

CFTC Public Roundtable on Made Available to Trade

Panel 2 – Data-Based Assessment

Amir Khwaja

CEO Clarus Financial Technology

July 15, 2015

Data-Based Assessment of MAT

- Sources of Data
- On SEF Volumes and On/Off SEF Percentage share
- What the Data Shows
 - In Credit, FX & Rates
 - Selected Products and Currencies
- Suggestions on Public Data
- Conclusion

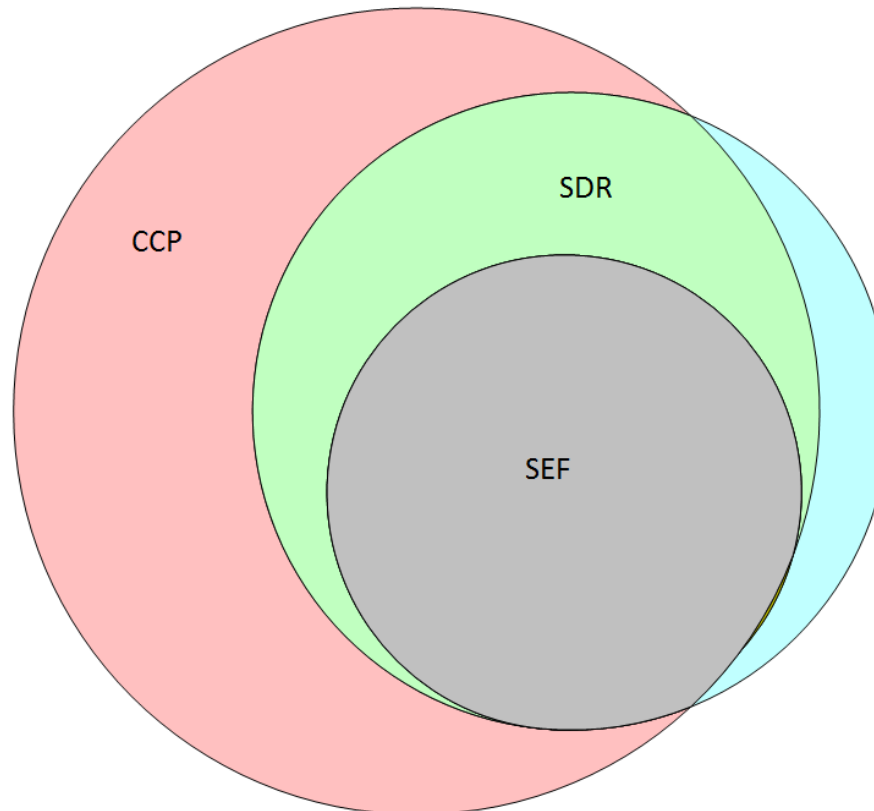
Sources of Data

- Clarus products
 - **SDRView** – US, Trade-level, CFTC Part 43 data
 - **SEFView** – US, Instrument level, CFTC Part 16 data
 - **CCPView** – Global, Product type level
- Public data
- Multiple Sources for each (SDRs, SEFs, CCPs)
 - Collect, Clean, Normalize, Aggregate, Filter
- Weekly Commentary on 'What the Data Shows'
 - www.clarusft.com/blog

Sources of Data

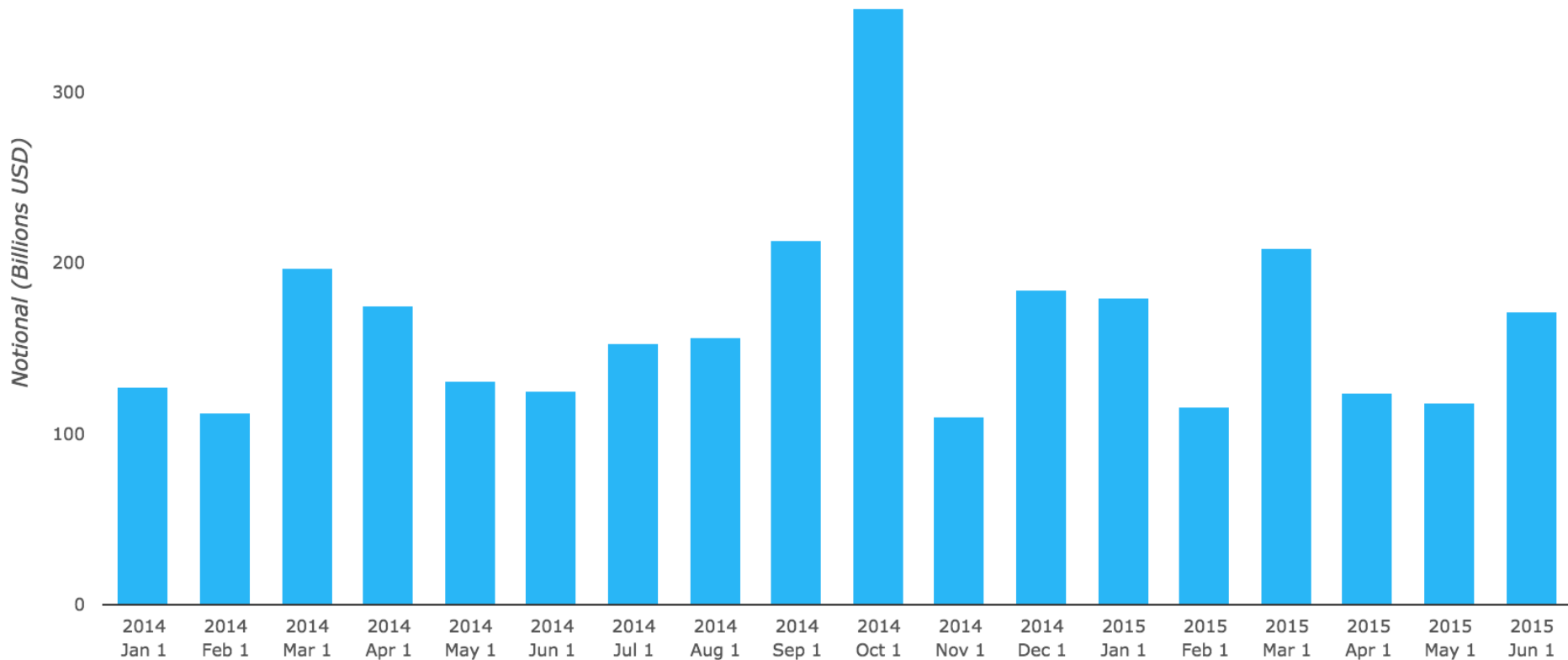
- How comprehensive is the data coverage?
 - *Depends on the Currency and Product*
 - Example – USD IRS – the largest product

USD



Credit

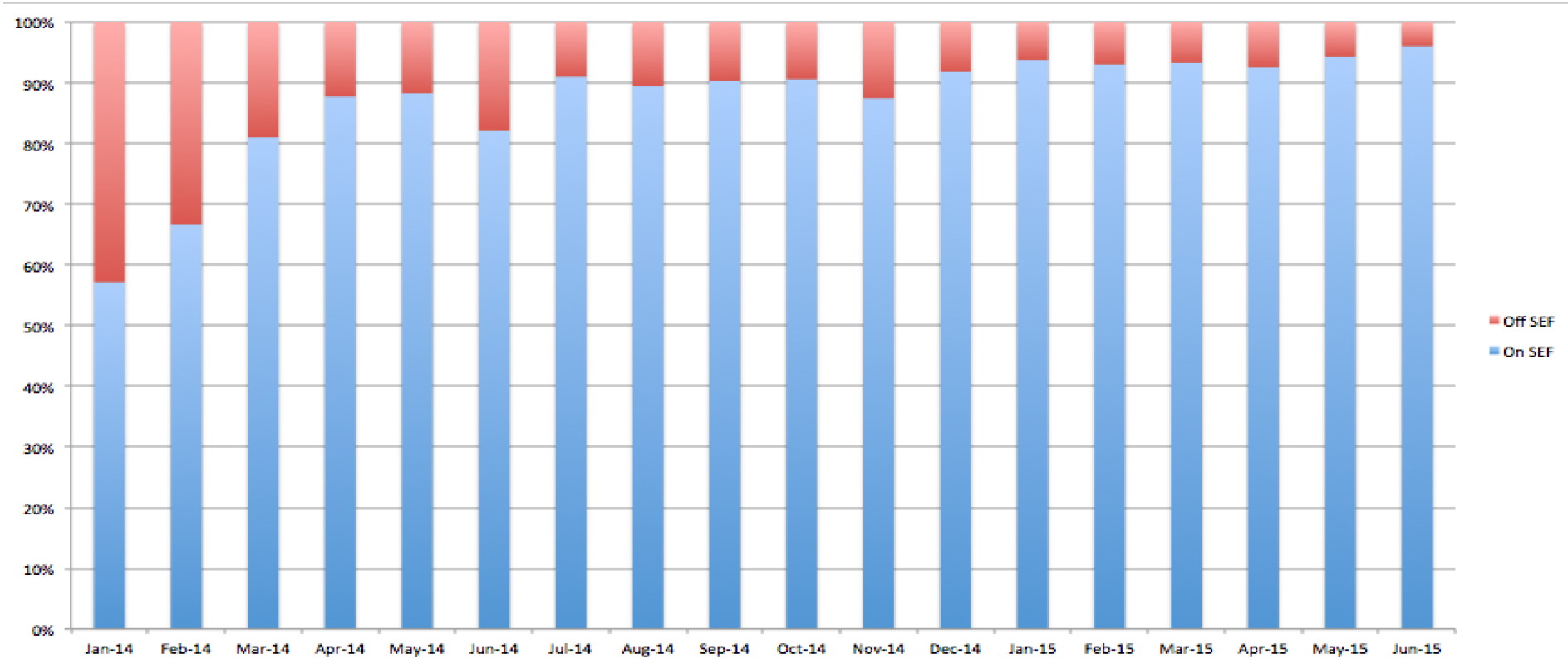
- CDX NA IG – Required and Permitted
 - **Volumes**



- Low point is Feb 2014 (MAT date)
- Series Roll in March and October and MAT not detrimental to volumes

Credit

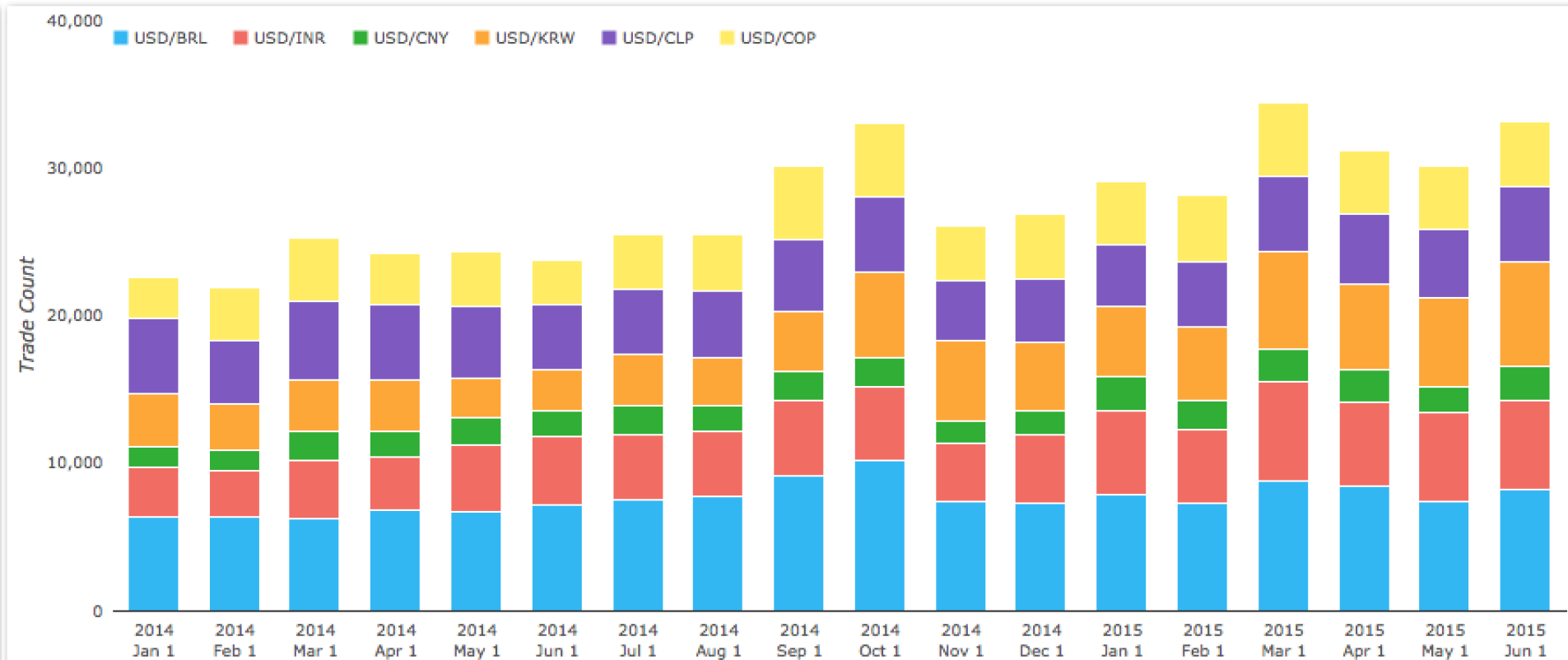
- CDX NA IG – Required and Permitted
 - **On SEF percentage share**



- On SEF - 57% to 96%
- Trading is in a standardised product

FX

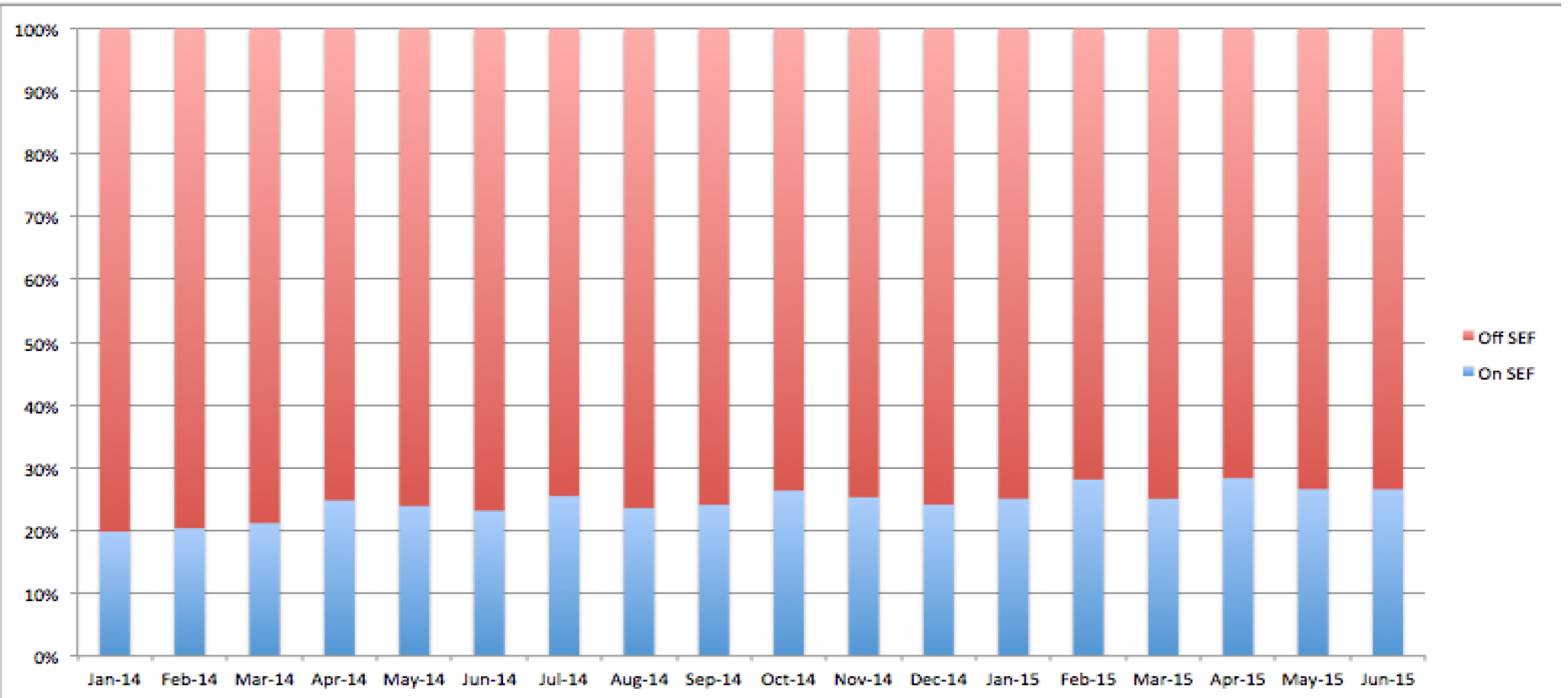
- FX NDF – Permitted products
 - Trade volumes in Top 6 Ccy pairs



- Increasing volumes, 50% in 18 months
- 22,000 to 33,000 trades or \$260b to \$370b gross notional (capped)

FX

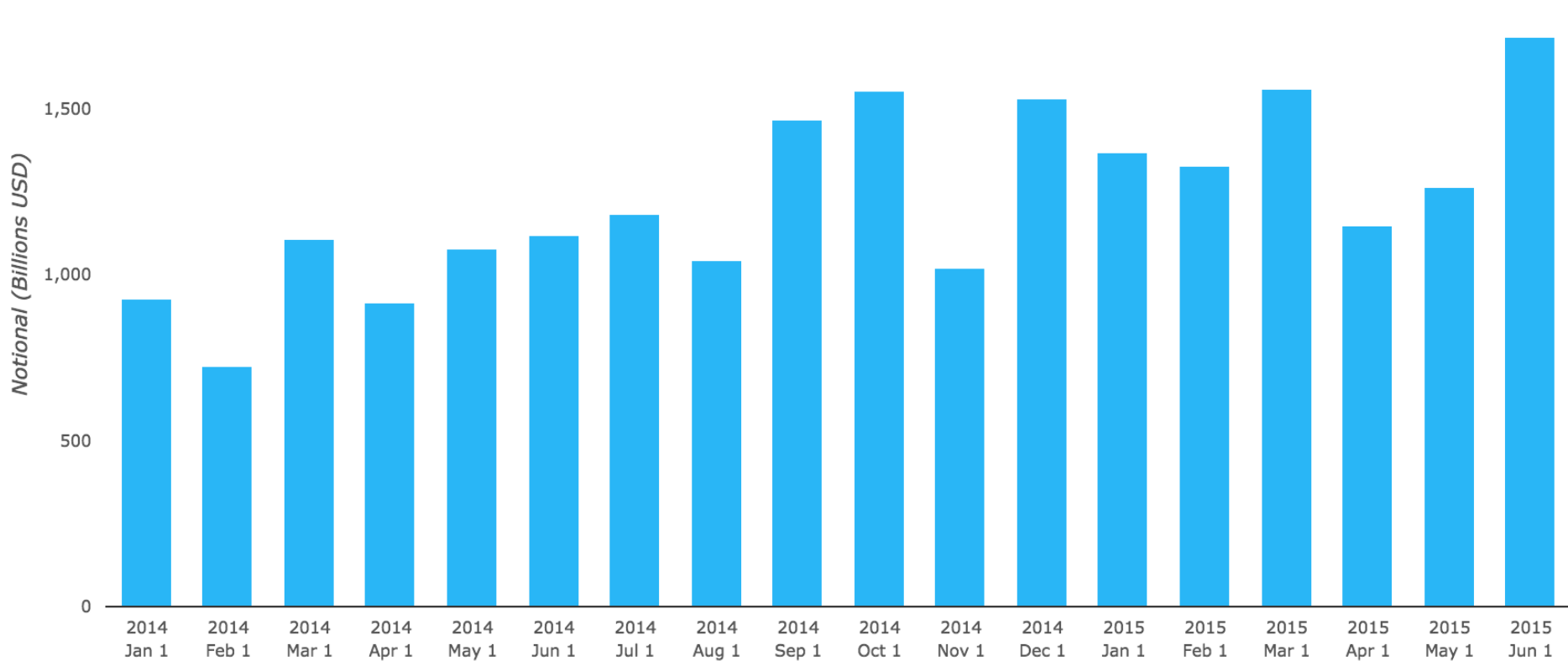
- FX NDF – Permitted products
 - On SEF percentage share



- Trade counts – 20% to 27% or Gross Notional – 33% to 40%
- Clearing is very low, no MAT determination and still On SEF Percentage Increased

Rates

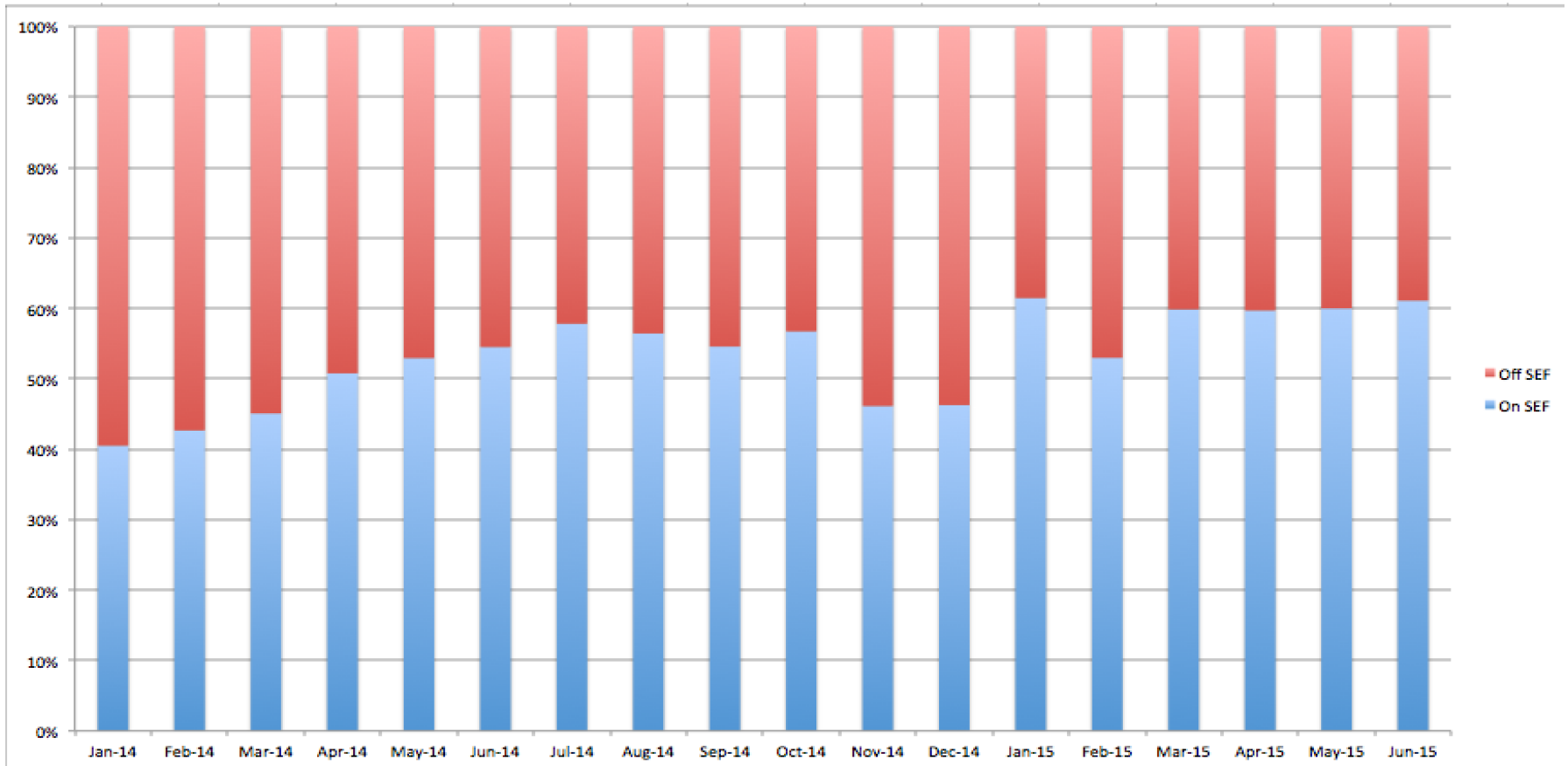
- USD IRS Fixed Float – Required and Permitted
 - Volumes



- Increasing Volumes from low in Feb 2014 (first MAT date)
- MAT has not harmed volumes which have risen with expectations on rates

Rates

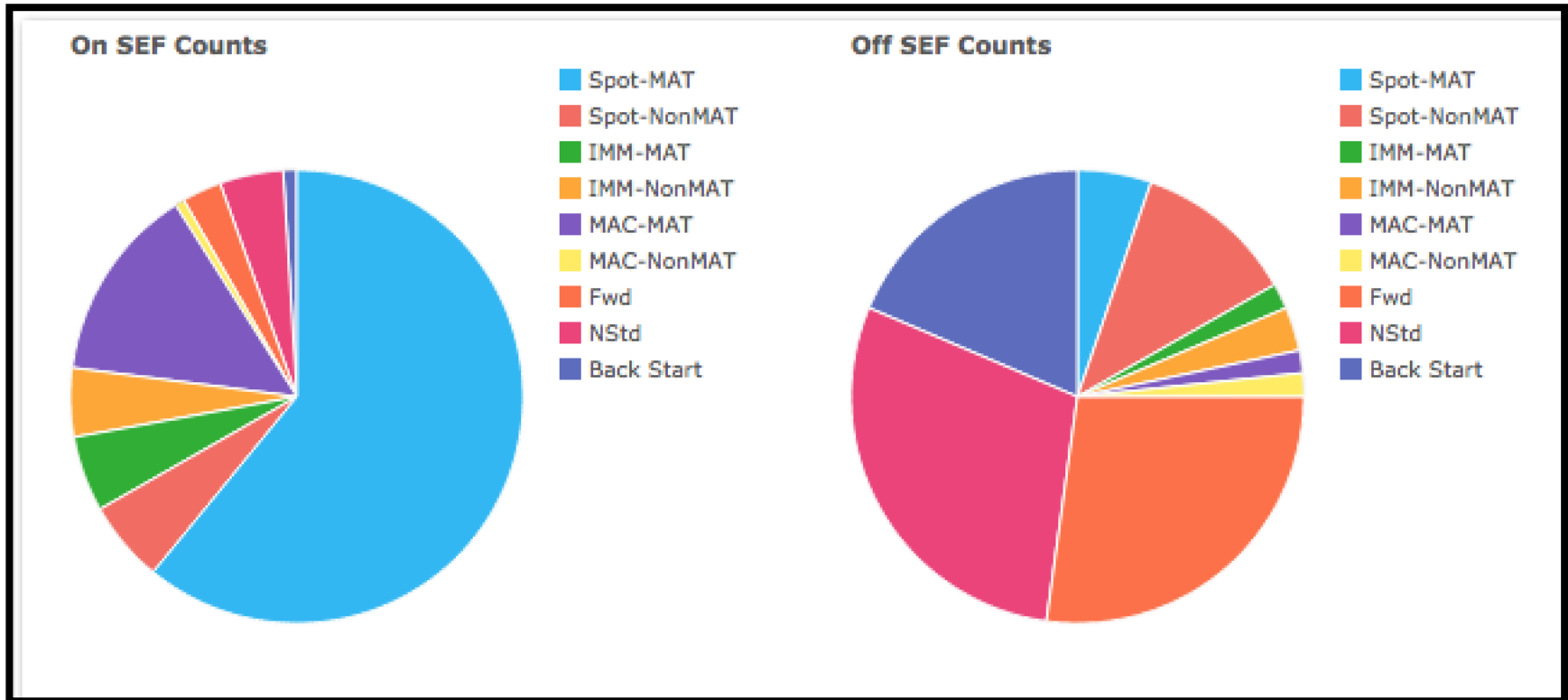
■ USD IRS Fixed Float



- On SEF Share – 40% to 60%
 - MAT Dates and Package Exemptions

Rates

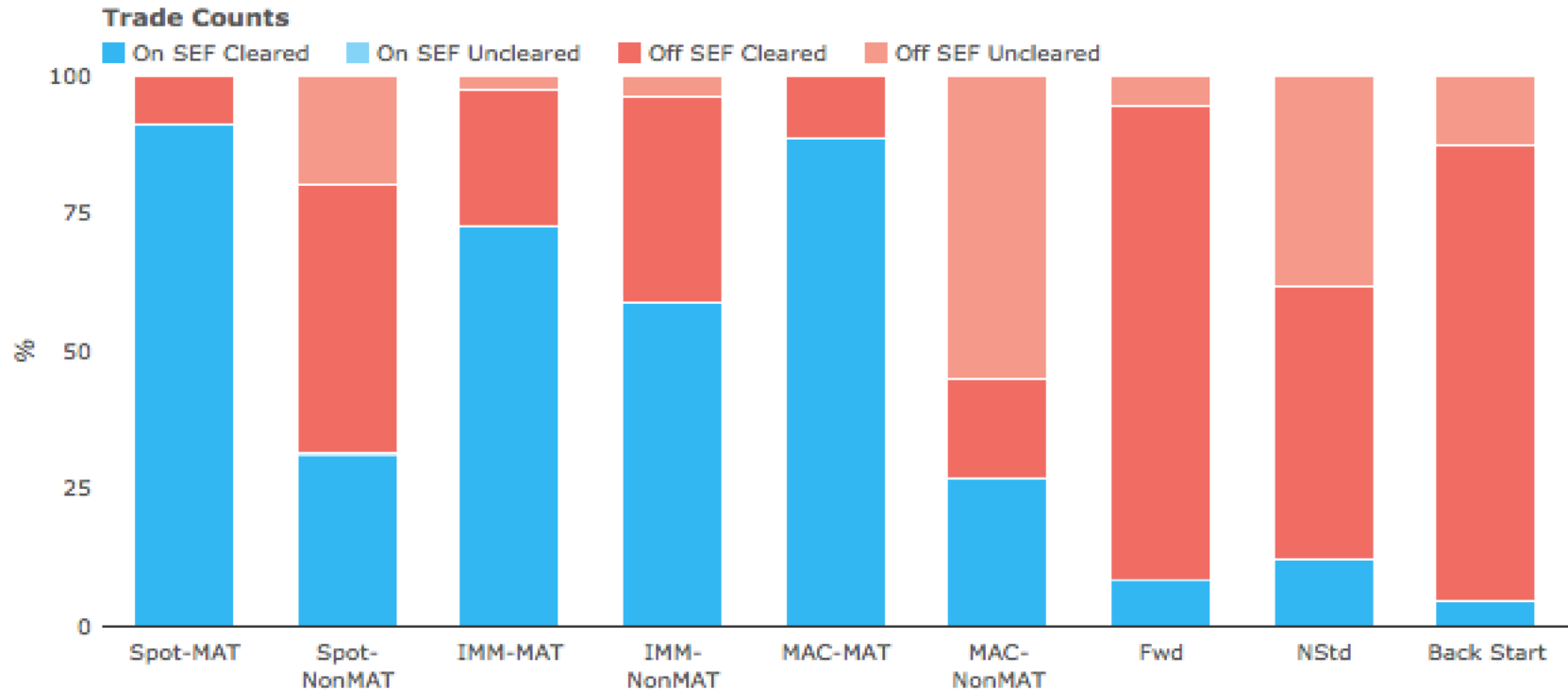
- USD IRS Fixed Float - **Many Sub-types**
 - June 2015 trade counts



- **MAT** - Spot, IMM, MAC in specific tenors
- **Non MAT** – All Others (Forwards, Non Standard)

Rates

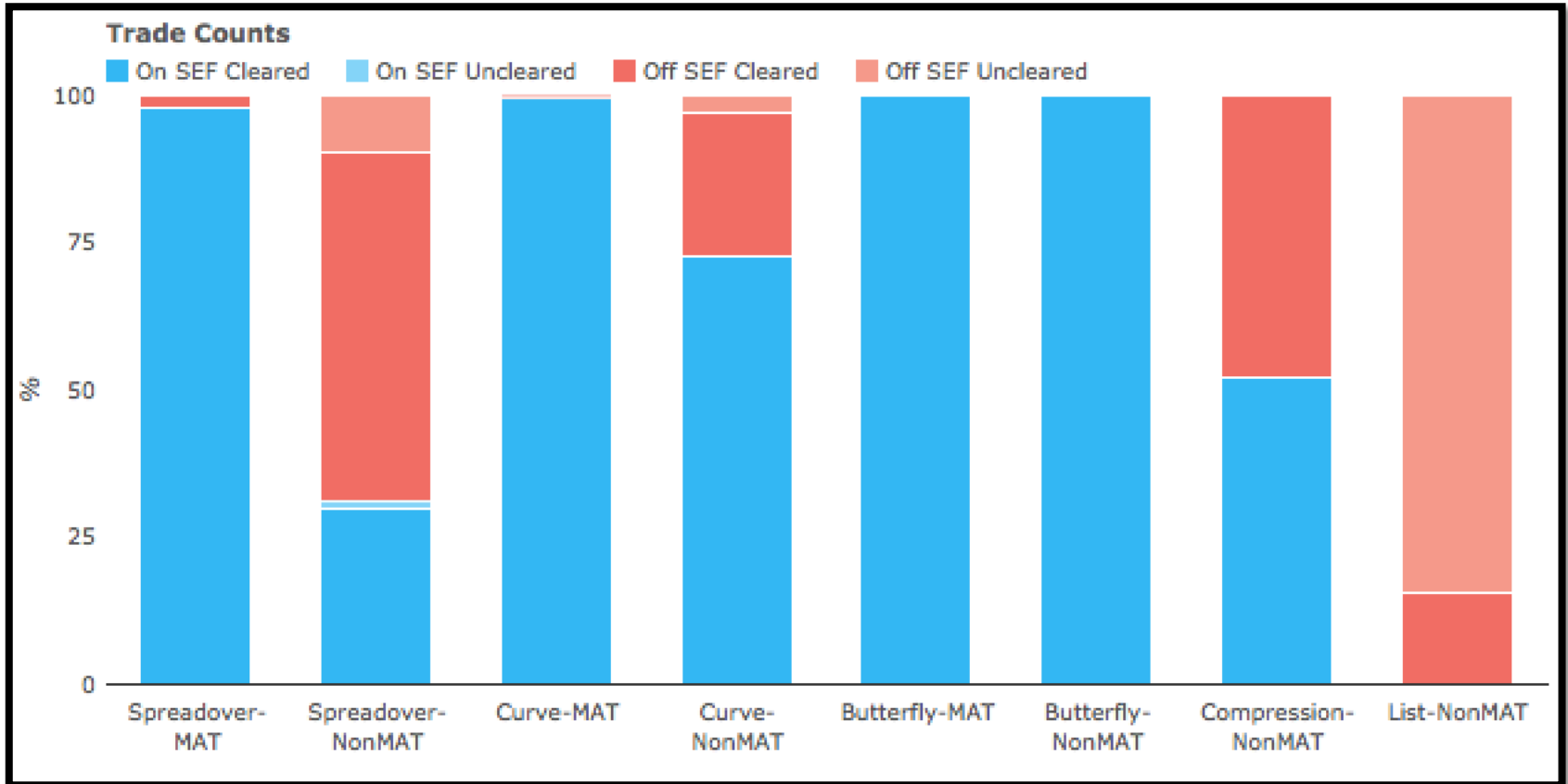
- USD IRS Fixed Float – Many Sub-types
 - On SEF Percentages



- **MAT** – Spot 91%, IMM 72%, MAC 90%
- **Non MAT** – Spot 30%, IMM 55%, MAC 24%
- **Non MAT** - Fwds 8%, NStd 12%

Rates

- USD IRS Fixed Float - **Packages**
 - June 2015 On SEF Percentages



- Spreadover, Curve, Butterfly
- Compression, List

Suggestions on Public Data

- Part 43 is a big step forward in public dissemination of OTC trade data
- However no forum/channel to improve what is available
- What we get asked and would like to see:
 - D2D or D2C trade
 - Voice or Electronic
 - RFQ or CLOB
 - Remove Capping of Notionals (as time delay sufficient?)
 - Clearing venue, as Price affecting, LCH or CME
 - Execution venue, which SEF
 - Linking of trades to a package

Conclusion

- CDX
 - Standardised product, MAT rapidly makes On SEF >90%
- FX NDF
 - Without MAT we still see an increase to On SEF 40%
 - Even with low Clearing and Cross-border
- USD IRS
 - On SEF is 60% as many IRS sub-types
 - All tenors for Spot, IMM & MAC could be made MAT
 - Avoids complexity of excluding some and adds 5% more to On SEF
 - Forward Start remain largest Off SEF
 - These do not show a gradual increase in On SEF
 - Only a MAT will move (Needs capture of dates, price off curve)
 - This will add 15% to On SEF (65% to 80%)



Website: www.clarusft.com

Blog: www.clarusft.com/blog

Email: info@clarusft.com

Slides: www.slideshare.net/clarusft

LinkedIn: www.linkedin.com/company/clarus-financial-technology

Twitter: [@clarusft](https://twitter.com/clarusft)