate*. In practice, however, individual derivatives transactions may straddle risk categories. In such cases, transactions that are simple combinations of exposures should be reported separately in terms of their individual components, as explained in Section 5 below. Transactions that cannot be readily broken down into separable risk components should be reported in only one risk category, the category of the predominant risk. The allocation of such products with multiple exposures should be determined by the underlying risk component that is most significant. However, if, for practical reasons, reporting institutions are in doubt about the correct classification of multi-exposure derivatives, they should allocate the deals according to the following order of precedence:

- *Foreign exchange.* This category will include all derivatives transactions with exposure to more than one currency, be it in interest or exchange rates.
- *Single-currency interest rate contracts.* This category will include derivatives transactions in which there is exposure to only one currency's interest rate. This category should include all fixed and/or floating single-currency interest rate contracts, including forwards, swaps and options.

## 4. 4. **Overview of Breakdowns**

### 4.1 Foreign Exchange

The part of the survey on foreign exchange turnover covers a number of breakdowns:

- *By instrument*. Five basic types – spot, outright forwards, foreign exchange swaps, currency swaps and OTC options – plus other products (see Section 5.1 for detailed definitions). Furthermore, reporting dealers are requested to identify how much of their "outright forwards" turnover for selected currency pairs is attributed to non-deliverable forwards (NDFs).
- *By counterparty*. Three basic categories: reporting dealers, other financial institutions and non-financial customers. In addition, the category "other financial institutions" is further broken down into five subcategories (see Section 1).
- *By currency and currency pair*. There are explicit columns in the form for 40 currencies and 47 currency pairs. Turnover in currency pairs that are not explicitly listed is recorded in aggregate in the "Other" and "Residual" columns (see Section 6 for details).
- *By maturity*. There are six maturity categories for outright forwards and foreign exchange swaps: one day, over one day and up to seven days, over seven days and up to one month, over one month and up to three months, over three months and up to six months, over six months. The category "one day" includes overnight (see Section 7).
- *Specific trading relationships*. Reporting dealers are requested to:
    - Identify how much of their *Grand total foreign exchange turnover* is attributed to related-party trades (see Section 8.1).
    - Identify for each *instrument* how much of the total turnover is attributed to (i) back-to-back trades (see Section 8.2) and to (ii) compression trades (see Section 8.3);

- Identify for each *instrument and currency pair* how much of the total turnover is attributed to (i) transactions conducted in a foreign exchange prime brokerage relationship (with the reporting dealer in the role of FX prime broker – see Section 8.4); and (ii) transactions that are directly or indirectly generated by retail investors (see Section 8.5);

- *By FX settlement.* For the selected counterparty sectors, total turnover and turnover in CLS currency pairs are requested, now broken down by the number of payments (one, two or four). As before, turnover settled with at least two payments is corrected for bilateral netting, and the resulting gross value of payable settlement obligations is broken down into settled without settlement risk and settled through a system not offering payment versus payment (see Section 9 for details).

- *By execution method.* There are four basic categories: voice-direct, voice-indirect, electronic-direct and electronic-indirect. The two "electronic" categories are further broken down into specific types of electronic trading platforms similar to those already in existence at the time of the previous surveys (see Section 10 for details).

### 4.2 Single Currency Interest Rate Derivatives

The single-currency interest rate derivatives turnover part has the following breakdowns:

- *By instrument*. Three basic types – forward rate agreements, swaps and OTC options – plus other products (see Section 6.2 for detailed definitions).

- *By counterparty*. Three basic categories: reporting dealers, other financial institutions and non-financial customers. The more detailed new breakdowns for "other financial institutions" are not used here.

- *By currency*. There are explicit columns for instruments in 40 currencies. Turnover for instruments in currencies that are not explicitly listed is recorded in aggregate in the "Other" column.

- *Specific trading relationships*. Reporting dealers are requested to identify how much of their *grand total* single-currency interest rate derivatives turnover is attributed to (i) related-party trades (see Section 8.1), (ii) back-to-back trades (see Section 8.2) and (iii) compression trades (see Section 8.3).

## 5. Instrument Definitions and Categorization

### 5.1 Foreign Exchange Transactions

The instruments covered in the foreign exchange turnover part of the survey are defined and categorised as follows:

*Spot transactions.* Spot transactions are single outright transactions involving the exchange of two currencies at a rate agreed on the date of the contract for value or delivery (cash settlement) within two business days. The spot legs of swaps should not be reported even when they are due for settlement within two days (i.e., spot transactions should exclude overnight swaps and "tomorrow/next day" transactions). Cash/same day transactions[5] should be reported under spot.

*Outright Forwards.* Transactions involving the exchange of two currencies at a rate agreed on the date of the contract for value or delivery (cash settlement) at some time in the future (more than two business days later). This category also includes forward foreign exchange agreement transactions (FXAs), NDFs and other forward contracts for differences. Forward contracts are generally not traded on organised exchanges and their contractual terms are not standardised. Transactions where only the difference between the contracted forward outright rate and the prevailing spot rate is settled at maturity, such as non-deliverable forwards (i.e., forwards which do not require physical delivery of a non-convertible currency) and other contracts for differences, should be reported. In addition, reporting dealers should

[5] Spot transactions with same day settlement (T+0 settlement).

report non-deliverable forwards (NDF[6]) under *Of which non-deliverable forwards*, to show volumes for six emerging market currency pairs with significant NDF volumes: USD/BRL, USD/CNY, USD/INR, USD/KRW, USD/RUB and USD/TWD. The NDF turnover of other less well-traded pairs will also be captured but in aggregate only.

*Foreign Exchange Swaps:* Transactions involving the actual exchange of two currencies (principal amount only) on a specific date at a rate agreed at the time of the conclusion of the contract (the short leg), and a reverse exchange of the same two currencies at a date further in the future at a rate. FX swaps include “spot/forward swaps” and “forward/forward swaps” but also short-term swaps such as “overnight swaps”, “spot next swaps” and other “tomorrow/next day” transactions.

In the turnover part of the survey, any FX swaps should be reported only once. The basis for reporting should be the forward leg of the swap. The spot leg should not be reported, either as spot or as foreign exchange swap transactions.

In/out swaps between CLS members should be excluded[7].

*Currency Swaps:* Contracts which commit two counterparties to exchange streams of interest payments in different currencies for an agreed period of time and/or to exchange principal amounts in different currencies at a pre agreed exchange rate at maturity.

*OTC options.* Option contracts convey either the right or the obligation, depending upon whether the reporting institution is the purchaser or the writer, respectively, to buy or sell a financial instrument or commodity at a specified price up to a specified future date. OTC option contracts include all option contracts not traded on an organized exchange. Swaptions, which are options to enter into a swap contract, caps, floors, collars, corridors and other plain vanilla contracts should be reported as options. Options such as call feature embedded in loans, securities and other on-balance-sheet assets do not fall within the scope of this survey and are therefore *not* to be reported unless they are a derivative instrument that must be treated separately under U.S. GAAP

Report both sold and bought options on a combined basis. Sold options are OTC options contracts in which the reporter has, for compensation (such as a fee or premium), obligated itself to either purchase or sell financial instruments or commodities. Also include turnover for written caps, floors and swaptions and for the *written portion only* of collars and corridors. Bought options are OTC option contracts in which the reporter has, for a fee or premium, acquired the right to either purchase or sell financial instruments or commodities. Also include turnover for purchased caps, floors and swaptions and for the *purchased portion only* of collars and corridors.

*Other products.* Other derivative products are instruments where decomposition into individual plain vanilla instruments such as forwards, swaps or options is impractical. Examples of "other" products are swaps with underlying notional principal in one currency and fixed or floating interest rate payments based on interest rates in currencies other than the notional (differential swaps or diff swaps).

### 5.2 Single-currency interest rate derivatives

*Forward rate agreements (FRAs):* Interest rate forward contracts in which the rate to be paid or received on a specific obligation for a set period of time, beginning at some time in the future, is determined at contract initiation.

*Overnight indexed swaps (OIS):* Contracts to exchange periodic payments related to interest rates on a single currency, fixed for floating where the periodic floating payment is based on a designated overnight rate or overnight index rate.

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[6] NDFs differ from deliverable forwards in that there is no physical delivery of the two underlying currencies at maturity. An NDF contract is settled in cash (very often in US dollars, or any other pre-agreed currency). The settlement amount is calculated based on the difference between the contracted NDF rate and the prevailing spot exchange rate at maturity (the fixing date), and the pre-agreed notional amount.

[7] So-called in/out swaps are used exclusively between CLS members in order to reduce pay-ins when settling FX transactions via the CLS system. As they are carried out only for liquidity management purposes in order to amend the settlement mechanism, their inclusion in the Triennial Survey would artificially boost the reported data and make any comparison with previous surveys difficult. These swaps should therefore be excluded from the reporting for the Triennial Survey.

*Other swaps:* Contracts to exchange periodic payments related to interest rates on a single currency; can be fixed for floating, or floating for floating based on different indices. This group excludes OIS. It includes those swaps whose notional principal is amortised according to a fixed schedule independent of interest rates.

*OTC Options:*

Option contracts that confer the right to pay or receive a specific interest rate on a predetermined principal for a set period of time.

OTC options include:

- Interest rate cap: OTC option that pays the difference between a floating interest rate and the cap rate.
- Interest rate floor: OTC option that pays the difference between the floor rate and a floating interest rate.
- Interest rate collar: combination of cap and floor.
- Interest rate corridor: (i) A combination of two caps, one purchased by a borrower at a set strike and the other sold by the borrower at a higher strike to, in effect, offset part of the premium of the first cap. (ii) A collar on a swap created with two swaptions – the structure and participation interval is determined by the strikes and types of the swaptions. (iii) A digital knockout option with two barriers bracketing the current level of a long-term interest rate.
- Interest rate swaption: OTC option to enter into an interest rate swap contract, purchasing the right to pay or receive a certain fixed rate.
- Interest rate warrant: OTC option; long-dated (over one year) interest rate option.
- Each portion of an option strategy should be reported separately.

*Other products:* “Other” derivative products are instruments where decomposition into individual plain vanilla instruments such as FRAs, swaps or options is impractical or impossible.

Examples of “other” products are instruments with leveraged payoffs and/or those whose notional principal varies as a function of interest rates, such as swaps based on Libor squared or index-amortising rate swaps. These include bond forwards.

Single-currency interest rate derivatives are in principle to be broken down into three types of plain vanilla instrument (FRA, swaps and options). Plain vanilla instruments are instruments traded in generally liquid markets according to more or less standardised contracts and market conventions. If a transaction comprises several plain vanilla components, each part should in principle be reported separately.

Non-plain vanilla products should in principle be separated into their plain vanilla components. If this is not feasible, then the OTC options section takes precedence in the instrument classification, so that any interest rate derivative product with an embedded option is reported as an OTC option. All other OTC interest rate derivative products are reported in the FRA or swaps section.

## 6. Currency Breakdowns

In order to obtain consistent data on *turnover* in principal currency segments of the foreign exchange market, reporting institutions are asked to report turnover data on foreign exchange contracts by currency pairs. Data should be provided separately for trading in the US dollar against the following individual currencies:

EUR: Euro
JPY: Japanese yen
GBP: Pound sterling
CHF: Swiss franc
CAD: Canadian dollar
AUD: Australian dollar
SEK: Swedish krona
BRL: Brazilian real

CNY: Chinese Yuan renminbi
HKD: Hong Kong dollar
INR: Indian rupee
KRW: Korean won
MXN: Mexican peso
NOK: Norwegian krone
NZD: New Zealand dollar
PLN: Polish Zloty
RUB: Russian ruble
SGD: Singapore dollar
TRY: Turkish lira
TWD: Taiwan dollar
ZAR: South African rand
Other currencies

Data should be provided separately for trading in the Euro against the following individual currencies:

JPY: Japanese yen
GBP: Pound sterling
CHF: Swiss franc
CAD: Canadian dollar
AUD: Australian dollar
SEK: Swedish krona
CNY: Chinese Yuan Renminbi
DKK: Danish Krone
HUF: Hungarian Forint
NOK: Norwegian Kroner
PLN: Polish Zloty
TRY: Turkish Lira
Other currencies

Data should be provided separately for trading in the Japanese yen against the following individual currencies:

AUD: Australian dollar
NZD: New Zealand dollar
BRL: Brazilian Real
CAD: Canadian Dollar
TRY: Turkish Lira
ZAR: South African Rand
Other currencies.

For emerging market currencies, reporters should provide supplementary information on total turnover for the following currencies, which also have to be included in the above columns for “other” currencies in the breakdown by currency pairs:

ARS: Argentine peso
CLP: Chilean peso
CZK: Czech koruna
DKK: Danish krone
HUF: Hungarian forint
IDR: Indonesian rupiah
ILS: Israeli new shekel
MXN: Mexican Peso
MYR: Malaysian ringgit
NOK: Norwegian krone
NZD: New Zealand dollar
PHP: Philippine peso
PLN: Polish Zloty
RUB: Russian ruble

SAR: Saudi riyal
SGD: Singapore dollar
THB: Thai baht
TRY: Turkish lira
TWD: new Taiwan dollar
Reporters should also report total turnover data in the additional blank columns provided on Tables A3 and A6 for other emerging market currencies included in the above columns for “other” and “residual” currencies but not individually listed on Tables A3 or A6, for which they have total monthly turnover of at least $10 million. Respondents should enter the appropriate 3-letter currency code in the space provided at the top of the column. Currencies to include are:

BHD: Bahraini dinar
BGN: Bulgarian lev
EEK: Estonian kroon
LTL: Lithuanian litas
LVL: Latvian lats
PEN: Peruvian nuevo sol
RON: Romanian new leu

For *turnover* of single-currency interest rate contracts, include:

USD, EUR, JPY, GBP, CHF, CAD, AUD, CNY, DKK, HKD, MXN, NOK, NZD, SEK, SGD, THB, and ZAR.

## 7. Maturities

In the turnover part of the survey, transactions in outright forwards and foreign exchange swaps should be reported according to the following (original) maturity categories:

- One day
- Over one day and up to seven days
- over seven calendar days and up to one month
- over one month and up to three months
- over three months and up to six months
- over six months.

For *outright forward contracts*, the maturity band for the transaction is determined by the difference between the delivery date and the spot date[8].

For both *spot/forward* and *forward/forward foreign exchange swaps*, the maturity band for the contract is determined by the difference between the due date of the long leg of the swap and the due date of the short leg. A forward/forward swap should only be reported once as one single deal[9].

Maturities should be measured in calendar terms, i.e. seven day maturity means a calendar week and not seven business days.

The only exception to this is for the maturity category “one day”, which includes transactions like FX swaps for which the maturity determined as the difference between the due date of the short leg and the due date of the long leg is one business day: overnight (O/N), tomorrow next (T/N) and spot next (S/N) trades, even

[8] Typically two business days after the date of the initiation of the contract.

[9] If the delivery date falls on a non-business day, these extra days are not to be counted when allocating the trade to a maturity category. For example, a one-month contract whose delivery falls on a public holiday and is thus shifted to the next day (which is a business day) is not to be counted as one month plus one day, but rather is to be reported in the “over seven days and up to one month” maturity category.

if their maturity measured in calendar days is longer than one day. All components that fit into this item should be reported as one aggregate.

The table below shows how transactions with standard maturities are assigned to their respective categories.

| Market convention | Maturity category in the BIS Survey |
|---|---|
| O/N – overnight | One day |
| T/N – tomorrow next | One day |
| S/N – spot next | One day |
| S/W – spot week | Over one day and up to seven days |
| 1W – 1 week | Over one day and up to seven days |
| 2W – 2 weeks | Over seven days and up to one month |
| 1M – 1 month | Over seven days and up to one month |
| 3M – 3 months | Over one month and up to three months |
| 6M – 6 months | Over three months and up to six months |
| 9M – 9 months | Over six months |
| 1Y – 1 year | Over six months |

The following examples illustrate how certain trades should be classified by maturities:

- Example 1: A reporting dealer on 7 April 2022 (Thursday) executes a tomorrow next (T/N) foreign exchange swap. The due date (settlement) of the short leg is one business day later, i.e., 8 April 2022 (Friday). The due date (settlement) of the long leg is on the next business day, i.e., 11 April 2022 (Monday). The maturity of this transaction, i.e., the difference between the due date of the long leg and the due date of the short leg, is one business day, and it should be reported in the "one day" category. This example assumes that neither 8 nor 11 April 2022 are holidays in the jurisdiction(s) where the dealer and counterparty are located.
- Example 2: A reporting dealer on 19 April 2022 (Tuesday) executes a spot week (S/W) foreign exchange swap. The due date (settlement) of the short leg is 2 business days later, i.e., 21 April 2022 (Thursday). The due date (settlement) of the long leg is one week (7 calendar days) later, i.e., 28 April 2022 (Thursday). The maturity of this transaction, i.e., the difference between the due date of the long leg and the due date of the short leg, is 7 calendar days, and it should be reported in the "over one day and up to seven days" category. This example assumes that neither 20, 21, nor 28 April 2022 are holidays in the jurisdiction(s) where the dealer and counterparty are located.
- Example 3: A reporting dealer on 1 April 2022 (Friday) executes a one month (1M) outright forward. The relevant spot date is two business days later, i.e., 5 April 2022 (Tuesday). The delivery date (settlement) of the transaction is one month later, i.e., 5 May 2022 (Thursday). The maturity of this transaction, i.e., the difference between the delivery date and the spot date, is one month, and it should be reported in the "over seven days and up to one month" category. This example assumes that neither 4 April, 5 April, nor 5 May 2022 are holidays in the jurisdiction(s) where the dealer and counterparty are located.

## 8. Specific Trading Relationships

### 8.1 Related Party Trades

Reporting institutions should include “related-party” trades between desks and offices, and trades with their own branches and subsidiaries and between affiliated firms, in their reported aggregates, and identify them as a separate “of which” memorandum item, under related party trades. These trades should be included regardless of whether the counterparty is resident in the same country as the reporting dealer or in another country.

The reported trades with own branches and subsidiaries and between affiliated firms should be allocated to the category of reporting dealers or other financial institutions depending on whether the counterparty is a reporting dealer or not, in the following way:

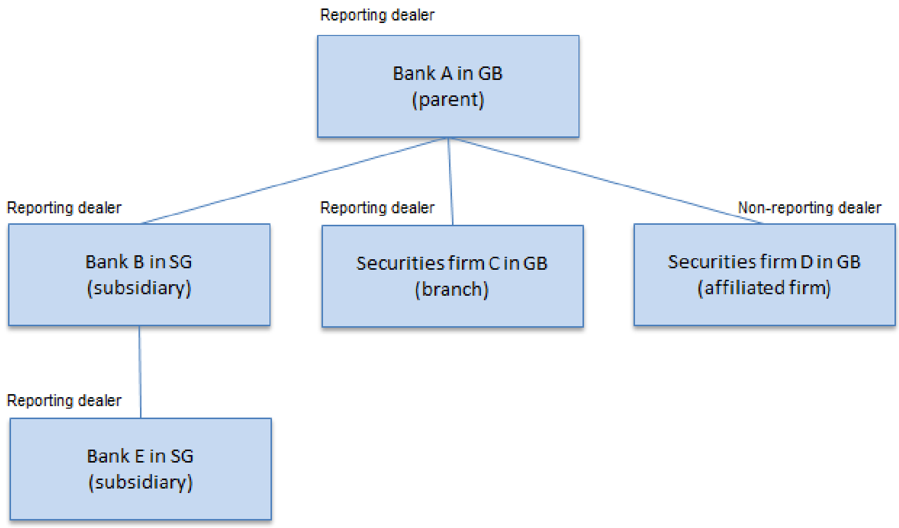
- in the event of, for example, an inter-desk deal within the same reporting entity, that trade should be recorded twice in the reporting dealer local category because the reporting dealer category will be automatically adjusted for double-counting by the BIS; or
- if, however, the trade was with an affiliate overseas, which is also a reporting entity in that second country, the two reporting dealers should both record the transaction once in the reporting dealer cross-border category.

### 8.2 Back-to-back trades

Back-to-back deals are linked deals where the liabilities, obligations and rights of the second deal are exactly the same as those of the original deal. They are normally conducted between affiliates of the same consolidated group to facilitate either internal risk management or internal bookkeeping (and, as such, also included in related-party trades). Back-to-back trades that involve other entities outside of the group should also be reported here, but not in related-party trades.[10]

The original transaction with the sales desk should always be reported in the usual way by instrument, currency and counterparty sector. The second transaction between the sales desk and affiliates that are part of the same consolidated group should only be reported if conducted to transfer risk from one affiliate to another (in the usual way and as a back-to-back trade). The second transaction should not be reported if there is no transfer of risk from the reporting dealer: for example, deals conducted within the reporting dealer (between desks of the same dealer) or deals conducted by the sales desk on behalf of another affiliate so that the risk is never recorded in the books of the reporting dealer.

This is illustrated through the below example of a consolidated group comprising five entities:




In this example, back-to-back deals should be reported in the following way:

[10] Note that the original contract that leads to back-to-back trades should *not* be included in back-to-back trades.

| Original deal | Back-to-back deal | Transactions to be reported |
|---|---|---|
| Bank B sells an option to a customer, where the sales desk at Bank B is conducting the transaction on behalf of Bank A. | Deal is recorded in the books of Bank A, e.g., because Bank B does not maintain an options book. | Original transaction by Bank B. Second transaction is not reported because there is no transfer of risk from one affiliate to another (no transaction is recorded in the books of Bank B). |
| Bank B sells an option to a customer. | Original deal is recorded in the books of Bank B. A second deal between Bank A and Bank B is conducted to transfer the risk from Bank B to Bank A. | Original transaction by Bank B. Second deal by both Bank A and Bank B. |
| Bank B sells an option to a customer. | Original deal is recorded in the books of Bank B. Second deal between the FX trading desk of Bank B and another trading desk of Bank B. | Original transaction by Bank B. Second transaction is not reported because there is no transfer of risk from Bank B. |
| Bank E sells an option to a customer. | Original transaction is recorded in the books of Bank E. Transaction between Bank E and Securities Firm D conducted to transfer the risk from Bank E to Firm D. | Original transaction by Bank E. Second transaction by only Bank E. Securities Firm D is not a reporting dealer. |

New items “o/w back-to-back trades” have been added under the TOTAL for each instrument in reporting Tables A2, A5, B1 and B2. For each instrument, values should be reported only in the column Grand Total. This will show the contribution of back-to-back trades to turnover in each FX and IRD instrument, but not for each counterparty sector or currency.

### *8.3 Compression trades*

Compression is a process of replacing multiple offsetting derivatives contracts with fewer deals of the same net risk to reduce the notional value of the portfolio. It can be carried out between two or more counterparties (bilateral and multilateral compression respectively).[11] Trades resulting from this process are called compression trades in the Guidelines.

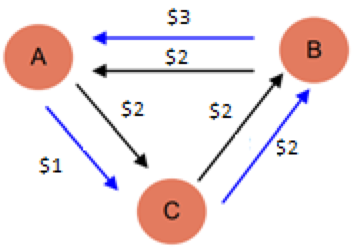
In the Triennial Survey, trades are to be reported on a pre-novation basis. Compression-related trades (conducted bilaterally or multilaterally) that take place in April with any counterparty, including with central counterparties, should be reported in the main part of the survey in the usual way (e.g.,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

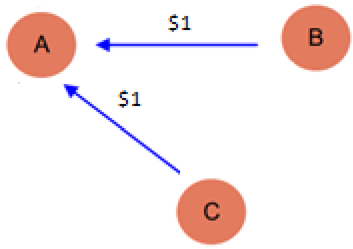
This is illustrated through the example below. On the left hand side, the first set of trades (black arrows: three trades) was conducted before April, and the second set (blue arrows: three trades) at the beginning of April.

**Before compression**

**After compression**

[11] These services are provided by eg. TriOptima and LCH SwapClear services.




During April, there were two additional trades arising from compression of the all outstanding deals (right hand side: two trades). The total turnover that needs to be captured in April is ($1+$2+$3)+($1+$1)=$8 million with $2 million also reported in the new item “o/w compression trades”.

The new item “o/w compression trades” has been added under the TOTAL for each derivatives instrument in reporting Tables A2, A5, B1 and B2. For each instrument, values should be reported only in the column Grand Total. This will show the contribution of compression trades to turnover in each FX and IRD instrument, but not for each counterparty sector or currency.

**8.4 FX Prime Brokerage**

Prime brokers are defined as institutions (usually large and highly-rated banks) facilitating trades for their clients (often institutional funds, hedge funds and other proprietary trading firms). Prime brokers enable their clients to conduct trades, subject to credit limits, with a group of predetermined third-party banks in the prime broker’s name. This may also involve granting the client access to electronic platforms that are traditionally available only to large dealers.[12]

In an FX prime brokerage relationship, the client trade is normally “given up” to the prime broker, which is interposed between the third-party bank and the client and therefore becomes the counterparty to both legs of the trade.

Reporting dealers that *have acted as FX prime brokers* are requested to report the transactions that *they have brokered* in two ways:

- in the usual manner, treating the two legs as two separate deals, allocating them by instrument, currency pair and counterparty; and
- under “o/w prime brokered to *non-bank electronic market-makers*” and “o/w prime brokered to other customers”, respectively, for each instrument and currency pair (both legs should be included here). The first item includes disclosed market making by principal trading firms (PTF), while the latter also includes deals prime brokered for anonymous PTF trading (see Section 8.4.1).

Those transactions that are *not prime-brokered* by reporting dealers only need to be reported once in the usual manner. This also means that reporting dealers that have not acted as FX prime brokers only need to allocate their trades in the usual manner, and never in the “of which” item.

### *8.4.1 Disclosed market-making by PTFs*

Disclosed market-making by PTFs is defined as a subset of PTF activity devoted to disclosed e-trading with customers, whereby the PTF is identified by name or by a tag to the price taker (e.g., via API or other electronic-direct methods, fully disclosed price streams on electronic communication networks (ECNs), or trading on venues allowing partitioning of liquidity via anonymous tags such as Currenex or Euronext FX) and assumes principle risk on at least part of their client trades. Examples of firms engaged, at least in part, in disclosed e-trading with customers include Citadel Securities, Jump Trading, XTX Markets and Global

[12] This way the client gains access to the tight bid-ask spreads and the deep liquidity of electronic trading platforms in the FX inter-dealer market (eg EBS or Refinitiv). The prime broker earns fees from this service to the client. Moreover, prime brokerage provides customers with anonymity.

Trading Systems. Note that this excludes PTF turnover executed on an anonymous basis (e.g., trading on central limit order book (CLOB) and pure high-frequency trading focused on latency arbitrage).

> *Example*: A hedge fund trades USD 100 million with a reporting dealer and the trade is "given up" to a prime broker that is also a reporting dealer. For the first leg, where both the prime broker and the counterparty dealer are reporting dealers, the USD 100 million transaction should be reported by both the prime broker and the counterparty dealer as a deal "with reporting dealers". For the second leg, where the counterparty is not a reporting dealer, the prime broker should report the USD 100 million transaction as a deal "with other financial institutions". In addition, the prime broker should report the two transactions or USD 200 million in the item "of which prime brokered".

### 8.5 Retail-Driven Transactions

Retail-driven transactions are those initiated by retail investors, where "retail investors" refers to private individuals executing, on their own behalf (i.e., not for any institution), speculative, leveraged and cash-settled foreign exchange transactions. Reporting dealers are requested to provide data on retail-driven transactions, for each instrument and currency pair.

- From a reporting dealer's point of view, electronically executed retail-driven transactions can be of two types: *Direct* transactions with private individuals ("non-wholesale" investors) executed online or initiated by other means (e.g., phone or email).[13] When private investors trade via electronic margin brokerage platforms operated by the reporting dealer, the direct counterparty of the reporting dealer is a natural person. Trades of this type are to be categorised as "with non-financial customers", and the turnover due to such trades should be reported in the "of which retail-driven" item.
- *Indirect* transactions via third-party platforms that cater to retail investors, such as electronic retail trading platforms and retail margin brokerage firms (wholesale financial counterparties). When retail investors trade FX instruments for speculative purposes via electronic platforms (e.g., Oanda, FXCM, Saxo, Gaitame.com or Gain Capital operating as "retail aggregators"[14]), the direct counterparty for the reporting dealer would typically be a wholesale financial institution. Trades of this type are to be categorised as "with other financial customers / other", and the amount should be specified in the "of which retail-driven" item.

The table below illustrates how to report direct and indirect electronically executed retail-driven transactions in the reporting template for the turnover part of the survey.

| | Direct transactions | Indirect transactions |
|---|---|---|
| Total | X | X |
| with reporting dealers | | X<br>(if retail broker/aggregator is reporting dealer) |
| with other financial institutions<br>non-reporting banks<br>institutional investors<br>hedge funds and proprietary trading firms<br>official sector financial institutions<br>others | | X<br>(if retail broker/aggregator is not reporting dealer)<br>+<br>in the relevant subcategory<br>(typically "others") |
| with non-financial customers | X | |

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[13] The "non-wholesale" transactions exclude branch retail spot transactions ("today" delivery date), transfers of funds denominated in different currencies across any two accounts, and electronic transactions using ATM, credit card, and stored value transactions that are executed in a foreign currency. They would also exclude transactions conducted by retail clients as part of a commercial transaction even if denominated in a foreign currency. These transactions are excluded for ease of reporting and because they are normally not associated with FX trading for investment/speculation purposes.

[14] Retail aggregators are wholesale financial firms that act as intermediaries, aggregating quotes from dealers and facilitating trades by retail investors by offering them trading through margin accounts.

| | | |
|---|---|---|
| o/w retail-driven | X | X |

## 9. Settlement of Foreign Exchange Transactions

More granularity in the information on FX settlement is being requested in the 2022 survey (Table A7).

For each category defined in the table below, the following is requested:

- Counterparty sector as defined in the table below
  - Reporting dealers.
  - Other financial institutions.
  - Non-financial customers – all other counterparties not included in reporting dealers or other financial institutions.
- Currency.
  - Total for all currencies combined – all trades that involve pairs of two CLS eligible currencies (e.g., EUR/USD), one CLS eligible currency and one CLS non-eligible currency (e.g., EUR/TRY), and two CLS non-eligible currencies (e.g., TRY/RON), separately for reporting dealers, other financial institutions and non-financial customers.
  - Of which CLS currency pairs – all trades that involve pairs of two CLS eligible currencies (e.g., /EUR/USD).[15]

Annex 2 provides simple examples of transactions that should be reported in Table A7.

**Settlement of FX transactions, definitions**

| Category | Definition |
|---|---|
| a) Total turnover | Gross turnover, as defined in the main survey, i.e., the gross value of all new deals entered into during April 2022, in terms of the nominal or notional amount of the contracts. This amount corresponds to the grand total for FX contracts reported in Table A3, and excludes in/out swaps between CLS members. |
| a1) Turnover to be settled with a single payment (i.e., non-deliverable) | The gross turnover of new deals reported under (a) that will be settled with a single payment from one counterparty to another (e.g., non-deliverable forwards). |
| a2) Turnover to be settled with two payments (i.e., spot and forwards) | The gross turnover of new deals reported under (a) that will be settled with two payments exchanged between counterparties (e.g., spot and forwards). |
| a3) Turnover to be settled with four payments (i.e., swaps) | The gross turnover of new deals reported under (a) that will be settled with four payments exchanged between counterparties (e.g., swaps). |
| b) Two sided turnover subject to netting (before netting) | The gross value of the turnover to be settled with at least two payments (total (a2) and (a3)) that is subject to bilateral or multilateral netting (including compression and through central clearing), before any netting takes place. |

[15] CLS provides a list of the central banks that have currencies eligible for CLS Settlement.

| | |
|---|---|
| b1) Net payable amount of two sided turnover subject to netting (after netting) | The settlement value of bilaterally netted contracts reported under (b) after netting has taken place. Transactions booked before April (e.g., in March) should be included when calculating the net payable amount if they have the same settlement date and payable currency. |
| c) Payment versus payment (PvP = c1 + c2 + c3) | The gross value of contracts settled without settlement risk. This can be achieved through having delivery and receipt of currencies across reporters' own accounts or through a system offering PvP risk management. |
| c1) Via CLS | The gross value of contracts settled in CLS (https://www.cls-group.com/). Note that this is not the net values, nor pay-in, pay-out values. |
| c2) Via other PvP or equivalent settlement methods | The gross value of contracts settled in PvP systems other than CLS (eg Hong Kong cross-currency RTGS systems, CCIL in India and others), or via another method with equivalent PvP protection (eg using the same third-party clearing bank as the reporting institution's counterparty where that clearing bank only transfers funds simultaneously). |
| c3) Via "same clearer" or "on-us" accounts without exposure to settlement risk | The gross value of contracts where delivery and receipt take place on accounts at the reporting institution using a settlement mechanism that eliminates settlement risk – these can be considered "on-us" transactions without exposure to settlement risk. "On-us" accounts without exposure to settlement risk include cases where the execution or authorisation of the relevant entry in the "on-us" account denominated in the currency being sold is *conditional* upon the execution or authorisation of the corresponding entry in the "on-us" account denominated in the currency being bought. For example, where the accounting entries for settling obligations in both currencies are either made simultaneously or there is certainty that they will be made within preauthorized credit lines.[16] |
| d) Non-PvP | The gross value of transactions settled through a system not offering PvP, either directly or via a correspondent. |
| d1) Via "same clearer" or "on-us" accounts with exposure to settlement risk | The gross value of contracts where execution or authorisation of the relevant entry in the "on-us" account denominated in the currency being sold is NOT *conditional* upon the execution or authorisation of the corresponding entry in the "on-us" account denominated in the currency being bought. For example, when final credit for the currency being sold is given without assurance that there will be covering balances or preauthorized credit lines that will cover the corresponding debit for the currency being bought.[17] |

### 10. Execution Methods

Table C2 collects additional information on the execution method in millions of US dollars (notional amounts) used to settle foreign exchange turnover transactions. The execution method has to be separately identified for foreign exchange spot, outright forwards, FX swaps, and options reported in Tables A1-A6. There are four basic categories: Voice-Direct, Voice-Indirect, Electronic-Direct, and Electronic-Indirect. The two "Electronic" categories are further broken down into specific types of electronic trading platforms: single-bank proprietary trading systems, other direct electronic means, anonymous venues, and disclosed venues.

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16 See *CPMI Progress Report in reducing foreign exchange settlement risk*, 2008.

17 Ibid.

| | |
|---|---|
| Voice-Direct | Trades originated in person, by phone, by telefax, or through general messaging systems (e.g., Outlook, Hotmail, Gmail, or Yahoo mail) regardless of how they are subsequently matched, not intermediated by a third party. |
| Voice–Indirect | Executed over the phone, intermediated by a third party (e.g., via a voice broker). |
| Electronic–Direct | Trades executed over an electronic trading system, not intermediated by a third party. These include transactions originated through specific messaging systems that are part of trading platforms. |
| *of which:* | |
| Single-bank proprietary trading system | Electronic trading systems owned and operated by a bank for both in-house use and other banks and non-bank clients on a "white label"/prime brokerage basis (e.g., Autobahn, BARX, Velocity, FX Trader Plus, UBS Neo etc). |
| Other | Other direct electronic systems For example, the client receives a dedicated price stream directly from the reporting dealer (direct API stream). (e.g., Bloomberg FXGO, Refinitiv Conversational Dealing Conversational Dealing, direct API price streams, etc). |
| Electronic–Indirect | Trades executed over an electronic medium, intermediated by a third party electronic platform (e.g., via a matching system). |
| *of which:* | |
| Anonymous Venues | Electronic trading platforms that have historically been geared towards the non-disclosed inter-dealer market; plus any other central limit order book (CLOB) venues that do not allow partitioning of liquidity via the use of customised tags (e.g., Refinitiv Matching, EBS Market, EBS Hedge Ai, HotspotFX ECN,BGC mid, FXall MidBook). |
| Disclosed Venues | Multi-bank dealing systems that facilitate trading on a disclosed basis or that allow for price discrimination, in the form of liquidity partitioning via the use of customised tags. This includes price streaming onto third-party aggregation technology providers that charge pre-trade brokerage fee to the liquidity provider (e.g., FXall OrderBook, EBS Direct, Currenex FXTrades, Hotspot Link, *CBOE FX ECN, CBOE FX Point,* Bloomberg FXGO, Tradebook, 360T*; and aggregators such as Flextrade and Portware*). |

*Quality control*. To prepare for the possibility that some reporting dealers may be technically incapable of properly allocating all their transactions to the new execution methods, an entry called "unallocated" is available in the survey. This entry captures the amount of turnover for each instrument and counterparty that fails to be allocated into one of the execution method categories above.

## B. Reporting Conventions

### 1. Report Form

The report form is has ten tables that are organised by the type of information collected.

Individual currencies (or currency pairs) are requested in the foreign exchange contracts and interest rate derivatives parts of the Survey, respectively. Here, reporting dealers are requested to organise turnover data by instrument, currency (or currency pair), sector and location of the counterparty in the following way:

- Table A – foreign exchange contracts. Data are provided for:
    - Table A1 – currency pairs involving US dollar and a selection of currencies (AUD, BRL, CAD, CHF, CNY, EUR, GBP, HKD, INR, JPY, KRW, MXN, NOK, NZD, PLN, RUB, SEK, SGD, TRY, TWD, ZAR). All other currencies are reported in one aggregate. Turnover to be reported for spot, outright forwards and foreign exchange swaps. Trades in outright forwards and foreign exchange swaps are additionally reported on an original maturity basis.
    - Table A2 – currency pairs involving euro and a selection of currencies (AUD, CAD, CHF, CNY, DKK, GBP, HUF, JPY, NOK, PLN, SEK, TRY) and Japanese yen and a selection of currencies (AUD, BRL, CAD, NZD, TRY, ZAR); all other currencies are reported as aggregates, separately for euro and Japanese yen. Turnover to be reported for spot, outright forwards and foreign exchange swaps. Trades in outright forwards and foreign exchange swaps are additionally reported on an original maturity basis. This table also provides grand total for all foreign exchange contracts. Column *Residual* covers all currency pairs excluding those involving USD, EUR, and JPY.
    - Table A3 – data are provided for transactions involving, ARS, AUD, BGN, BHD, BRL, CAD, CHF, CLP, CNY, COP, CZK, DKK, GBP, HKD, HUF, IDR, ILS, INR, KRW, MOP, MXN, MYR, NOK, NZD, PEN, PHP, PLN, RON, RUB, SAR, SEK, SGD, THB, TRY, TWD, ZAR; all other currencies are reported in one aggregate (excluding USD, EUR, JPY and those listed in this paragraph). Turnover to be reported for spot, outright forwards and foreign exchange swaps. Trades in outright forwards and foreign exchange swaps are additionally reported on an original maturity basis. Trades between any two currencies listed in this table should be reported in both relevant currency columns, thus summing to 200% of the deal. Footnotes to the table in the reporting template provide additional clarifications.
    - Table A4 – Same to table A1 in terms of currency pairs, but report turnover in currency swaps, OTC options, and total FX contracts
    - Table A5 - Same to table A2 in terms of currency pairs, but report turnover in currency swaps, OTC options, and total FX contracts
    - Table A6 - Same to table A3 in terms of currency pairs, but report turnover in currency swaps, OTC options, and total FX contracts

  Also, the following separate aggregates are requested as “of which” items here:

    - Prime-brokered turnover – by instrument, counterparty and currency pairs in tables A1-A6.
    - Retail-driven turnover – by instrument, counterparty and currency pairs in tables A1-A6.
    - Non-market facing trades (back-to-back trades and compression trades) – by instrument, but not by counterparty and currency pairs in Tables A2 and A5.
    - Related-party trades – no breakdowns, only total foreign exchange contracts in Table A5.
    - Table A7 – settlement of foreign exchange transactions. Turnover data should be grouped by counterparty sector, instrument and settlement type, with additional reporting of CLS currency pairs aggregate as an “of which” item.
- Tables B1 and B2 – single currency interest rate derivatives.

    - Data are provided for ARS, AUD, BGN, BHD, BRL, CAD, CHF, CLP, CNY, COP, CZK, DKK, EUR, GBP, HKD, HUF, IDR, ILS, INR, JPY, KRW, MOP, MXN, MYR, NOK, NZD, PEN, PHP, PLN, RON, RUB, SAR, SEK, SGD, THB, TRY, TWD, USD, ZAR; all other currencies are reported in one aggregate.

  Also, the following separate aggregates are requested as “of which” items here:

    - Related-party trades – no breakdowns, only total interest rates derivatives.
    - Non-market facing trades (back-to-back trades and compression trades) – by instrument.

- Table C2 – Additional table where other breakdowns are requested for foreign exchange contracts. Here, reporting dealers are requested to organise turnover data in the following way:
    - Table C2 – execution method for foreign exchange contracts. Turnover data should be grouped by instrument, counterparty sector and execution methods, where electronic trading provides additional breakdowns for direct (single bank proprietary trading system and other) and indirect (anonymous and disclosed venues) methods.

**2. Currency of reporting and currency conversion**

Transactions are to be reported in US dollar equivalents. Non-dollar amounts should be converted into US dollars using the exchange rates prevailing on the transaction date. However, if this is impractical, turnover data may be reported using average or end-of-period exchange rates.

When exchange rates other than those of the day of the transaction are used, the order of precedence of currencies' dollar exchange rates for purposes of conversion in deals which involve currencies other than the US dollar should be the same as listed in the foreign exchange turnover section of the survey forms (e.g., EUR, JPY, and GBP).

Transactions which involve the direct exchange of two currencies other than the US dollar should be measured by totalling the US dollar equivalent of only one side (preferably the purchase side) of the transaction.

**3. Rounding**

All data entered on the report form should be rounded to the nearest million US dollars (do not use decimals). Rounding should occur only when reporting the monthly totals for each category.

## Annex 1: Illustrative Examples of How To Report Trades By Location of Deals In The Context of The Next Triennial Survey

The basic principle for determining the location of trades is as follows: For turnover data, the basis for reporting should be, if possible, the location of the *sales desk* of any trade. Where no sales desk is involved in a deal, the *trading desk* should be used to determine the location of deals.

Consider the transactions carried out in three countries C, X and M by a banking group with its Head Office and *trading desk* located in country C. It has a sales team in its Head Office (*sales desk 1*) in country C, as well as a *sales desk 2* in country X. Both the offices in countries C & X are recognised as reporting dealers by the relevant central bank. The group has no representation in country M. Then the table below illustrates how trades should be reported:

| **Originator and function** | **Originator location** | **Counterparty location** | **Reported as** | **To Central Bank in** |
|---|---|---|---|---|
| 1. Sales desk 1 | C | C | Local | C |
| 2. Sales desk 1 | C | M | Cross border | C |
| 3. Sales desk 2 | X | X | Local | X |
| 4. Sales desk 2 | X | M | Cross border | X |
| 5. Trading desk | C | X | Cross border | C |
| 6. Trading desk | C | C | Local | C |
| 7. Trading desk | C | M | Cross border | C |

*Note: Examples 5-7 do not involve a sales desk in the transaction.*

*It is assumed that sales desk 1 in country C will not deal with clients in country X (sales desk 2 would transact such business). Equally, it is assumed that sales desk 2 in country X will not deal with customers in country C (the Head Office - sales desk 1 - would be expected to transact such business). If such trades did occur, they would be reported as in Examples 2 & 4, respectively. But, it is possible that the trading desk in country C could deal directly with another trading desk located in country X, even though there is a sales desk located there (Example 5).*

Take the above example, but assume under this scenario that the institution also has a third *sales desk* in country Y, but is not recognised in that country as a reporting dealer. It is assumed that if the sales desk is not recognised as a reporting dealer, its levels of business will be relatively low and will not be material in terms of the global results. Hence, trades through that sales desk should <u>not</u> be reported, and for completeness the matrix can be extended as shown below:

| **Originator and function** | **Originator location** | **Counterparty location** | **Reported as** | **To Central Bank in** |
|---|---|---|---|---|
| 8. Sales desk 3 | Y | Y | Not reported | |
| 9. Sales desk 3 | Y | M | Not reported | |

a) Other Points of clarification: Trades conducted by sales offices in countries that do not participate in the survey, or by offices that are not recognised as reporting dealers by their host central bank, should not be reported. (Examples 8 & 9)

b) Any trades by trading desk C with third parties, to cover or offset positions arising from the activities of its sales desks, should be reported in the normal manner (Examples 5-7 above).

c) A "leave" order is considered as a trade, regardless of location or timing of ultimate execution. The office accepting the order should report the trade, assuming that it is recognised by its host central bank as a reporting dealer (any of Examples 1-7).

d) Both parties should report trades between two reporting dealers, as trades with other reporting dealers, regardless of whether they are considered as sales or trading desks (any of Examples 1-7). This is essential to permit accurate elimination of double counting during the production of the final data. The only exception to this rule is internal trades between desks where, as noted in Section B.4 of the Guidelines, neither party should report the trade.

## Annex 2: Settlement of FX transaction, examples

This annex illustrates how reporting dealers should report certain FX transactions in the new Table A7, as described in Section 9.

### Reporting example 1

Settlement of FX transactions

Across all currency pairs and all FX products, in millions of US dollars

| | Reporting dealers | | Other financial institutions | | Non-financial customers | |
|---|---|---|---|---|---|---|
| | Total | o/w CLS eligible pairs | Total | o/w CLS eligible pairs | Total | o/w CLS eligible pairs |
| a) Total turnover | **11** | **0** | **5** | **5** | **0** | **0** |
| a1) Turnover to be settled with a single payment (ie non-deliverable) | 1 | | | | | |
| a2) Turnover to be settled with two payments (ie spot and forwards) | 10 | | | | | |
| a3) Turnover to be settled with four payments (ie swaps) | | | 5 | 5 | | |
| b) Two sided turnover subject to bilateral netting (before netting) | | | | | | |
| b1) Net payable amount of two sided turnover subject to bilateral netting (after netting) | | | | | | |
| c) Payment versus payment (PvP = c1 + c2 + c3) | **10** | **0** | **5** | **5** | **0** | **0** |
| c1) Via CLS | | | 5 | 5 | | |
| c2) Via other PvP or equivalent settlement methods | 10 | | | | | |
| c3) Via "same clearer" or "on-us" accounts <u>without</u> exposure to settlement risk | | | | | | |
| d) Non-PvP | | | | | | |
| d1) Via "same clearer" or "on-us" accounts <u>with</u> exposure to settlement risk | | | | | | |

Reporting dealer had the following trades in April 2022:

1. Spot EUR/TRY trade with other reporting dealer, other PVP, $10 million;
2. Swap USD/EUR with unrelated other financial, CLS PVP, $5 million;
3. NDF with other reporting dealer, $1 million

Total turnover in Table A5 for all instruments and currency pairs is $16 million.
The table should show distribution of this aggregate by settlement risk.

**Reporting example 2**

## Settlement of FX transactions

Across all currency pairs and all FX products, in millions of US dollars

| | Reporting dealers | | Other financial institutions | | Non-financial customers | |
|---|---|---|---|---|---|---|
| | Total | o/w CLS eligible pairs | Total | o/w CLS eligible pairs | Total | o/w CLS eligible pairs |
| a) Total turnover | **6** | **5** | **0** | **0** | **10** | **0** |
| a1) Turnover to be settled with a single payment (ie non-deliverable) | 1 | | | | | |
| a2) Turnover to be settled with two payments (ie spot and forwards) | | | | | 10 | |
| a3) Turnover to be settled with four payments (ie swaps) | 5 | 5 | | | | |
| b) Two sided turnover subject to bilateral netting (before netting) | | | | | | |
| b1) Net payable amount of two sided turnover subject to bilateral netting (after netting) | | | | | | |
| c) Payment versus payment (PvP = c1 + c2 + c3) | **5** | **5** | **0** | **0** | **0** | **0** |
| c1) Via CLS | 5 | 5 | | | | |
| c2) Via other PvP or equivalent settlement methods | | | | | | |
| c3) Via “same clearer” or “on-us” accounts <u>without</u> exposure to settlement risk | | | | | | |
| d) Non-PvP | | | | | 10 | |
| d1) Via “same clearer” or “on-us” accounts <u>with</u> exposure to settlement risk | | | | | | |

Reporting dealer had the following trades in April 2022:

1. Spot EUR/TRY trade with non-financial, non-PVP, $10 million;
2. Swap USD/EUR with reporting dealer, CLS PVP, $5 million;
3. NDF with other reporting dealer, $1 million

Total turnover in Table A5 for all instruments and currency pairs is $16 million.
The table should show distribution of this aggregate by settlement risk.