

Risk Transfer with Interest Rate Swaps

ENNs Q4 2021 Update

by

Lee Baker, Scott Mixon and Alexei Orlov¹

August 2022

The tables below provide an update on the notional and entity-netted notional (ENN) size of the CFTC-regulated interest rate market. Entity-netted notionals were introduced in a paper published in the beginning of 2018 and updated in March 2020; ENNs aim to provide a measure for the amount of risk transfer in rate swaps that is comparable to measures used for other interest rate markets.² The tables below represent aggregated interest rate swap position data as of December 10, 2021.

Table 1: Notional Amounts and ENNs by Sector (\$ Trillions)³

Sector (1)	Notional Amounts (\$tns)		Notional Amounts in 5-Year Equivalents (\$tns)				
	Long (2)	Short (3)	Long (4)	Short (5)	ENNs Long (6)	ENNs Short (7)	ENNs Net (8)
Swap Dealer	158.1	155.9	104.1	102.3	9.8	8.0	1.8
Hedge Fund	20.0	20.4	7.2	7.5	0.9	1.2	-0.3
Bank	19.8	21.0	15.8	17.6	1.7	3.6	-1.8
Other Financial	5.6	5.7	5.0	4.8	0.7	0.6	0.2
Asset Manager	5.2	5.2	3.5	3.6	1.1	1.3	-0.2
Pension	2.0	1.5	4.0	2.8	1.5	0.4	1.1
Govt/Quasi-Govt	2.2	1.9	1.6	1.8	0.5	0.7	-0.2
Nonfinancial	0.3	1.1	0.3	1.0	0.2	0.9	-0.7
Insurance	1.3	1.0	2.8	2.0	1.1	0.3	0.8
Unclassified	0.3	0.9	0.3	0.9	0.2	0.7	-0.6
CCP Adj	0.3	0.2	0.0	0.1	0.0	0.1	-0.1
Total	214.9	214.9	144.4	144.4	17.8	17.8	0.0

¹ This research was produced in each author's official capacity. The report was cleared for public distribution by the Office of the Chief Economist. The analyses and conclusions expressed in this report are those of the author(s) and do not necessarily reflect the views of other Commission staff, the Office of the Chief Economist, or the Commission.

² The link to the updated paper can be found [here](#).

³ The columns may not aggregate to the total and the difference between columns due to rounding.

⁴ Product-level ENNs in this table simply allocate total ENNs in the same proportions as the distribution of product level notional amounts.

Table 2: Notional Amounts and ENNs by product type (\$ Trillions)^{3,4}

Product	Notional (\$tns)	Notional 5-Year Equivalents (\$tns)	
	Long	Long	ENNs Long
Fixed-for-Floating Swaps	128.1	109.1	13.4
FRAs	18.0	0.8	0.1
OIS	52.8	26.5	3.3
Swaptions	12.6	7.5	0.9
Cap/Floor	3.1	0.6	0.1
CCP Adj	0.3	0.0	0.0
Total	214.9	144.4	17.8

Table 3: Notional Amounts and ENNs by currency (\$ Trillions)³

Currency	Notional (\$tns)	Notional 5-Year Equivalents (\$tns)	
	Long	Long	ENNs Long
USD	78.4	48.8	7.8
EUR	61.8	53.9	5.8
GBP	26.5	18.5	2.0
AUD	8.6	3.7	0.3
JPY	5.5	4.8	0.6
CAD	7.5	3.7	0.2
Other	26.6	11.0	1.1
Total	214.9	144.4	17.8

Table 4: Clearing percentages by sector (\$ Trillions), including clearing ratios³

Sector	Notional Amounts (\$tns)				Notional Amounts in 5-Year Equivalents (\$tns)			
	Long	Cleared Percent	Short	Cleared Percent	ENNs Long	Cleared Percent	ENNs Short	Cleared Percent
Swap Dealer	158.1	88	155.9	88	9.8	37	8.0	33
Hedge Fund	20.0	84	20.4	86	0.9	60	1.2	59
Bank	19.8	94	21.0	94	1.7	67	3.6	76
Other Financial	5.6	85	5.7	82	0.7	50	0.6	46
Asset Manager	5.2	78	5.2	79	1.1	73	1.3	73
Pension	2.0	62	1.5	64	1.5	46	0.4	61
Govt/Quasi-Govt	2.2	68	1.9	72	0.5	37	0.7	49
Nonfinancial	0.3	11	1.1	4	0.2	3	0.9	4
Insurance	1.3	73	1.0	72	1.1	66	0.3	44
Unclassified	0.3	33	0.9	11	0.2	37	0.7	6
CCP Adj	0.3	.	0.2	.	0.0	.	0.1	.
Total	214.9	87	214.9	87	17.8	46	17.8	46

Figure 1: Histogram of Swap Dealer Aggregate ENNs Long and Short Notional by Group

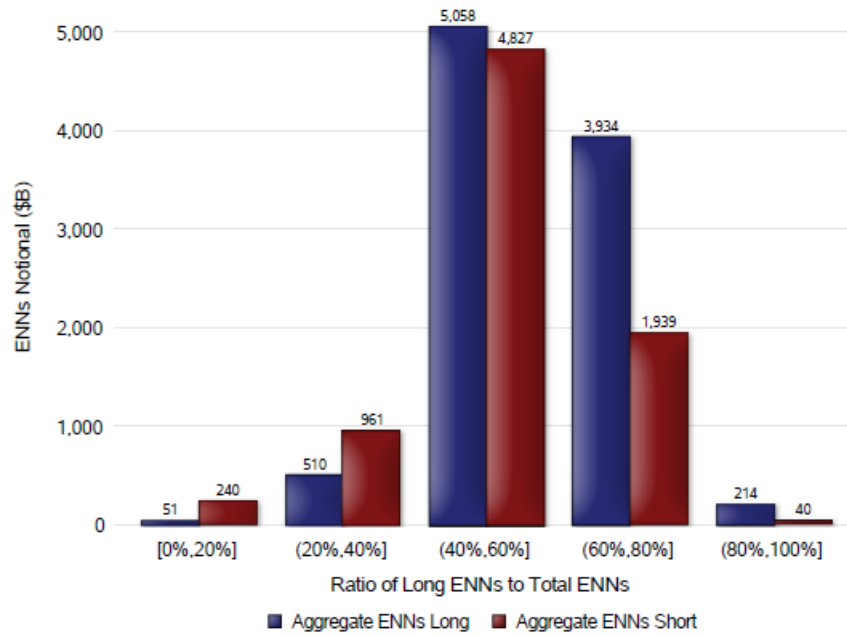


Figure 2: Histogram of Hedge Fund Aggregate ENNs Long and Short Notional by Group

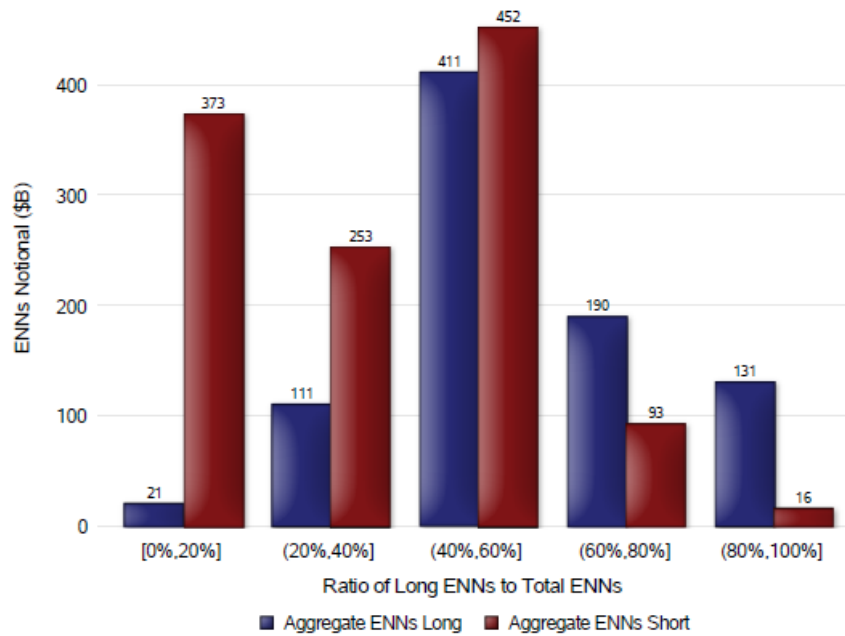


Figure 3: Histogram of Bank Aggregate ENNs Long and Short Notional by Group

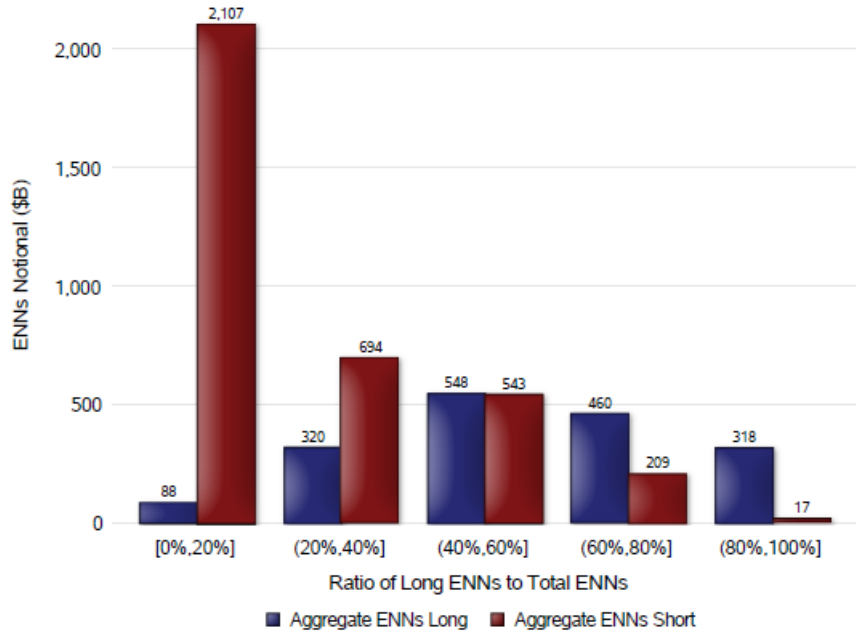


Figure 4: Histogram of Other Financial Aggregate ENNs Long and Short Notional by Group

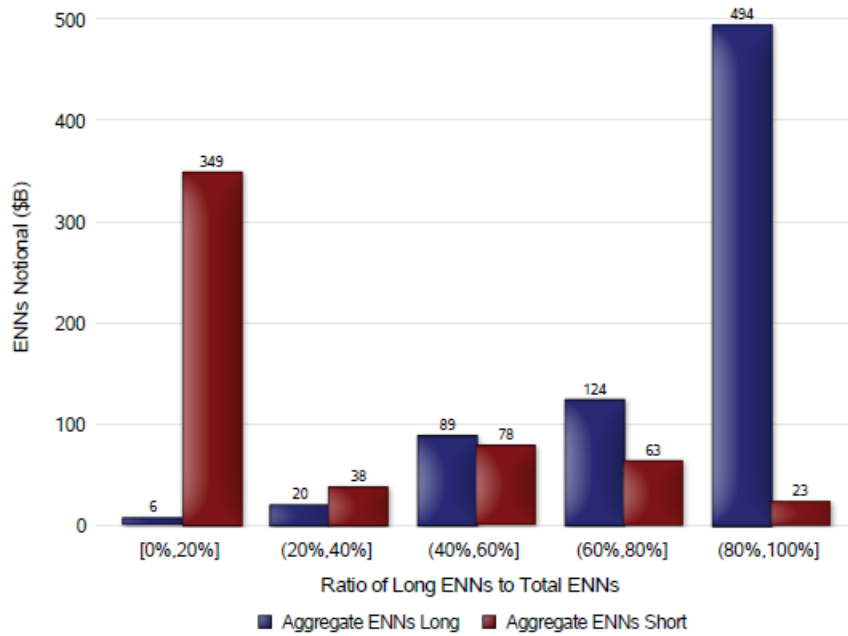


Figure 5: Histogram of Asset Manager Aggregate ENNs Long and Short Notional by Group

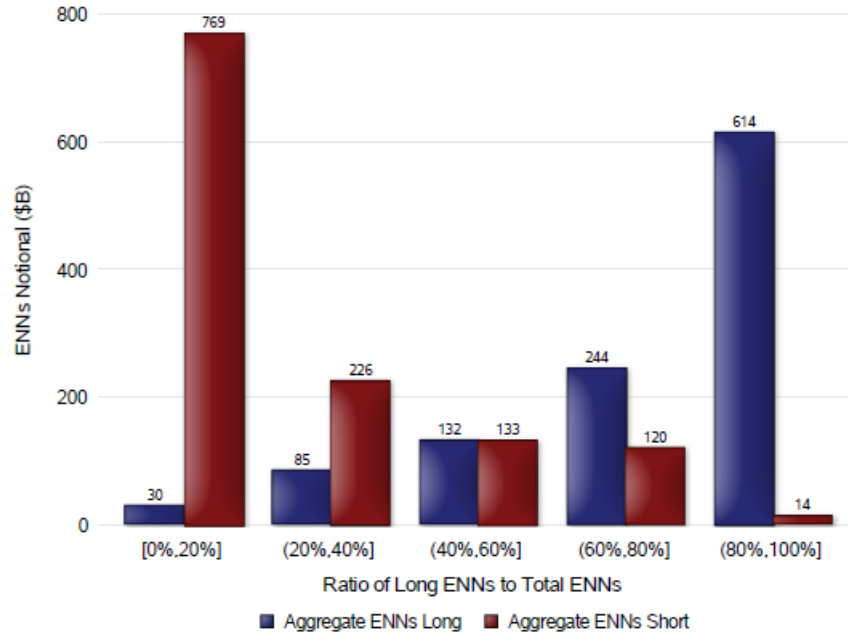


Figure 6: Histogram of Pension Fund Aggregate ENNs Long and Short Notional by Group

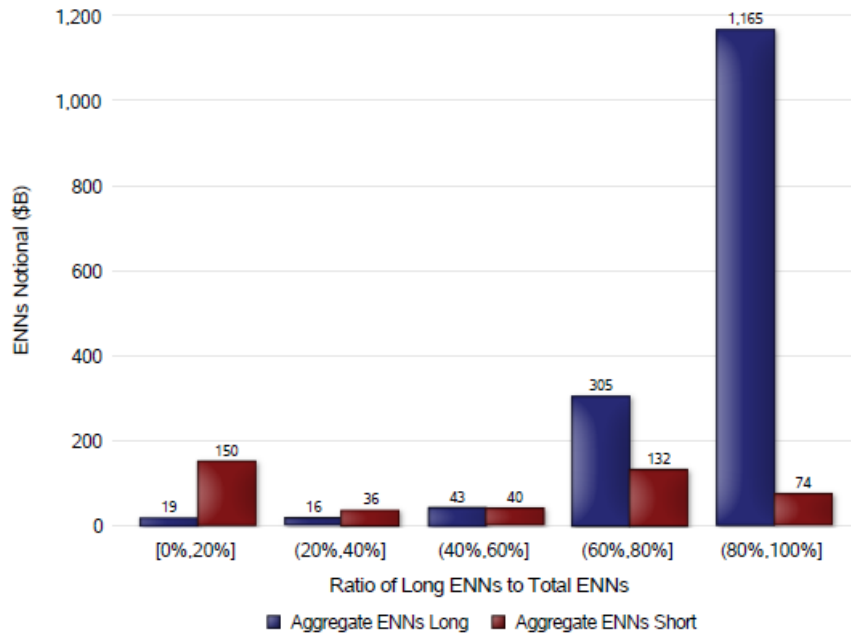


Figure 7: Histogram of Gov't/Quasi-Gov't Aggregate ENNs Long and Short Notional by Group

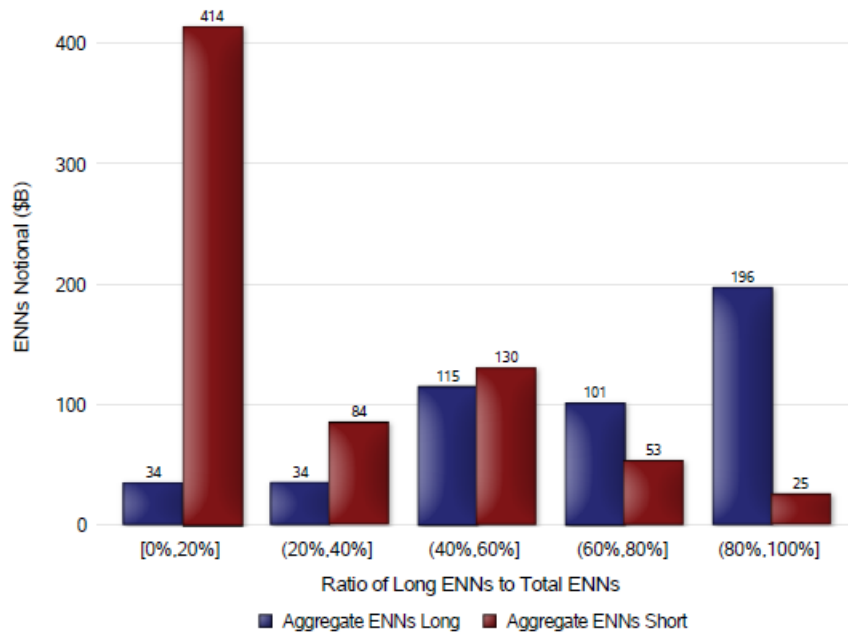


Figure 8: Histogram of Non-Financial Corporate Aggregate ENNs Long and Short Notional by Group

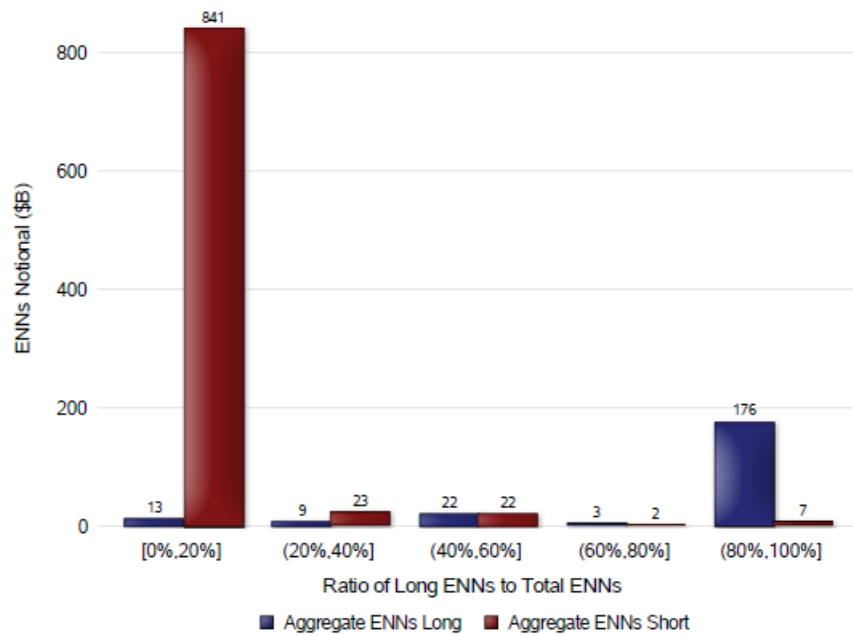


Figure 9: Histogram of Insurance Company Aggregate ENNs Long and Short Notional by Group

