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| derivatives assessment team | 14 December 2017 |
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Derivatives Assessment Team – Qualitative Survey

OTC Derivatives Dealers

For instructions, please refer to the *Joint DAT and BCBS Surveys on incentives to centrally clear: instructions to respondents on how to complete surveys*.

**Background information**

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| **Contact information**  |
| 1. Responding firm name[[1]](#footnote-2)  | Click here to enter text. |
| 2. Home jurisdiction[[2]](#footnote-3) of firm | Click here to enter text. |
| 3. Contact person details *(name, job title, telephone and email address)* | Click here to enter text. |
| 4. Date of submission | Click here to enter a date. |

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| Firm anonymisation code *(official sector use only – respondent* ***not*** *to complete)* | Click here to enter text. |

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| **Information about the responding firm** |
| ***General*** |
| 5a. Firm type: *Please select the* ***one*** *option that most closely describes your group’s activities[[3]](#footnote-4)* |
| Bank |  |  |
|  G-SIB |  |[ ]
|  Other internationally active banking group |  |[ ]
|  National/domestic bank or banking group |  |[ ]
|  Other specialised deposit taking institution (e.g. building society, saving bank, mutual bank …) |  |[ ]
| Other *(please specify)* | Click here to enter text. |[ ]
| 5b. Please indicate the geographic scope of your OTC derivatives activity  |
| *Please select as appropriate*  | **Home region of the firm[[4]](#footnote-5)***Select* ***one*** *box only* | **Region(s) in which your firm is dealing in OTC derivatives***Select* ***all*** *boxes that apply* |
| North America including Caribbean |[ ] [ ]
| Europe |[ ] [ ]
| Asia Pacific |[ ] [ ]
| Middle East & Africa |[ ] [ ]
| Central and South America |[ ] [ ]
| 5c. Please estimate the size of the aggregated gross notional outstanding of your firm’s **house** **account**[[5]](#footnote-6) OTC derivatives positions[[6]](#footnote-7) as at end-2017.*Select the appropriate menu items* |
| **Centrally cleared** | **Of which centrally cleared where clearing was mandatory** | **Non-centrally cleared** | **Total of centrally cleared and non-centrally cleared** |
| Choose an item. | Choose an item. | Choose an item. | Choose an item. |

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| **Your current OTC derivatives activity** |
| 6. Please indicate in the table below the change in your house OTC derivatives activity (measured as indicated below). *If you started entering house OTC derivatives positions after 2012, please use the first full calendar year in which you did so as the basis for the comparison.* |
| *Select the appropriate menu items.* | **OTC derivatives – centrally cleared** | **OTC derivatives – non-centrally cleared** |
| Measured by gross notional outstanding (stock) between start 2012 and end 2017 | Choose an item. | Choose an item. |
| Measured by average daily volume (flow) over 2012 and 2017  | Choose an item. | Choose an item. |
| **Drivers of changes** |
| 7. Please rank the **top 5 drivers** for the changes in volume indicated in the table above.  |
|  | *Rank the top 5 applicable drivers from 1 to 5, with 1 being the most significant, in each column. Leave other fields unchanged.* |
| **Drivers** | **OTC derivatives – centrally cleared** | **OTC derivatives – non-centrally cleared** |
|  | **Rank** | **Rank** |
| Clearing mandate | 0 | 0 |
| Implementation of requirements to exchange margin for non-centrally cleared OTC derivatives | 0 | 0 |
| Product availability | 0 | 0 |
| Cost of using products (e.g., fees) | 0 | 0 |
| Changes to the hedging requirements | 0 | 0 |
| Market liquidity  | 0 | 0 |
| Improved or more transparent pricing | 0 | 0 |
| Other market structure developments | 0 | 0 |
| Change in counterparty risk appetite | 0 | 0 |
| Capital Cost of regulatory capital | 0 | 0 |
| Access to central clearing | 0 | 0 |
| Access to collateral | 0 | 0 |
| Macro-economic factors | 0 | 0 |
| Other *(please specify below)* | 0 | 0 |
| Click here to enter text. |

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| 8a. To what extent (if any) has the distribution of OTC derivative notional outstanding changed across regions and across asset classes since 1 January 2012? *Select the appropriate menu items in each column.*  |
| **Distribution of OTC derivatives notional outstanding across regions** | **Distribution of OTC derivatives notional outstanding across asset classes** |
| Choose an item. | Choose an item. |
| 8b. What was the first full calendar year in which your firm dealt in ETDs and OTC derivatives? *Select the appropriate menu items. Count the year to end-November 2017 as a full calendar year for these purposes.* |
| **ETD** | **OTC derivatives** |
| Choose an item. | Choose an item. |
| 9a. Does your firm enter into centrally cleared OTC derivatives that are not required to be centrally cleared under a mandate?*Please select the appropriate menu item**as appropriate. If selecting “No” or “Not applicable” please go to question 10.* |
| Choose an item. |
| 9b. If you answered yes to question 9a, please estimate the approximate percentage of your total aggregate gross notional outstanding of OTC derivatives that is voluntarily centrally cleared.*Please choose the appropriate menu item.*  |
| Choose an item. |
| 9c. If you answered yes to question 9a, please estimate the approximate percentage of average monthly OTC derivatives trading activity that is voluntarily centrally cleared.*Please choose the appropriate menu item.* |
| Choose an item. |
| 9d. If you answered yes to question 9a, please indicate which product(s) you voluntarily clear? *Please select* ***all*** *that apply* |
| Interest rate – forward rate agreement (FRA) |  |[ ]
| Interest rate – overnight indexed swap (OIS) |  |[ ]
| Interest rate - cross-currency swap |  |[ ]
| Interest rate – other OTC rates derivative |  |[ ]
| Credit default swap (CDS) – single name |  |[ ]
| Credit default swap (CDS) – index/other |  |[ ]
| Credit – other OTC credit derivative |  |[ ]
| Foreign exchange (FX) – non-deliverable forward (NDF) |  |[ ]
| FX – swaps/options |  |[ ]
| FX – other OTC FX derivative |  |[ ]
| Equity swap – single name |  |[ ]
| Equity swap – index/other |  |[ ]
| Equity – other OTC equity derivative |  |[ ]
| Commodity – precious metals |  |[ ]
| Commodity – base metals |  |[ ]
| Commodity - energy |  |[ ]
| Commodity – agricultural |  |[ ]
| Other *(Please specify)* | Click here to enter text. |[ ]
| 10a. Please indicate for each item in the table below whether each of the factors listed acts as an incentive or disincentive to centrally clear a non-mandated OTC derivatives transaction. Please provide additional comment where possible, indicating where your answer may differ by asset class. |
| **Factor** | **Impact on incentives to centrally clear non-mandated OTC derivatives***Select the appropriate menu items* | **Comments** |
| Counterparty risk management considerations | Choose an item. | Click here to enter text. |
| Comparative netting opportunity  | Choose an item. | Click here to enter text. |
| Compression opportunity | Choose an item. | Click here to enter text. |
| Centralised default management process (incl. porting of client positions) | Choose an item. | Click here to enter text. |
| Regulatory capital costs | Choose an item. | Click here to enter text. |
| Other capital costs | Choose an item. | Click here to enter text. |
| Fixed costs (e.g. infrastructure) | Choose an item. | Click here to enter text. |
| Relative differences in bid-offer spreads between centrally cleared and non-centrally cleared alternatives | Choose an item. | Click here to enter text. |
| Access/capacity of clearing arrangements | Choose an item. | Click here to enter text. |
| Initial margin requirements for centrally cleared OTC derivatives | Choose an item. | Click here to enter text. |
| Initial margin requirements for non-centrally cleared OTC derivatives | Choose an item. | Click here to enter text. |
| Variation margin requirements for centrally cleared OTC derivatives (incl. intraday margin calls)  | Choose an item. | Click here to enter text. |
| Variation margin requirements for non-centrally cleared OTC derivatives | Choose an item. | Click here to enter text. |
| Eligibility criteria for collateral in centrally cleared OTC derivatives | Choose an item. | Click here to enter text. |
| Eligibility criteria for collateral in non-centrally cleared OTC derivatives | Choose an item. | Click here to enter text. |
| Availability of principal/agency clearing arrangement | Choose an item. | Click here to enter text. |
| Access to a larger set of potential counterparties | Choose an item. | Click here to enter text. |
| Other(s) *(please describe below)* | Choose an item. | Click here to enter text. |
| Click here to enter text. |

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| 10b. Please state in the table below (in order of importance with 1 as the most important factor) the 3 most important factors from the list above which (i) act as an incentive and (ii) act as a disincentive to centrally clear non-mandated transactions. |
| **Rank**  | **Provides most incentives to centrally clear** | **Provides most disincentives to centrally clear** |
| 1 | Choose an item. | Choose an item. |
| 2 | Choose an item. | Choose an item. |
| 3 | Choose an item. | Choose an item. |

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| 11. Please describe whether (and if so how) the factors influencing your decision on whether or not to centrally clear a non-mandated OTC derivative product have changed since 2012. *If you started dealing in OTC derivatives after 2012, please use the first full calendar year in which you dealt as the basis for the comparison.* |
| Click here to enter text. |
| 12a. How are the clearing costs for your house trading activity allocated? |
| **Allocations** |  | *Select* ***one*** *box as applicable* |
| Clearing costs are allocated to each desk for cleared transactions |  |[ ]
| Clearing costs are borne centrally without specific desk allocation |  |[ ]
| Other *(Please describe)* | Click here to enter text. |[ ]
| 12b. How does this allocation affect your decisions about whether to centrally clear a trade? |
| Click here to enter text. |
| **Price/cost of clearing**  |
| 13a. Please select the appropriate response from the table below on the extent to which your total cost of transacting (i) OTC derivatives that are centrally cleared and (ii) OTC derivatives that are not centrally cleared, has changed since 2012 (or subsequent first full calendar year since you started to deal in OTC derivatives). *Select the appropriate menu items* |
| **Centrally cleared OTC derivatives** | **Non-centrally cleared OTC derivatives** |
| Choose an item. | Choose an item. |
| 13b. Please describe the most important factors behind the changes in cost (if any) mentioned in Q13a and whether these changes are an incentive or disincentive to centrally clear. Please also indicate if your answer varies across different asset classes or product types, or where you have been unable to pass on costs to clients. |
| **Centrally cleared OTC derivatives** | **Non-centrally cleared OTC derivatives** |
| Click here to enter text. | Click here to enter text. |
| 14. From the perspective of your firm, what do you consider the key trade-offs to be between the costs and benefits of central clearing?  |
| Click here to enter text. |

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| **Impact of G20 financial reforms relevant to OTC derivatives** |
| ***General*** |
| 15a. Please indicate for each of the below regulatory reforms its impact on incentives for centrally cleared activity. |
| **Standard**  | **Impact on incentives***Choose appropriate item from menu* | **Comments (including highlighting any jurisdiction specific factors)** |
| BCBS Basel III leverage ratio (January 2014)  | Choose an item. | Click here to enter text. |
| BCBS Basel III liquidity coverage ratio (LCR) (January 2013)  | Choose an item. | Click here to enter text. |
| BCBS Basel III net stable funding ratio (October 2014) (NSFR)  | Choose an item. | Click here to enter text. |
| BCBS standards for measuring capital requirements for bank exposures to central counterparties | Choose an item. | Click here to enter text. |
| BCBS standards for measuring capital requirements for derivatives / counterparty credit risk | Choose an item. | Click here to enter text. |
| BCBS G-SIB Methodology (Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement, July 2013) | Choose an item. | Click here to enter text. |
| BCBS-IOSCO margin requirements for non-centrally cleared derivatives (March 2015) | Choose an item. | Click here to enter text. |
| CPMI-IOSCO Principles for Financial Market Infrastructures (PFMI) (April 2012) including further guidance on resilience and revised recovery report (July 2017)  | Choose an item. | Click here to enter text. |
| FSB Key Attributes of Effective Resolution Regimes including FMI Annex (October 2014) and Guidance on Central Counterparty Resolution and Resolution Planning (July 2017) | Choose an item. | Click here to enter text. |
| IOSCO Risk Mitigation Standards for non-centrally cleared OTC derivatives (January 2015) | Choose an item. | Click here to enter text. |
| IOSCO Requirements for mandatory clearing (February 2012) | Choose an item. | Click here to enter text. |
| Other(s) *(please describe below)* | Choose an item. | Click here to enter text. |
| Click here to enter text. |
| 15b. Please list in order of importance (with 1 the most important) the most significant non-regulatory factors influencing your willingness or capacity to act as dealer in cleared derivatives markets.  |
|  | **Non-regulatory factors and comments** |
| Factor 1 | Click here to enter text. |
| Factor 2 | Click here to enter text. |
| Factor 3 | Click here to enter text. |
| Factor 4 | Click here to enter text. |
| Factor 5 | Click here to enter text. |
| 15c. How significant are these non-regulatory factors compared to the reforms you selected from the list in Q15a? *Please select an appropriate item from the menu*  |
| Choose an item. |
| 15d. Please explain your answer to Q15c. |
| Click here to enter text. |

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| ***Impact of clearing mandate*** |
| 16a. What are your views on existing and proposed clearing mandates with respect to the scope of products covered or entities covered from the perspective of reducing systemic risk and strengthening financial stability? Where relevant, please provide details for where your response differs across regions. |
| Click here to enter text. |
| 16b. If no clearing mandate were in place but other G20 reforms were fully implemented, do you believe that there would be sufficient incentives to encourage your firm to transact a similar level of central clearing to that undertaken currently?  |
|  |  | *Select all applicable boxes* |
| Your firm would be incentivised to centrally clear a higher percentage of OTC derivatives |  |[ ]
| Your firm would be incentivised to centrally clear a lower percentage of OTC derivatives  |  |[ ]
| Your firm would be incentivised to increase the level of activity in both centrally and non-centrally cleared OTC derivatives |  |[ ]
| Your firm would be incentivised to reduce the level of activity in both centrally and non-centrally cleared OTC derivatives |  |[ ]
| Your firm would remain agnostic to differences between centrally cleared and non-centrally cleared derivatives |  |[ ]
| Your firm is primarily incentivised to trade where it can benefit from the higher level of liquidity |  |[ ]
| Other *(please elaborate)*  | Click here to enter text. |[ ]
| 16c. Please note where your answer to Q16b varies by asset class, product type, or counterparty.  |
| Click here to enter text. |
| ***Margin requirements for non-centrally cleared derivatives*** |
| 17a. What has been the impact of implementation of the requirements to exchange margin for non-centrally cleared OTC derivatives in jurisdictions where your firm engages in dealing activity on your firm’s incentives to centrally clear? |
|  |  | *Select all applicable boxes as appropriate* |
| No impact |  |[ ]
| Caused your firm to increase the proportion of new OTC derivatives trades being centrally cleared  |  |[ ]
| Caused your firm to increase the proportion of new OTC derivatives trades that are non-centrally cleared |  |[ ]
| Caused your firm to reduce the level of activity in both centrally and non-centrally cleared OTC derivatives |  |[ ]
| Caused your firm to increase the level of activity in both centrally and non-centrally cleared OTC derivatives |  |[ ]
| Other *(please elaborate)*  | Click here to enter text. |[ ]
| 17b. Please provide details if the answer varies per asset class, product type, or counterparty type. |
| Click here to enter text. |
| ***Impact of capital reforms*** |
| 18. In your view, has the comparative regulatory capital treatment of centrally cleared and non-centrally cleared derivatives exposure incentivised clearing? Please explain your answer below. | *Select box if “yes”* |
|  |[ ]
| Click here to enter text. |
| 19. If your business is constrained by the Basel III leverage ratio, where does the constraint bind? |
|  |  | *Please select* ***all*** *applicable boxes* |
| At group level |  |[ ]
| At legal entity level |  |[ ]
| At business unit level |  |[ ]
| Not applicable – dealing function is not constrained by the leverage ratio. |  | [ ]  |
| Other (please explain) | Click here to enter text. | [ ]  |
| 20. How does the allocation of Basel III leverage ratio constraints to your derivatives clearing activity (if applicable) affect your cost of transacting in OTC derivatives? |
| Click here to enter text. |
| 21. Do you consider your firm’s home jurisdiction’s implementation of capital measures (other than leverage ratio) introduced under the Basel III framework as supportive of the G20 objective to incentivise central clearing of standardised OTC derivatives? Please explain your answer below. | *Select box if “yes”* |
|  |[ ]
| Click here to enter text. |
| 22. Do you consider your jurisdiction’s implementation of the measures introduced by the Basel III framework designed to reduce liquidity risk (e.g. liquidity coverage ratio and net stable funding ratio) has affected the incentives for central clearing?  |
|  |  | *Please select all applicable boxes* |
| No impact |  |[ ]
| Caused your firm to increase the proportion of new OTC derivatives trades being centrally cleared  |  |[ ]
| Caused your firm to increase the proportion of new OTC derivatives trades that are non-centrally cleared |  |[ ]
| Caused your firm to reduce the level of activity in both centrally and non-centrally cleared OTC derivatives |  |[ ]
| Caused your firm to increase the level of activity in both centrally and non-centrally cleared OTC derivatives |  |[ ]
| Other (please elaborate)  | Click here to enter text. |[ ]

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| ***G-SIB methodology*** |
| 23a. How has the BCBS methodology for assessing and identifying global systemically important banks (G-SIB) affected incentives for the central clearing of OTC derivatives?  |
| **Impact***Select the appropriate item from the menu* | Choose an item. |
| 23b. The BCBS assessment methodology for G-SIBs is based on an indicator-based approach and comprises several broad measures: size, interconnectedness, lack of readily available substitutes or financial institution infrastructure, global (cross-jurisdictional) activity, and complexity. To what extent do you consider that the definition and/or calibration of each of the following measures have affected incentives for the market to centrally clear OTC derivatives? |
| **Measure** | **Effect on incentives***Select an appropriate menu item for each measure* | **Comments***Please elaborate where you believe it has been an incentive or a disincentive.* |
| Size  | Choose an item. | Click here to enter text. |
| Interconnectedness | Choose an item. | Click here to enter text. |
| Substitutability | Choose an item. | Click here to enter text. |
| Global activity | Choose an item. | Click here to enter text. |
| Complexity | Choose an item. | Click here to enter text. |
| 23c. Please add any general comment you wish to add on the G-SIB methodology and its impact on incentives to central clearing.  |
| Click here to enter text. |
| 23d. Please indicate where differences in the implementation of G-SIB methodology across regions have affected incentives to clear relative to the global impact. |
| **Region** | North America  | Europe | Asia Pacific | Middle East and Africa | Central and South America |
| **Impact***Select the appropriate item from the menu* | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| ***Systemic risk and liquidity impacts*** |
| 24a. An objective of the G20 reforms relevant for OTC derivatives was to promote the central clearing of standardised OTC derivatives with a view to reducing systemic risk and strengthening the stability of the global financial markets. What impact does your firm consider the G20 reforms have had on the following: |
| **Factors** | Select an appropriate menu item for each factor | Elaborate your answer if appropriate |
| The ability of the financial system to better absorb shocks to financial stability | Choose an item. | Click here to enter text. |
| The ability of individual institutions to better absorb shocks to financial stability | Choose an item. | Click here to enter text. |
| Concentration of client clearing services | Choose an item. | Click here to enter text. |
| Funding liquidity | Choose an item. | Click here to enter text. |
| Trading liquidity | Choose an item. | Click here to enter text. |
| 24b. From the perspective of your firm’s OTC derivatives market activities, what has been the net impact of the post-crisis G20 reforms on trading liquidity? *If possible, please highlight where impacts are only applicable to certain trading conditions (for instance, trading in large sizes or trading during periods of elevated volatility).*  |
| **Trading liquidity aspects** | **Net impact** | **Comments** |
| General Trading Liquidity | Choose an item. |  Click here to enter text. |
| Block Trade Liquidity | Choose an item. |  Click here to enter text. |
| Liquidity during High Volatility Periods | Choose an item. |  Click here to enter text. |
| Number of Trading Counterparties | Choose an item. |  Click here to enter text. |
| 24c. Please add any general comment you wish to add on other aspects of the net impact of the post-crisis G20 reforms on other aspects of liquidity.  |
| Click here to enter text. |
| ***Market structure and other market-wide observations***  |
| 25. Have any specific macro-economic factors or market developments impacted your incentive to use central clearing since the start of implementation of the reform measures? If yes, then please elaborate below. | *Select box if “yes”* |
|  |[ ]
| 26. Please express any other comments or observations on incentives to centrally clear OTC derivatives you would like to make, including on the effect of the G20 reforms. |
| Click here to enter text. |

1. Respondents are asked to complete this survey on a group basis. Where a firm has multiple branches or subsidiaries, only one response per firm or group will be accepted for each survey type. However, where different group entities or offices wish to note differences in answers due to jurisdiction or function, please make comments on these differences in your response. [↑](#footnote-ref-2)
2. Home jurisdiction of a firm is the country (eg Japan, United States, France, Mexico) of legal domicile of the ultimate parent entity. For a company or other incorporated or constituted legal entity, that is the place of incorporation or constitution. [↑](#footnote-ref-3)
3. Only one answer is requested per firm (group). If a banking group has asset management and insurance arms, if banking is the predominant activity please choose the relevant option accordingly. [↑](#footnote-ref-4)
4. “Home region” of a firm is the region of legal domicile of the ultimate parent entity. For a company or other incorporated or constituted legal entity, that is the place of incorporation or constitution. [↑](#footnote-ref-5)
5. “House account” means an account opened at the CCP by a clearing member in respect of that clearing member’s own business (as opposed to business conducted on behalf of clients) [↑](#footnote-ref-6)
6. Please exclude inter-affiliate derivatives in your calculation. [↑](#footnote-ref-7)