

INTRODUCTION - WHAT IS THE CFTC SWAPS REPORT?

On December 20, 2011, the Commission finalized the Swap Data Recordkeeping and Reporting rule (17 CFR Part 45), which requires counterparties to swap transactions to report the terms of those transactions to a new type of regulated entity, swap data repositories (SDRs), which will allow the Commission to receive and analyze a valuable new stream of data. In anticipation of receiving data pursuant to the requirements of Part 45, the Commission has prepared to publish the CFTC Swaps Report, a Commission transparency initiative to aggregate and publish swaps market data.

This is the proposed version of the CFTC Swaps Report, designed to solicit feedback from market participants and members of the public regarding the format, classification structures, and supporting documentation of the report. Upon the effective implementation of the Commission's Swap Data Recordkeeping and Reporting rule (17 CFR Part 45), the CFTC Swaps Report will use data required to be submitted to the Commission pursuant to that rule's requirements; the feedback on this proposed version will support the development of the final version of the CFTC Swaps Report as it incorporates this more comprehensive body of swaps market data.

WHY IS THE CFTC PUBLISHING THIS REPORT?

The CFTC Swaps Report will aggregate a comprehensive body of swap market data that was not previously reported to regulators or regulated entities, and make that information freely available in a form that is readily usable by both market participants and the general public.

Although the Dodd-Frank Act only requires that the Commission publish a report on trading, clearing, participants, and products in the swaps market on a semiannual and annual basis (H.R. 4173-322), the Commission has elected to publish the CFTC Swaps Report on a weekly basis. This weekly publication frequency will allow members of the public and market participants to gain a more thorough understanding of developments in the swaps market. The proposed version of the CFTC Swaps Report is published every Wednesday at 3:30 p.m., unless otherwise noted. See the Release Schedule for more detailed information.

WHAT'S INCLUDED IN THE CFTC SWAPS REPORT?

The proposed version of the CFTC Swaps Report includes weekly snapshots of the estimated notional amounts of swaps outstanding in each asset class and each product within an asset class on a weekly basis, calculated on a gross basis (and on a net basis where available), as well as total weekly swap transaction volumes, in four asset classes: interest rates (cleared and uncleared swaps, with cross-currency swaps broken out separately), credit (cleared and uncleared swaps), equity (uncleared swaps only), and commodities (no data currently available). After incorporating feedback from the proposed version of the report and the data reported pursuant to Part 45, the data published in the final version of the CFTC Swaps Report is expected to include weekly snapshots of the notional amounts of swaps outstanding in swap data repositories (SDRs), reported on both a gross and net basis, as well as total weekly transaction volumes, including both ticket volumes (the number of individual trades) and dollar volumes (the

combined notional value of those trades) reported to SDRs across four swap asset classes: interest rates, credit, equities, and commodities.

This proposed version does not use data submitted pursuant to the requirements of Part 45. It instead uses estimates derived from a number of sources: data voluntarily submitted by SDR applicants (DTCC and ICE); data submitted by an entity that has not applied for registration as an SDR (LCH.Clearnet); and several external survey data sources, including the ISDA 2012 Operations Benchmarking Survey and the semiannual OTC derivatives statistics published by the Bank for International Settlements. The numbers published in this proposed version of the CFTC Swaps Report should thus be considered to be estimates, and should not be considered to be definitive assessments of the size of the swaps market.

HOW IS THE CFTC SWAPS REPORT STRUCTURED?

The CFTC Swaps report is structured as a set of tables and supporting documentation.

Notional Outstanding

These reports provide a weekly snapshot of the notional amounts outstanding in an SDR or SDRs on both a gross and net basis, in millions of U.S. dollars, by participant type, cleared status, and product type; for certain asset classes, these reports also display gross and net notional amounts outstanding by currency, tenor, and grade. All Swaps Reports display the most recent five weeks of data for the interest rate, credit, equity, and other commodity asset classes. Swaps by Asset Class Reports display data for individual asset classes for only the most recent week.

Transaction Volume

These reports display total weekly swap transaction ticket volumes (the number of trades each week) and dollar volumes (the combined notional values of those trades) by participant type, cleared status, and product type; for certain asset classes, these reports also display swap transaction volumes by currency, tenor, and grade. All Swaps Reports display swap event volume for the most recent five weeks of data for the interest rate, credit, equity, and other commodity asset classes. Swaps by Asset Class Reports display swap transaction volume data for individual asset classes for only the most recent week.

Archive

The archive contains all of the previous publications of the proposed version of the CFTC Swaps Report, dating from the initial publication to the current reporting period. Select a date from the calendar to view the weekly report for that date.

CFTC Swaps Report Data Dictionary

The CFTC Swaps Report Data Dictionary is a glossary of terms used in the proposed version of the CFTC Swaps Report. Some terms included in the Data Dictionary may not appear in the CFTC Swaps Report, but are nonetheless included for general reference.

Explanatory Notes

The Explanatory Notes provide further detail on the data, aggregation methodology, and naming conventions used in the proposed version of the CFTC Swaps Report.

HOW DOES THE CFTC SWAPS REPORT COMPARE TO OTHER PUBLICATIONS?

The CFTC Swaps Report is designed to be a public service, the value of which is derived from its unique combination of comprehensive data aggregation, free availability, and weekly publication frequency.

The Commission notes that the voluntarily-submitted data used in the proposed version of the report represent the global market, and do not necessarily represent the swaps under the CFTC's regulatory jurisdiction; after incorporating the data reported pursuant to Part 45, the final version of the CFTC Swaps Report will represent only those swaps that are under the CFTC's regulatory jurisdiction, all of which are required to be reported under the rule. The swaps market data included in publications produced by entities such as the BIS, ISDA, and the Office of the Comptroller of the Currency vary in scope and granularity, but none corresponds directly to the CFTC's jurisdiction in the post-Dodd-Frank implementation market environment, and none publish on a weekly schedule.

There are several critical differences between the CFTC Swaps Report and other summary publications. The CFTC Swaps Report adjusts notional amounts outstanding for the double-counting caused by clearing swaps to present a single exposure for each transaction, whereas some other publications present double-counted totals for cleared swaps. The proposed version of the CFTC Swaps Report does not include information in the foreign exchange ("FX"); information in this asset class will not be included in the CFTC Swaps Report until such time as the regulatory jurisdiction of FX products is determined. The CFTC Swaps Report also excludes certain options products; after incorporating the data reported pursuant to Part 45, the final version of the CFTC Swaps Report will include data for only those products which are defined as swaps pursuant to the Commission's "Further Definition of "Swap," "Security-Based Swap," and "Security-Based Swap Agreement"; Mixed Swaps; Security-Based Swap Agreement Recordkeeping" rule (17 CFR Part 1, Securities and Exchange Commission 17 CFR Parts 230, 240, and 241). The final version of the CFTC Swaps Report will, upon incorporating the data reported pursuant to Part 45, display data according to the asset classes defined in 17 CFR Part 43 and the participant types defined in the Commission's Further Definition of "Swap Dealer," "Security-Based Swap Dealer," "Major Swap Participant," "Major Security-Based Swap Participant" and "Eligible Contract Participant" rule (17 CFR Part 240) and the Commission's End-User Exception to the Clearing Requirement for Swaps Rule (17 CFR Part 39).

The proposed version of the CFTC Swaps Report currently uses data voluntarily submitted or made freely available by a number of entities. The entities that are currently submitting data on a voluntary basis for the CFTC Swaps Report are LCH.Clearnet's SwapClear (one of several platforms that clear interest rate swaps), which is submitting cleared interest rate information that by LCH.Clearnet's estimate comprises 95 percent of the global cleared interest rate swap market; DTCC's Global Trade Repository, which is submitting uncleared interest rate and cross-currency swap information that by DTCC's estimate comprises between 65 and 80 percent of the global uncleared interest rate and cross-currency swap market; DTCC's Trade Information Warehouse, which is submitting cleared and uncleared credit default swap information that by DTCC's estimate comprises approximately 98 percent of the global cleared and uncleared credit default

swap market; and DTCC Derivatives Repository Ltd, which is submitting monthly uncleared equity swap information that comprises some unknown percentage of the global uncleared equity swap market. The Commission has endeavored to thoroughly evaluate the totals derived from voluntarily submitted data and cross-reference them with external survey data, but nonetheless notes that in the proposed version of the CFTC Swaps Report, these totals should be considered to be estimates, and should not be considered to be definitive assessments of the size of the swaps market; after incorporating the data reported pursuant to Part 45, the final version of the CFTC Swaps Report will include all cleared and uncleared swaps that are under the CFTC's regulatory jurisdiction, which comprises some as-yet unknown percentage of the global swaps market.

Furthermore, the data made available to the public pursuant to the requirements of the Commission's Real-Time Public Reporting of Swap Transaction Data (17 CFR 43) will be published at the transaction level and in real-time (more frequently than the weekly production of the CFTC Swaps Report). This level of specificity will be highly valuable in several ways, especially in enhancing the price discovery function of the swaps market; however, these data will be disaggregated (reported as individual transactions), and any individual stream or production of these data will reflect only those transactions that are reported to a single SDR. The CFTC Swaps Report is designed to aggregate these data across SDRs and across regular intervals of time to produce useful, informative summary tables.

Because the data disseminated pursuant to the requirements of Part 43 are made freely available to the public, an external entity could elect to perform an aggregation and publication service similar to that performed by the CFTC Swaps Report; however, such a service may not be, and is perhaps unlikely to be, made freely available to the public.

HOW CAN I COMMENT ON THE PROPOSED VERSION OF THE CFTC SWAPS REPORT?

Submit comments on the proposed version of the CFTC Swaps Report to swapsreport@cftc.gov. The Commission will accept comments on the proposed version of the CFTC Swaps Report for a period of 30 days, beginning November 14, 2012.