



Banco de México and the Central Derivatives Repository

September 2015



BANCO DE MÉXICO

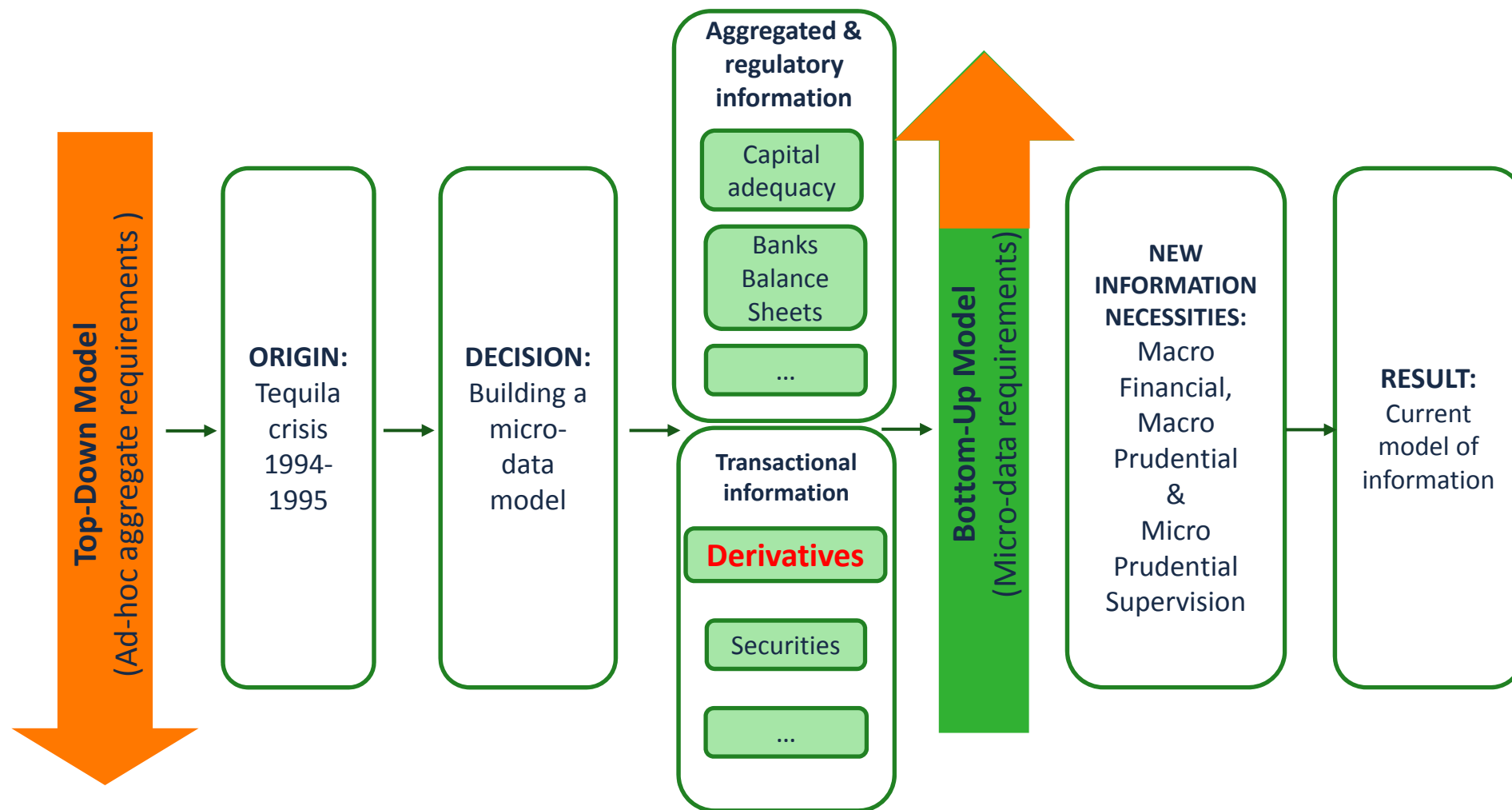
Disclosure

The views and conclusions presented in this presentation are exclusively the responsibility of the author and do not necessarily reflect those of Banco de México.

Introduction

- Compilation of financial information by Banco de México was based on a traditional financial statistic approach of Central Banks, built on aggregate data (MFSM, etc.).
- Nonetheless, the 1994-1995 financial crisis showed that financial system information was clearly insufficient for monitoring risks of sectors, markets and financial institutions.
- Therefore, since mid 90s Banco de México started requesting transactional information about securities, foreign exchange operations and derivatives, among others, to commercial banks, development banks and brokerage houses.
- Specifically, Banco de México has been collecting daily information on all derivatives transactions traded by banks and brokerage houses in both OTC and Exchanges, for more than ten years.

Financial Information Model: Derivatives



Financial Information Model: Derivatives

- Banco de México has a wide coverage in derivatives transaction information, missing those trades of unregulated financial institutions and nonfinancial entities with foreign counterparties.
- Daily data collected includes information of all terms in the trade date and all changes in the life cycle of every transaction, including characteristics of the instrument, the underlying, counterparties, collaterals, among others. In addition, there is a snap-shot collection that includes characteristics as the market valuation and “deltas” (in the case of options) of all outstanding transactions in a monthly (weekly from October onwards) basis.
- Coverage of existing data and experience in micro-data management allow Banco de México to perform the information function of a Trade Repository (TR).

Financial Information Model: Derivatives

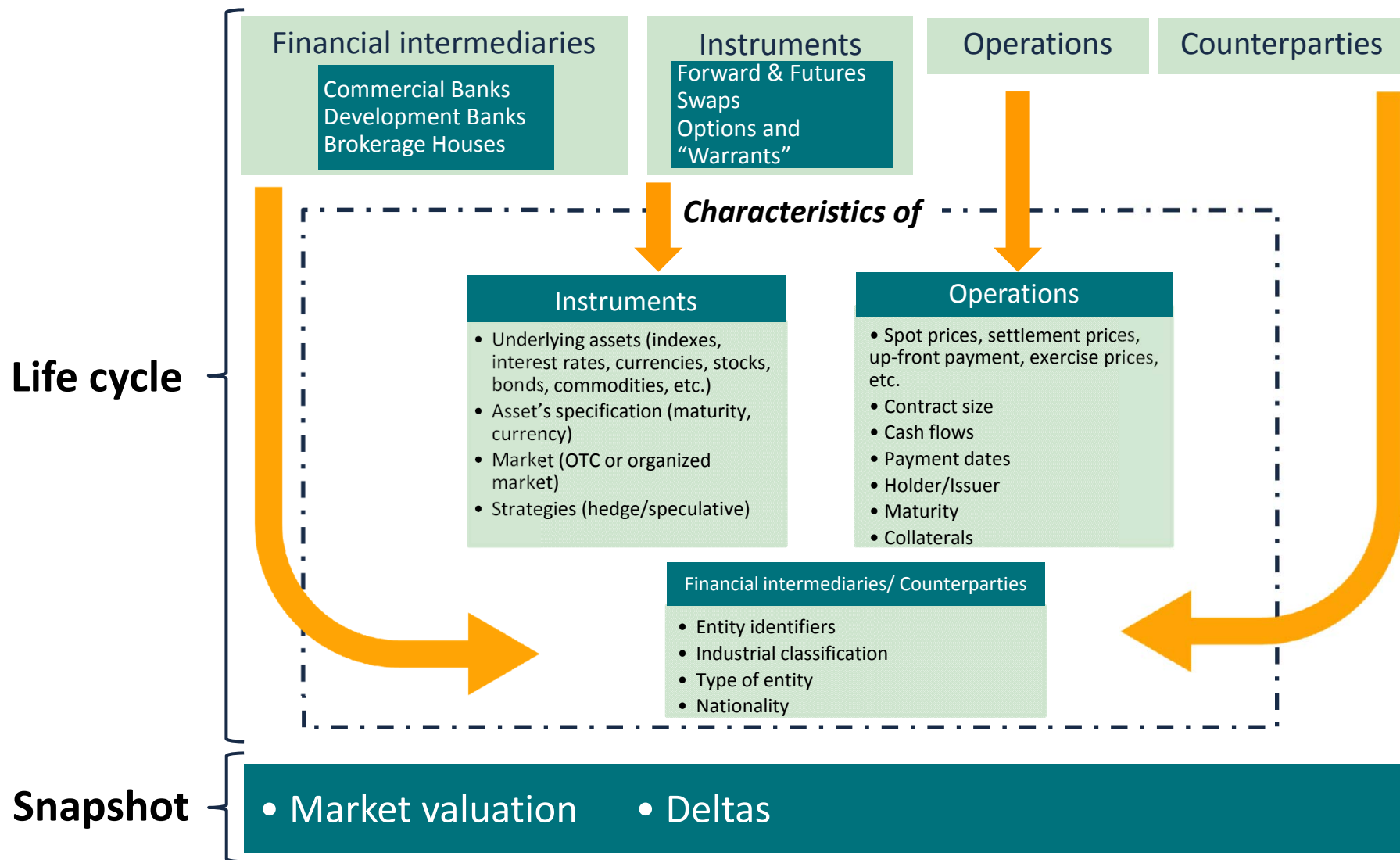
- A wide coverage of OTC derivatives operations.

Entities \ Counterparties			DOMESTIC							FOREIGN	
			Commercial banks	Development banks	Brokerage houses	Investment funds	Pension funds	Other non-bank financial institutions	Non financial	Financial entities	Non-financial entities
DOMESTIC	Financial entities	Commercial banks	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Development banks	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Brokerage houses	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Investment funds	✓	✓	✓					✓	
		Pension funds	✓	✓	✓					✓	
		Other non-bank financial institutions	✓	✓	✓					X	
		Non financial	✓	✓	✓				O	X	O
FOREIGN	Financial entities		✓	✓	✓	✓	✓	X	X		
	Non-financial entities		✓	✓	✓				O		

✓	Reporting institutions	X	Not available	O	Not relevant
✓	Non Reporting institutions (indirectly obtained)		Not allowed by regulation		
✓	Collected by another authority				

	Transactions between foreign entities
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Financial Information Model: Derivatives



Uses of the Data

- Currently, micro-data on derivatives, have different uses, mainly of market surveillance and financial stability:

Monitoring the functioning of the market and compliance of regulation.

Detailed information of all derivatives transactions for regulatory compliance of Capital Adequacy, Liquidity Coverage Ratio, FX positions and currency and maturity mismatches, among others.

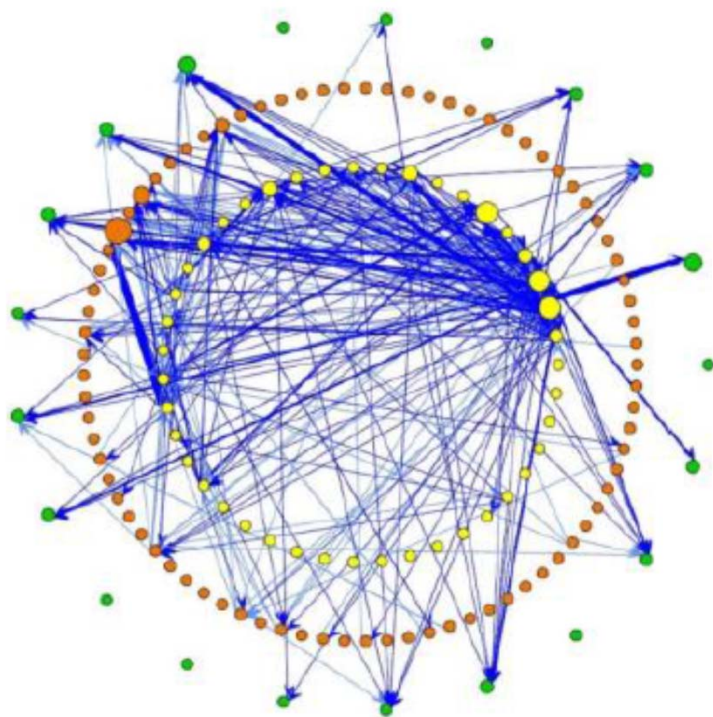
Credit risk analysis, which considers all risk positions of a given financial institution with its counterparties.

Market risk analysis of financial institutions portfolio by type of instrument and underlying.

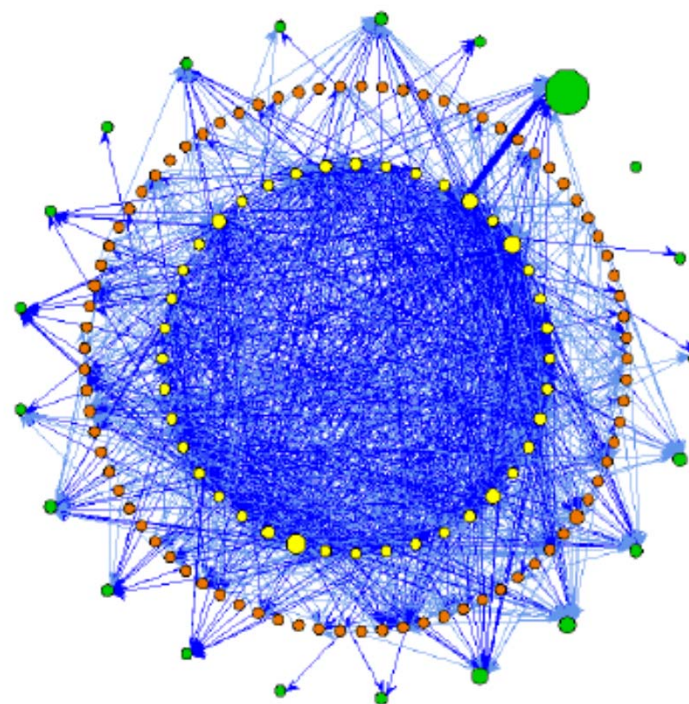
Network risk analysis.

Uses of the Data: Systemic Network Contagion

Exposures in Derivatives



All Interfinancial Exposures



Inside circle (●) Banks; middle circle (●) Pension and Investment Funds; outside circle (●) International Banks.
Arrows represents expositions between institutions.

International Initiatives

- As a result of the crisis, in 2009, G20 Leaders developed recommendations about OTC derivatives markets to mitigate systemic risk, improve transparency, and protect against market abuse. The main commitments are:
 - ✓ All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms.
 - ✓ OTC derivative contracts should be reported to trade repositories.
 - ✓ Non-centrally cleared contracts should be subject to higher capital requirements.

Trade Repository in Banco de México

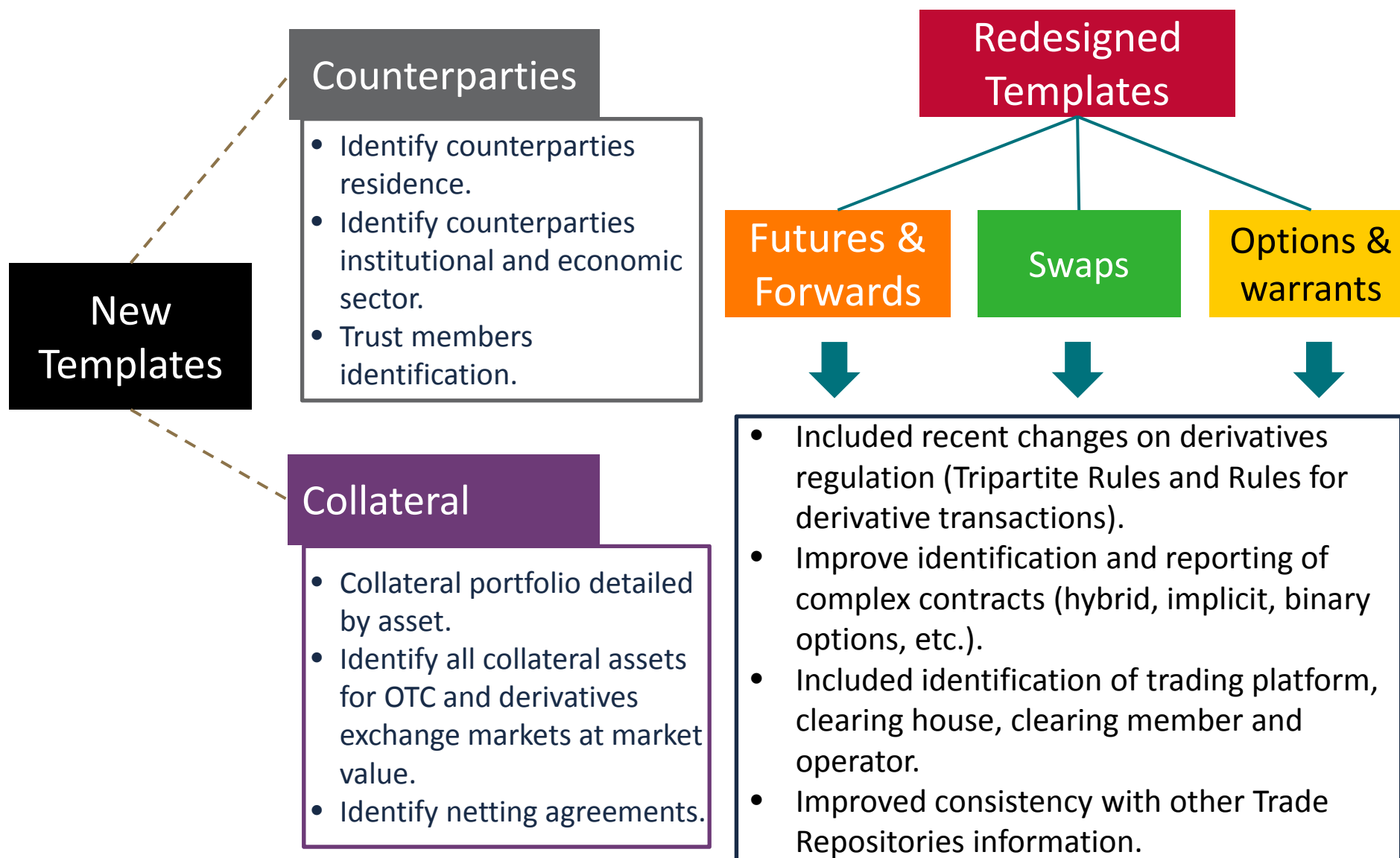
Advantages

- ✓ 14 years of experience collecting daily information.
- ✓ Close relation with users (CNBV, Financial Stability, Regulation and Supervision).
- ✓ Banco de México has faculties to request information to banks, brokerage houses, investment funds, and other regulated financial institutions.
- ✓ Cross validation of information with other information requirements of the institution and among institutions.
- ✓ Broad mandate for financial stability, access to all regulated financial institution data.
- ✓ Data sharing among financial authorities.

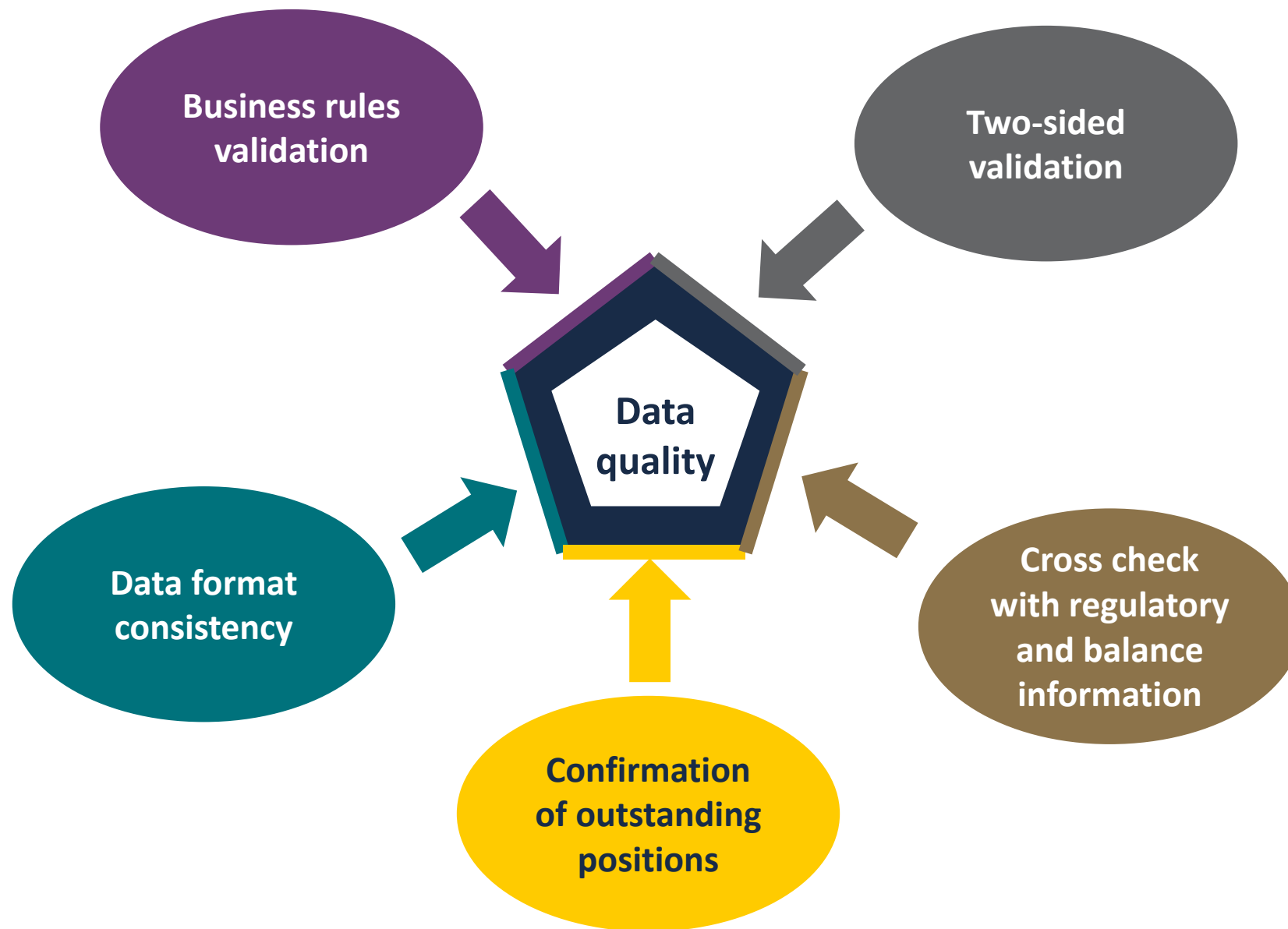
Actions Undertaken by Banco de México to Work as a Trade Repository

- Banks and Brokerage houses are required to submit their derivatives trades (OTC and exchange traded) at the closing of each business day.
- Currently, Banks and brokerage houses validate data on a monthly basis and incorporate additional information, including market valuations of each trade, sensitivities to the underlying price.
- Between March and September of 2015, new regulatory reports were implemented to account for market developments and include data internationally recommended.
- Banco de México is working on the establishment of a trade repository in the central bank, and reviewing the adoption of the Principles for Financial Market Infrastructures recommended for trade repositories.
- Technological up-dating and improve data quality and transparency through dissemination of statistics.

New Derivatives Information Templates



Data Quality



Statistics on Derivatives of Banks and Brokerage Houses

Turnover

- Methodological changes and broad scope.
- Daily information since jan-2007.
- 600 data concepts (1,800 time series).
- Describes development of the derivatives market.

Outstanding operations

- Monthly information since jan-2007.
- 600 data concepts (1,800 time series).
- Describes behavior of portfolio derivatives.

Risk positions and prices

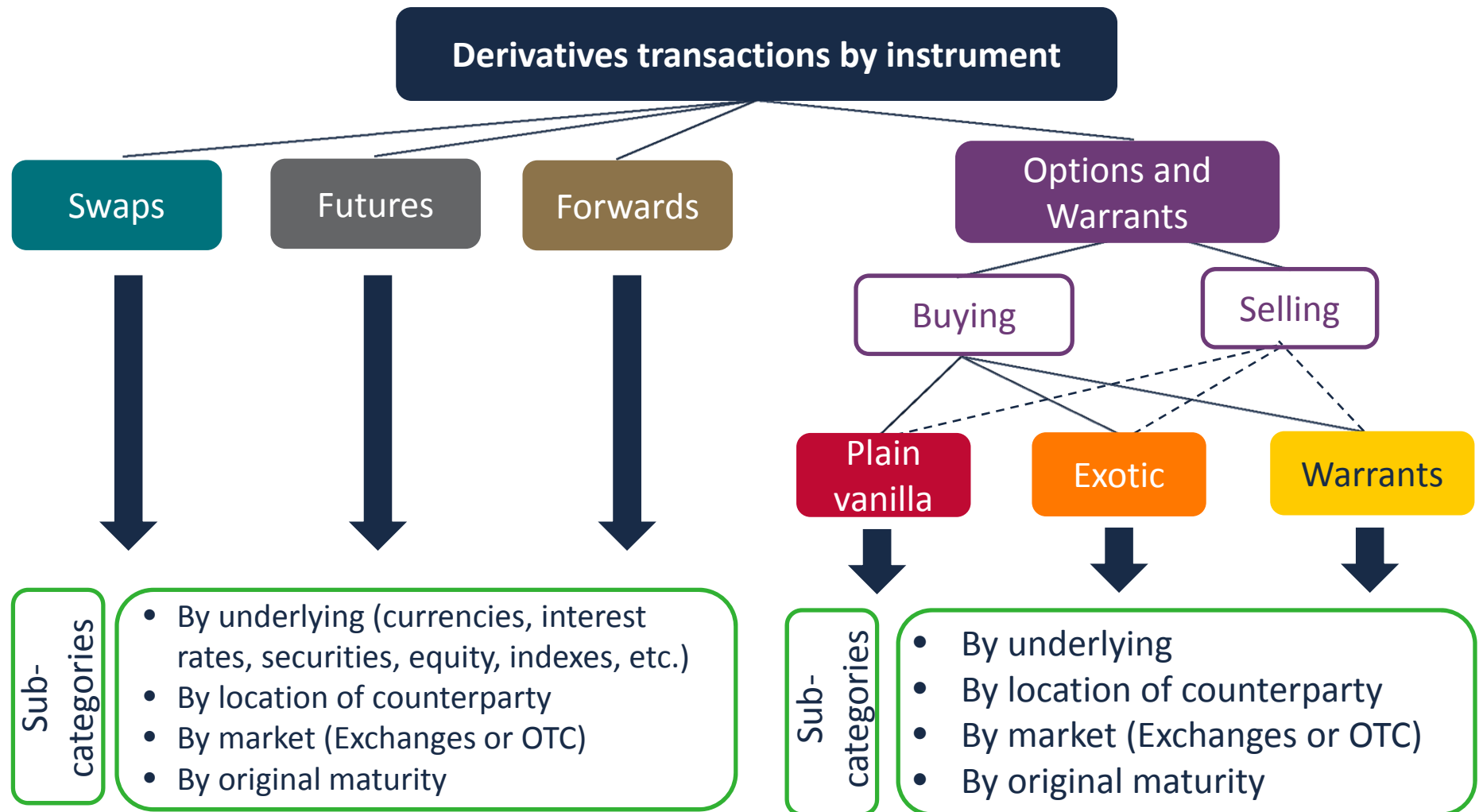
- Monthly information since jan-2007.
- 500 data concepts (1,500 time series).
- Describes exposures to market risk and counterparty sector risk.

Available

October 2015

January 2016

Structure for Turnover Statistics of Derivatives Traded by Banks and Brokerage Houses (Exchanges and OTC)



Structure for Position Statistics of Derivatives Traded by Banks and Brokerage Houses (Exchanges and OTC)

TYPE OF POSITIONS

Long Position

Short Position

Net Position

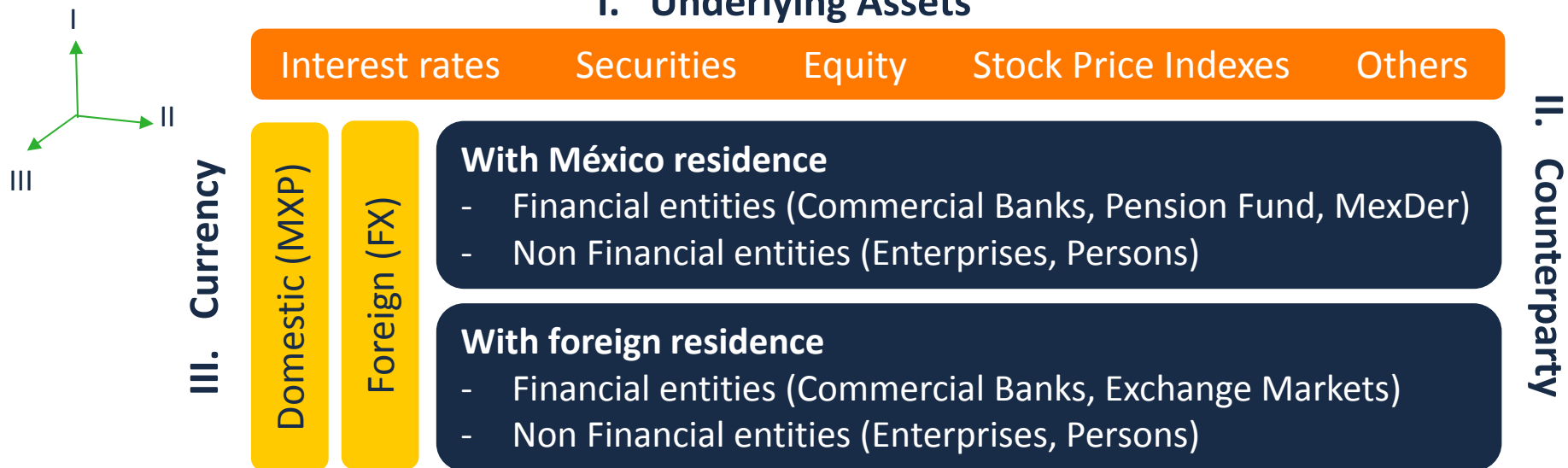
DERIVATIVE INSTRUMENTS

Swaps

Futures and Forwards

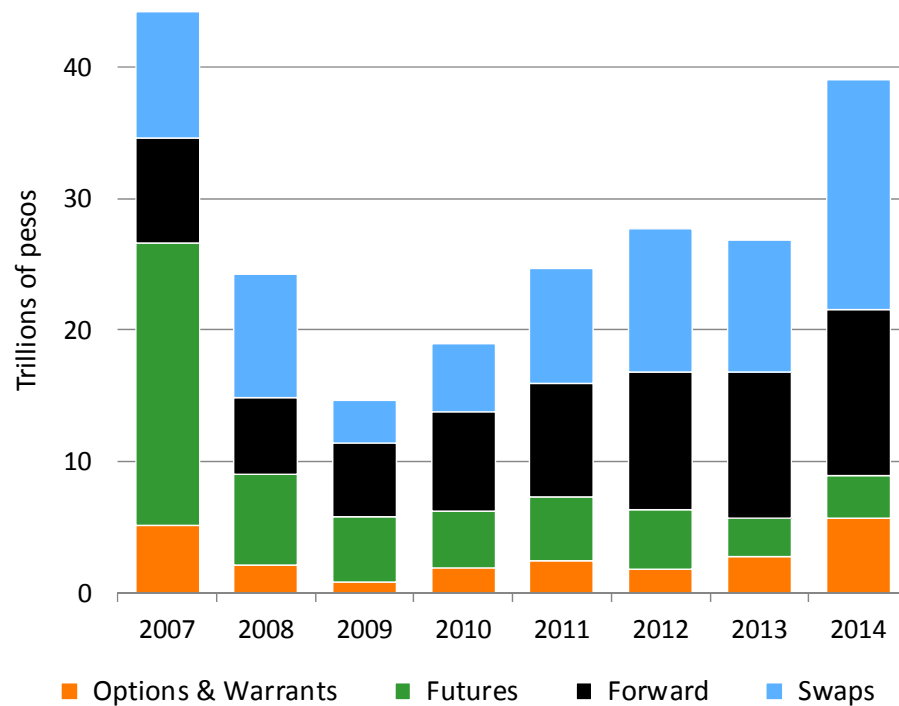
Options and Warrants

CLASSIFICATION OF TIME SERIES

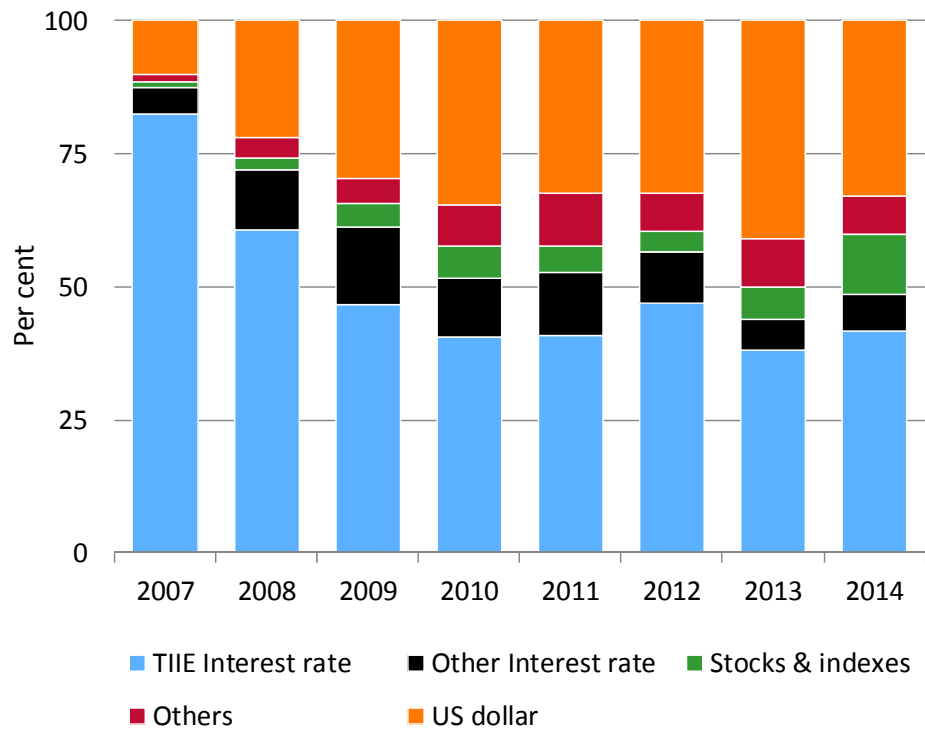


Derivatives Turnover Traded by Mexican Banks and Brokerage Houses

By type of instrument

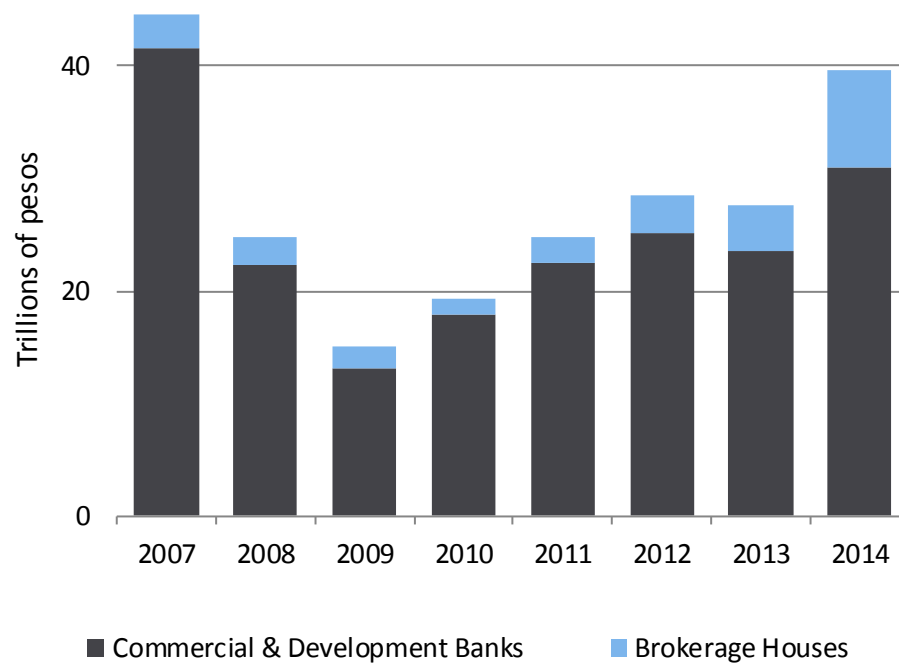


By type of underlying asset

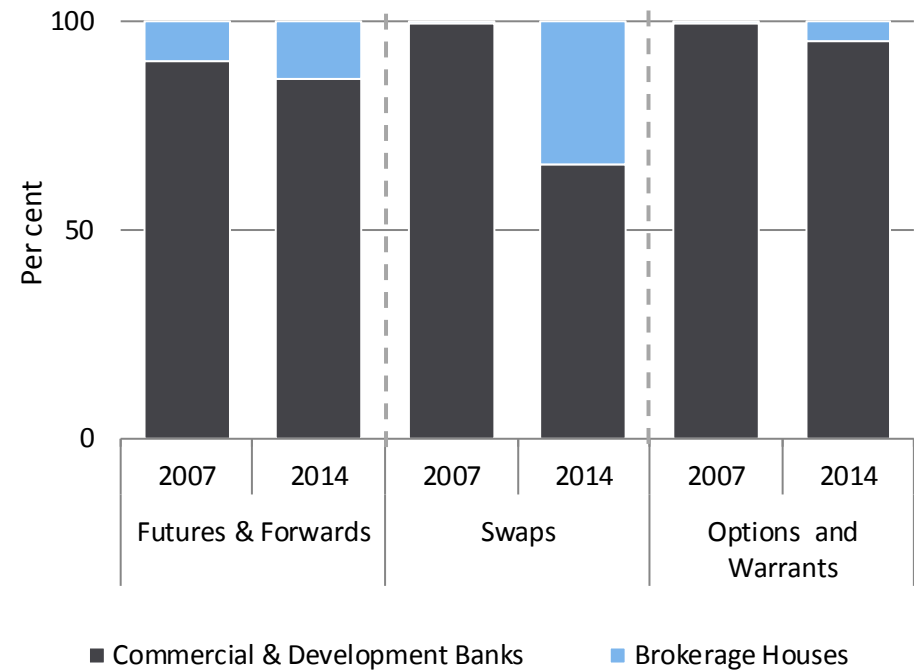


Derivatives Turnover Traded by Mexican Banks and Brokerage Houses

By type of financial institution

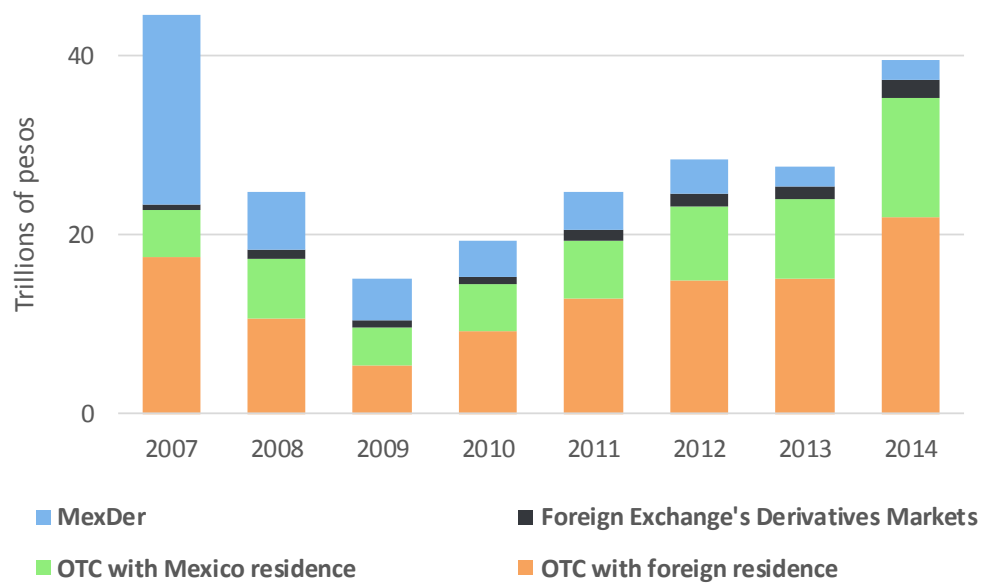


By type of instrument and financial institution

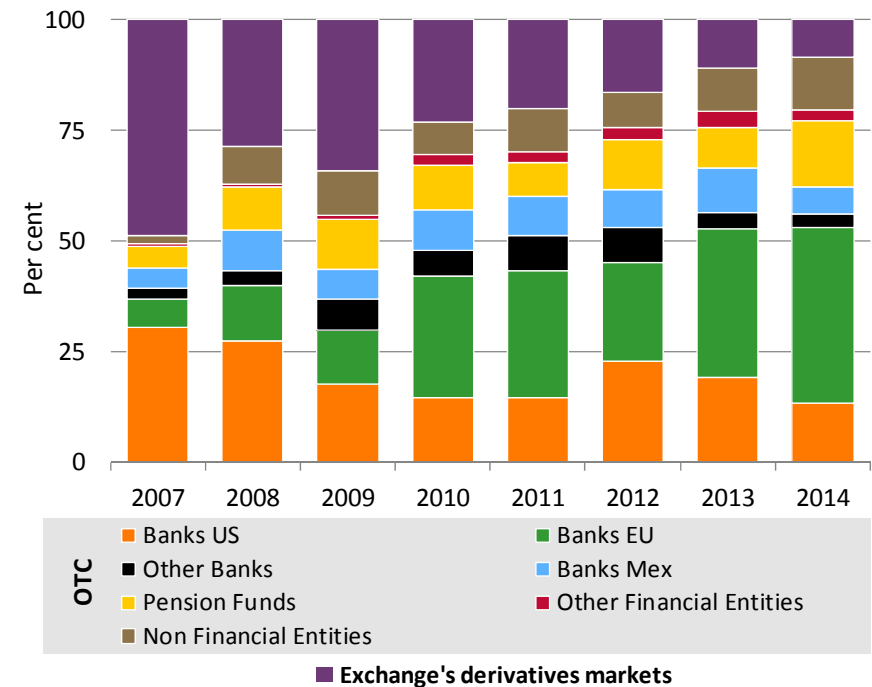


Derivatives Turnover Traded by Mexican Banks and Brokerage Houses

By type of market

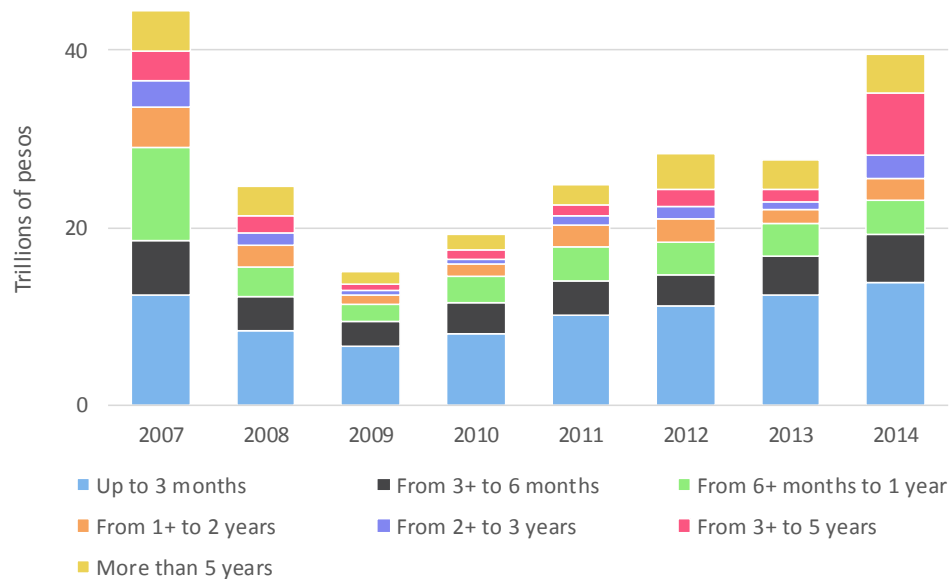


By type of counterparty

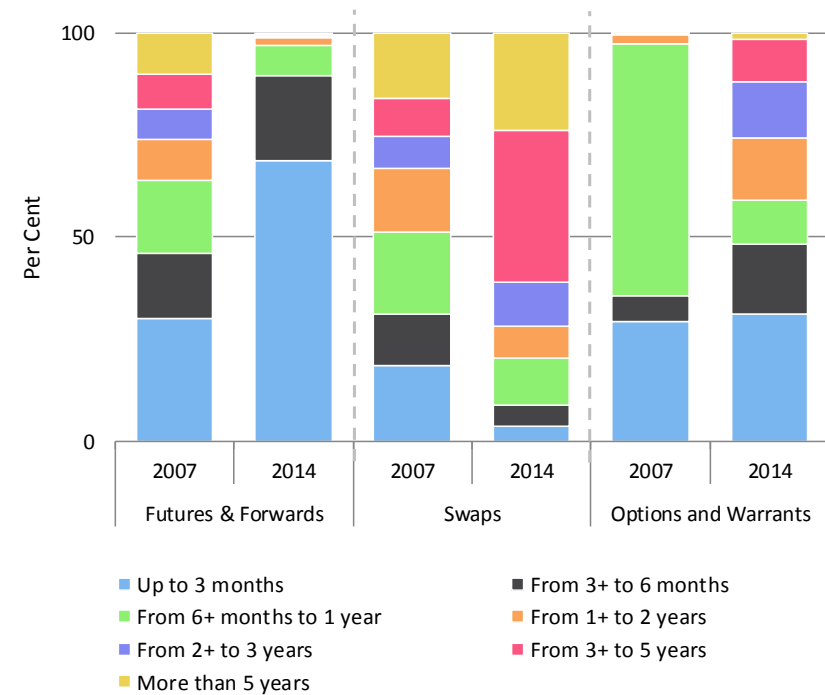


Derivatives Turnover Traded by Mexican Banks and Brokerage Houses

By range of original maturity



Instruments by original maturity



New Releases of Statistics and Selected Graphs on Derivatives

Inicio | Contacto | Ley de transparencia | Junta de Gobierno | Empleo y servicio social | Salvedad al uso de esta página | English



BANCO DE MÉXICO

Política Monetaria e Inflación | Sistema Financiero | Sistemas de Pago | Billetes y Monedas

ACERCA DEL BANCO DE MÉXICO

- INFLACIÓN
- MERCADO DE VALORES (TASAS DE INTERÉS)
- MERCADO CAMBIARIO (TIPOS DE CAMBIO)
- PUBLICACIONES
- CALENDARIO
- INFORMACIÓN PARA LA PRENSA
- PREGUNTAS FRECUENTES
- DIVULGACIÓN
- MI BANXICO
- ESTADÍSTICAS
- DISPOSICIONES
- SERVICIOS
- MATERIAL DE REFERENCIA

ANUNCIOS DE LAS DECISIONES DE POLÍTICA MONETARIA

MERCADOS FINANCIEROS (TIPO DE CAMBIO, TASAS DE INTERÉS Y DERIVADOS)

Mercado cambiario

- Resultados de las subastas de dólares
- Tipos de cambio
- Volúmenes operados en el mercado cambiario
- Operaciones del Banco de México en el mercado cambiario
- Activos internacionales del Banco de México

Mercado de valores

- Tasas y precios de referencia
- Subastas y colocación de valores
- Valores en circulación
- Valores operados

Operaciones en el mercado de valores (FLASH)

- Operaciones de reporte: volumen, contrapartes, plazos, tasas, etc.
- Operaciones de compra – venta: volumen, contrapartes, plazos, tasas, etc.
- Volumen operado de títulos en moneda nacional y UDIS: por tipo de emisor, por tipo de intermediario y por tipo de contraparte
- Volumen operado de títulos en moneda nacional y UDIS: por emisión y tipo de contraparte
- Títulos de deuda, bursátiles: diversas características

Mercado de derivados

- Volumen de operaciones derivadas negociado por instituciones de crédito y casas de bolsa
- Volumen de operaciones derivadas negociado por casas de bolsa
- Volumen de operaciones derivadas negociado por instituciones de crédito
- Nota sobre cambios en las estadísticas del mercado de derivados publicados por el Banco de México (PDF)
- Portal de Información de Derivados
- Encuestas del BIS sobre volúmenes operados en el mercado cambiario y de derivados

BANCO DE MÉXICO

Principal | MI Tablero de Control

Portal Interactivo de Información Financiera

Introducción



Introducción

Banco de México
Dirección de Información del Sistema Financiero
Rev. 1.0



BANCO DE MÉXICO

www.banxico.org.mx