

Identified benchmark 1

1. Identification of spot FX benchmark 1

1.1 Name of the first spot FX benchmark you have identified:

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

USDINR spot FX rate

1.2 In your view, does the first spot FX benchmark you have identified, meet the criteria for significant benchmarks set out in Article 24(1) and Article 24 (3) of the reviewed BMR?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 1.2:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The above benchmark meets the significant benchmark criteria as: (1) it is directly referenced in the EU by non-deliverable FX forward and swap contracts having a total average value of more than EUR 50 billion, over a six month period, in order to determine the amount payable under each financial contract, (2) there is no alternative equivalent benchmark calculated by an administrator located in the EU, and (3) over 74% of the notional value of trades is used by end-users and banks to hedge their local currency exposure which would suggest that if the benchmark was no longer permitted for use in the Union there would be both a significant and adverse impact on the real economy and the financing of businesses.

While no competent authority has designated the benchmark as significant, ESMA did, as part of the European Commission's legislative review, confirm that it was referenced by financial instruments with a value of more than EUR 50 billion that had been reported to the EU trade repositories under EMIR.

1.3 Identification of the FX benchmark:

	Spot FX Benchmark 1
a) ISIN or other identifier of the spot FX benchmark (where available)	FBIL (INR01)
b) Name of the administrator of the spot FX benchmark	Financial Benchmarks India Pvt Ltd
c) Regulatory status of FX benchmark / administrator under relevant local or global regimes (e.g. compliance with IOSCO principles, local regulatory oversight, etc.)	Regulated under the Reserve Bank of India's 'Financial Benchmark Administrators (Reserve Bank) Directions, 2019' and 'Reserve Bank of India (Financial Benchmark Administrators) Directions, 2023' Compliance with IOSCO principles
d) Currency and abbreviation	Indian Rupee (INR)
e) Links to any relevant publicly available information on the FX benchmark and/or its administrator	https://www.fbil.org.in/#/home https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11601&Mode=0#A_1 https://www.pdicai.org/Docs/RBI-2023-24-98_29122023153859701.pdf

1.3.1 What is the source of this spot FX benchmark?

- ☐ Data vendor
- ☒ Administrator's website
- ☐ Other
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The official administrator, the Financial Benchmarks India Pvt Ltd (FBIL), calculates and publishes the basic exchange rate on its website by approximately 1:30pm Mumbai time daily.

2. Evidence of the existence of currency controls for benchmark 1

2.1 Please indicate the currency controls in existence for the currency concerned, including by reference to authoritative sources (an example for an authoritative source is the [IMFs annual report on exchange arrangements and exchange restrictions](#)).

Where relevant, please indicate also how the currency controls impact your business:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

IMF Report

Administration of control - Exchange management is administered by the RBI in accordance with the Foreign Exchange Management Act (FEMA), 1999, and the general policy established by the government, in consultation with the RBI.

FEMA (https://www.chemexcil.in/uploads/FEMA_1999.pdf) is a law enacted by the Government of India to control the flow of foreign exchange across Indian borders. FEMA aims to facilitate external trade and their payments in India and outlines the procedures, formalities and business of all foreign exchange transactions in India. It also impacts the way non-resident Indians can send and receive funds from India.

For example –

Holding of foreign exchange, etc.

4. Save as otherwise provided in this Act, no person resident in India shall acquire, hold, own, possess or transfer any foreign exchange, foreign security or any immovable property situated outside India.

3. Use of benchmark 1

Please note that any information submitted in response to the questions in this section will be handled confidentially and will not be published, except in an anonymous AND aggregated form.

Wherever possible, data requested below has to be reported at the level of a company (i.e. FX benchmark user or FX benchmark end user, as identified above under (1.3 a) and (1.3 b), respectively). Please indicate the Legal Entity identifier (LEI) of the company, where available.

Where associations report on behalf of their members, they need to provide data per member. In those cases, as a principle, members should not report the (same) data separately.

Where the same data is nevertheless reported by both the company and its association (or where the risk of it is deemed as high), it should clearly be identified (see question 2.1).

3.1 Total outstanding volume: Please specify the total volume of currency derivatives your organisation held over the two most recent quarters for which data are available (average of positions held at each of the last two quarters):

276564000000

euros

Please explain your answer to question 3.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The data has been collected in accordance with Commission Delegated Regulation (EU) 2018/66 (Delegated Regulation). Because all non-deliverable FX forward (NDF) and non-deliverable FX swap (ND swap) contracts have been executed under a standard template that only references the specific benchmark identified in the answer to question 1.3 a), the total value of financial contracts has been calculated by aggregating the notional value of contracts where (1) the currency pair is USDINR, and (2) the maturity date of the contract is after the end of either or both of the quarter end dates in question.

Also, in accordance with the Delegated Regulation, where the notional value of the contract is negative, due to the sale of the currency, the absolute value has been used.

In the case of NDF and ND swap contracts the benchmark is used to determine the amount payable under the contract as per Article 3 1.(3) of Regulation (EU) 2016/1011.

The total value reported under question 3.1 represents the average aggregate value of open contracts as at 30 September 2024 and 31 December 2024 reported by the 14 bank members of the International Swaps and Derivatives Association (ISDA) and the Global Foreign Exchange Division (GFXD) of the Global Financial Markets Association (together the Associations) that submitted data.

The members that have submitted data to the Associations have confirmed that they will not be responding individually to the consultation and therefore reporting data separately.

The data has been reported in aggregate only due to the confidential nature of the data and condition of members that the Associations only report aggregated and anonymised data. If the data were to be reported by member it would be possible to deduce the values associated with each individual member.

The members that have provided the data to the Associations have also stated that they do not want the LEI of their reporting entities to be shared as part of this response.

3.2 Number of trades: Please specify the total number of trades over the two most recent quarters for which data are available:

66816

trades

Please explain your answer to question 3.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The data has been collected in accordance with the Delegated Regulation. Because all NDF and ND swap contracts have been executed under a standard template that only references the specific benchmark identified in the answer to question 1.3 a). the total number of trades has been calculated by aggregating the individual trades where the currency pair is USDINR, and the maturity date of the contract is after the end of either or both of the quarter end dates in question.

3.3 Type of financial instruments used: Please break down the volume and number of trades reported under questions 3.1 and 3.2 according to the type of financial instrument used (e.g. forwards, futures, swaps, etc.):

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

NDFs 223,601 million Euros and 65,572 trades
ND swaps 52,962 million Euros and 4,244 trades

When submitting data to the Associations, the bank members split the total average value and number of trades between the two different types of instruments.

If a bank has used its internal booking systems to extract the data, an ND swap is separately identifiable from an NDF because it will have a link identifier field connecting the two legs of the swap. If the bank has used its EMIR trade reporting file to extract the data, the two legs of the ND swap will be identified as a package trade and can therefore be reported separately to the NDFs.

3.4 Where known to you, please specify how these financial instruments are traded:

Please select as many answers as you like

- ☒ traded or admitted to trading on a trading venue
- ☒ traded on a Systematic Internaliser (including the relevant Market Identifier Code or MIC code, where known to you)

(trading venue as defined in point (24) of Article 4(1) of [Directive 2014/65/EU](#) and a systematic internaliser as defined in point (20) of Article 4(1) of that Directive)

☐ traded OTC

☐ other

Please explain your answer to question 3.4:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

USDINR NDF and ND swap contracts are traded either via request for quote or streamed prices on multilateral trading facilities such as 360T (MIC code: 360T), FXall (MIC code: FXAL) and FXGO (MIC code: FXGB).

For those trades executed away from trading venues, the vast majority were executed in the respective firm's capacity of Systematic Internaliser. Trades executed away from trading venues that were not executed as SI, and hence were executed as pure OTC, are statistically insignificant.

All the bank members that have submitted data to the Associations for the purposes of this consultation are registered as systematic internalisers for FX.

3.5 Please specify the share of the total outstanding volume in the financial instruments reported above that were used exclusively for a hedging purpose:

204849000000

euros

Please explain your answer to question 3.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

NDFs and ND swaps traded between liquidity providers, i.e. banks, are typically used to hedge the unmatched positions resulting from trades entered into with their clients, i.e. institutional investors, corporates and others.

Funds managed by institutional investors are not permitted, under the rules of the fund, to speculate by trading currencies and as these are non-deliverable instruments they cannot be used to fund the purchase of or convert the sale proceeds from securities. Therefore, NDFs and ND swaps traded by institutional investors must be used to hedge the foreign exchange risk that arises from holding foreign currency denominated securities.

Corporates, under their Memorandum and Articles of Association or equivalent, are not permitted to speculate by trading currencies and therefore use non-deliverable instruments to hedge their currency risk arising on their overseas investments and/or their future real-world assets and liabilities.

The third type of end-user that trades non-deliverable instruments consists of principle trading firms, hedge funds, smaller banks and the official sector. Trades with this group of end-user have been assumed to be for speculative purposes and therefore excluded from the value of trades used for hedging purposes.

When submitting data to the Associations, the bank members separately identified and categorised the trades by counterparty/client type. The value of contracts reported under question 3.5 represents those trades entered into between the reporting bank members and (1) other reporting bank members identifiable using their LEI, (2) institutional investors and (3) corporates.

3.6 Are the financial instruments reported above subject to a regulatory reporting requirement, e.g. under [EMIR](#)?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

Please indicate to what extent they are subject to a regulatory reporting requirement:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

All the reporting member banks that have submitted data to the Associations are EU supervised entities and subject to the EMIR regulation to report derivative transactions to an authorised trade repository by the end of the business day following the day the transaction was executed.

All the transactions reported by member banks as part of this response involve financial instruments as listed in Section C of Annex I to Directive 2014/65/EU.

Consequently, there is an obligation for all reporting member banks to report all transactions involving non-deliverable forwards and swaps.

3.6.1 As part of that reporting, is the underlying FX benchmark of the financial instruments reported to relevant authorities?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to questions 3.6 and 3.6.1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Unlike other asset classes, FX benchmarks are not identified via an ISIN.

Under EMIR there has been no mandatory requirement for reporting entities to report the underlying FX benchmark as part of their trade reporting obligations.

However, the EMIR REFIT validation rules include a series of fields to capture information on the underlying index. ESMA have provided further guidance to market participants in the form of a Q&A on how to populate these fields for FX, specifically to capture the Settlement Rate Option for FX products such as FX non-deliverable forwards or FX non-deliverable options.

Because there is no ISIN associated with any FX benchmark, the guidance states that the Settlement Rate Option field should be populated with the full name of the underlying index as assigned by the index provider and that this field will be reconciled two years from the start date of the reporting obligation, i.e. 1 May 2026.

As a result of the above, the underlying FX benchmark has not, to date, been reported to the relevant authorities.

3.7 Please describe the methodology used to identify the total outstanding volume reported above as well as any limitations to the data reported:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The scope of trades covered by Regulation (EU) 2016/1011 was confirmed by the Associations with the European Commission as including trades entered into by EU supervised entities and all their branches with all counterparties/clients regardless of their domicile, e.g. the HK branch of an EU supervised entity trading with a HK domiciled customer is in scope.

When extracting the notional value and number of trades data for the quarter end positions required under the consultation, the reporting bank members of the Associations used either their internal trade booking systems or their EMIR trade reporting files.

Step 1 involved extracting all FX trades with the currency pair USDINR and a trade date between 1 July 2024 and 31 December 2024.

Step 2, all trade duplicates, as identified by the trade identifier, caused by amendments or cancellations were removed. All internal trades and back-to-back trades used for internal position transfers were excluded.

Step 3, all those trades where the maturity date occurred before 30 September 2024 or 31 December 2024 were filtered out.

Step 4, The USD notional value of each contract was aggregated and converted to euros using the EURUSD month end rate. In accordance with Commission Delegated Regulation (EU) 2018/66, where the notional value of the contract is negative, due to the sale of the currency, the absolute value has been used.

Step 5, the resulting open trade population was split by client/end-user type with the LEIs of the other member banks submitting data used to identifying trades between reporting banks.

Step 6, those trades identified with a link identifier indicating a ND swap were highlighted to enable the separate reporting of NDFs and ND swaps.

Step 7, the average of the total notional value of trades between reporting members was divided by two to eliminate the doubling counting of notional values.

Step 8, the submission from each reporting member was aggregated and the average of the two quarter ends, 30 September and 31 December, was calculated.

No specific limitations were identified by the members submitting data to the Associations

3.8 To the extent you are hedging via an intermediary/intermediaries, what is the status of that/these intermediary/ies under Regulation (EU) 2016/1011?

Please select as many answers as you like

- ☐ EU supervised entity
- ☐ EU non-supervised entity
- ☐ Entity located in a third country
- ☐ Other

Please explain your answer to question 3.8:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not applicable

4. Availability of alternatives to benchmark 1

4.1 Are alternatives available in the EU for this spot FX benchmark?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 4.1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

To effectively hedge exposures against FX risk, the data used to calculate the benchmark needs to match the underlying exposure otherwise there is an imperfect hedge and basis risk arises, i.e. offshore market prices do not match prices used in onshore restricted currency market transactions.

There are two global spot FX benchmark administrators, Bloomberg and LSEG via the FTSE Russell entity. A comparison of the calculation methodology used by the different benchmark administrators shows why there is no equivalent benchmark available.

FBIL methodology: the benchmark is calculated using transaction level data collected from the onshore electronic trading platforms of Refinitiv and CCIL during a 15-minute random window between 11.30 and 12.30 hours. A ± 3 standard deviation rule is applied to remove outliers.

FTSE Russell methodology: 1. Data is sourced from offshore order-matching platforms - LSEG Matching, EBS and Currenex. 2. Rates are taken from streaming feeds during a five minute window 2.5 minutes either side of the time of the calculation. 3. The benchmark is calculated as mid-rate of the median bid and median offer rate from each platform and then validated against currency specific thresholds.

Bloomberg methodology: Source data is a blend of executable and/or indicative prices from Bloomberg's FX price sources. It is calculated as the weighted average bid and offer price during the fixed five minute data collection window.

5. Other relevant elements concerning benchmark 1

5.1 Please provide any other elements you might find relevant regarding FX benchmark 1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Identified benchmark 2

1. Identification of spot FX benchmark 2

1.1 Name of the first spot FX benchmark you have identified:

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

USD/KRW spot FX rate

1.2 In your view, does the first spot FX benchmark you have identified, meet the criteria for significant benchmarks set out in Article 24(1) and Article 24 (3) of the reviewed BMR?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 1.2:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The above benchmark meets the significant benchmark criteria as: (1) it is directly referenced in the EU by non-deliverable FX forward and swap contracts having a total average value of more than EUR 50 billion, over a six month period, in order to determine the amount payable under each financial contract, (2) there is no alternative equivalent benchmark calculated by an administrator located in the EU, and (3) circa 71% of the notional value of trades is used by end-users and banks to hedge their local currency exposure which would suggest that if the benchmark was no longer permitted for use in the Union there would be both a significant and adverse impact on the real economy and the financing of businesses.

While no competent authority has designated the benchmark as significant, ESMA did, as part of the European Commission's legislative review, confirm that it was referenced by financial instruments with a value of more than EUR 50 billion that had been reported to the EU trade repositories under EMIR.

1.3 Identification of the FX benchmark:

	Spot FX Benchmark 2
a) ISIN or other identifier of the spot FX benchmark (where available)	KFTC18
b) Name of the administrator of the spot FX benchmark	Seoul Money Brokerage
c) Regulatory status of FX benchmark / administrator under relevant local or global regimes (e.g. compliance with IOSCO principles, local regulatory oversight, etc.)	Compliance with IOSCO principles (The domestic spot FX benchmark is not designated as being critical and so is not directly regulated under the Act on the Management of Financial Benchmarks 2020.)
d) Currency and abbreviation	Korean Won (KRW)
e) Links to any relevant publicly available information on the FX benchmark and/or its administrator	http://www.smbs.biz/Eng/ExRate/TodayExRate.jsp

1.3.1 What is the source of this spot FX benchmark?

- ☐ Data vendor
- ☒ Administrator's website
- ☐ Other
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The official administrator, the Seoul Money Brokerage, calculates and publishes the exchange rate on its website at approximately 3:30pm Seoul time daily.

2. Evidence of the existence of currency controls for benchmark 2

2.1 Please indicate the currency controls in existence for the currency concerned, including by reference to authoritative sources (an example for an authoritative source is the [IMFs annual report on exchange arrangements and exchange restrictions](#)).

Where relevant, please indicate also how the currency controls impact your business:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Foreign Exchange Transactions Act (FETA) (<https://www.law.go.kr/lsSc.do?section=&menuId=1&subMenuId=15&tabMenuId=81&eventGubun=060101&query=%EC%99%B8%EA%B5%AD%ED%99%98%EA%B1%B0%EB%9E%98%EB%B2%95#undefined>)
Article 6(2) Where it is deemed to fall under any of the following subparagraphs, the MOEF may, pursuant to Presidential Decree, take measures to impose on any person intending to carry out capital transactions an obligation to obtain permission, or any person performing capital transactions an obligation to deposit part of means of payment acquired in connection with such transactions in the Bank of Korea (BOK), the FX equalization fund or financial companies, etc.:
Article 10(1) When a FX agency, a specialized foreign exchange dealer, and a foreign exchange broker make transactions subject hereto with their customers, it shall confirm whether transactions, payments or receipts of their customers are permitted or reported under this Act.
IMF Report
Non-residents may effect won-denominated capital and current transactions only through non-resident free won accounts.
The trading of OTC derivatives through domestic FX banks are permissible provided that direct transactions between residents or between residents and non-residents would require BOK notification in accordance

with the FETA. The maximum derivative trading limit, including forward transactions, for corporate clients is 100% of real transactions (imports and exports) hedged.

3. Use of benchmark 2

Please note that any information submitted in response to the questions in this section will be handled confidentially and will not be published, except in an anonymous AND aggregated form.

Wherever possible, data requested below has to be reported at the level of a company (i.e. FX benchmark user or FX benchmark end user, as identified above under (1.3 a) and (1.3 b), respectively). Please indicate the Legal Entity identifier (LEI) of the company, where available.

Where associations report on behalf of their members, they need to provide data per member. In those cases, as a principle, members should not report the (same) data separately.

Where the same data is nevertheless reported by both the company and its association (or where the risk of it is deemed as high), it should clearly be identified (see question 2.1).

3.1 Total outstanding volume: Please specify the total volume of currency derivatives your organisation held over the two most recent quarters for which data are available (average of positions held at each of the last two quarters):

248787000000

euros

Please explain your answer to question 3.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The data has been collected in accordance with Commission Delegated Regulation (EU) 2018/66 (Delegated Regulation). Because all non-deliverable FX forward (NDF) and non-deliverable FX swap (ND swap) contracts have been executed under a standard template that only references the specific benchmark identified in the answer to question 1.3 a), the total value of financial contracts has been calculated by aggregating the notional value of contracts where (1) the currency pair is USDKRW, and (2) the maturity date of the contract is after the end of either or both of the quarter end dates in question.

Also, in accordance with the Delegated Regulation, where the notional value of the contract is negative, due to the sale of the currency, the absolute value has been used.

In the case of NDF and ND swap contracts the benchmark is used to determine the amount payable under the contract as per Article 3 1.(3) of Regulation (EU) 2016/1011.

The total value reported under question 3.1 represents the average aggregate value of open contracts as at 30 September 2024 and 31 December 2024 reported by the 14 bank members of the International Swaps and Derivatives Association (ISDA) and the Global Foreign Exchange Division (GFXD) of the Global Financial Markets Association (together the Associations) that submitted data.

The members that have submitted data to the Associations have confirmed that they will not be responding individually to the consultation and therefore reporting data separately.

The data has been reported in aggregate only due to the confidential nature of the data and condition of members that the Associations only report aggregated and anonymised data. If the data were to be reported by member it would be possible to deduce the values associated with each individual member.

The members that have provided the data to the Associations have also stated that they do not want the LEI of their reporting entities to be shared as part of this response.

3.2 Number of trades: Please specify the total number of trades over the two most recent quarters for which data are available:

61997

trades

Please explain your answer to question 3.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The data has been collected in accordance with the Delegated Regulation. Because all NDF and ND swap contracts have been executed under a standard template that only references the specific benchmark identified in the answer to question 1.3 a)., the total number of trades has been calculated by aggregating the individual trades where the currency pair is USDKRW, and the maturity date of the contract is after the end of either or both of the quarter end dates in question.

3.3 Type of financial instruments used: Please break down the volume and number of trades reported under questions 3.1 and 3.2 according to the type of financial instrument used (e.g. forwards, futures, swaps, etc.):

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

NDFs	189,931 million Euros	57,741 trades
ND swaps	52,857 million Euros	4,244 trades

When submitting data to the Associations, the bank members split the total average value and number of trades between the two different types of instruments.

If a bank has used its internal booking systems to extract the data, an ND swap is separately identifiable from an NDF because it will have a link identifier field connecting the two legs of the swap. If the bank has used its EMIR trade reporting file to extract the data, the two legs of the ND swap will be identified as a package trade and can therefore be reported separately to the NDFs.

3.4 Where known to you, please specify how these financial instruments are traded:

Please select as many answers as you like

- ☒ traded or admitted to trading on a trading venue
- ☒ traded on a Systematic Internaliser (including the relevant Market Identifier Code or MIC code, where known to you)

(trading venue as defined in point (24) of Article 4(1) of [Directive 2014/65/EU](#) and a systematic internaliser as defined in point (20) of Article 4(1) of that Directive)

- ☐ traded OTC
- ☐ other

Please explain your answer to question 3.4:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

USDKRW NDF and ND swap contracts are traded either via request for quote or streamed prices on multilateral trading facilities such as 360T (MIC code: 360T), FXall (MIC code: FXAL) and FXGO (MIC code: FXGB).

For those trades executed away from trading venues, the vast majority were executed in the respective firm's capacity of Systematic Internaliser. Trades executed away from trading venues that were not executed as SI, and hence were executed as pure OTC, are statistically insignificant.

All the bank members that have submitted data to the Associations for the purposes of this consultation are registered as systematic internalisers for FX.

3.5 Please specify the share of the total outstanding volume in the financial instruments reported above that were used exclusively for a hedging purpose:

176895000000

euros

Please explain your answer to question 3.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

NDFs and ND swaps traded between liquidity providers, i.e. banks, are typically used to hedge the unmatched positions resulting from trades entered into with their clients, i.e. institutional investors, corporates and others.

Funds managed by institutional investors are not permitted, under the rules of the fund, to speculate by trading currencies and as these are non-deliverable instruments they cannot be used to fund the purchase of or convert the sale proceeds from securities. Therefore, NDFs and ND swaps traded by institutional investors must be used to hedge the foreign exchange risk that arises from holding foreign currency denominated securities.

Corporates, under their Memorandum and Articles of Association or equivalent, are not permitted to speculate by trading currencies and therefore use non-deliverable instruments to hedge their currency risk arising on their overseas investments and/or their future real-world assets and liabilities.

The third type of end-user that trades non-deliverable instruments consists of principle trading firms, hedge funds, smaller banks and the official sector. Trades with this group of end-users have been assumed to be for speculative purposes and therefore excluded from the value of trades used for hedging purposes.

When submitting data to the Associations, the bank members separately identified and categorised the trades by counterparty/client type. The value of contracts reported under question 3.5 represents those trades entered into between the reporting bank members and (1) other reporting bank members identifiable using their LEI, (2) institutional investors and (3) corporates.

3.6 Are the financial instruments reported above subject to a regulatory reporting requirement, e.g. under [EMIR](#)?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

Please indicate to what extent they are subject to a regulatory reporting requirement:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

All the reporting member banks that have submitted data to the Associations are EU supervised entities and subject to the EMIR regulation to report derivative transactions to an authorised trade repository by the end of the business day following the day the transaction was executed.

All the transactions reported by member banks as part of this response involve financial instruments as listed in Section C of Annex I to Directive 2014/65/EU.

Consequently, there is an obligation for all reporting member banks to report all transactions involving non-deliverable forwards and swaps.

3.6.1 As part of that reporting, is the underlying FX benchmark of the financial instruments reported to relevant authorities?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to questions 3.6 and 3.6.1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Unlike other asset classes, FX benchmarks are not identified via an ISIN.

Under EMIR there has been no mandatory requirement for reporting entities to report the underlying FX benchmark as part of their trade reporting obligations.

However, the EMIR REFIT validation rules include a series of fields to capture information on the underlying index. ESMA have provided further guidance to market participants in the form of a Q&A on how to populate these fields for FX, specifically to capture the Settlement Rate Option for FX products such as FX non-deliverable forwards or FX non-deliverable options.

Because there is no ISIN associated with any FX benchmark, the guidance states that the Settlement Rate Option field should be populated with the full name of the underlying index as assigned by the index provider and that this field will be reconciled two years from the start date of the reporting obligation, i.e. 1 May 2026.

As a result of the above, the underlying FX benchmark has not, to date, been reported to the relevant authorities.

3.7 Please describe the methodology used to identify the total outstanding volume reported above as well as any limitations to the data reported:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The scope of trades covered by Regulation (EU) 2016/1011 was confirmed by the Associations with the European Commission as including trades entered into by EU supervised entities and all their branches with all counterparties/clients regardless of their domicile, e.g. the HK branch of an EU supervised entity trading with a HK domiciled customer is in scope.

When extracting the notional value and number of trades data for the quarter end positions, required under the consultation, the reporting bank members of the Associations used either their internal trade booking systems or their EMIR trade reporting files.

Step 1 involved extracting all FX trades with the currency pair USDKRW and a trade date between 1 July 2024 and 31 December 2024.

Step 2, all trade duplicates, as identified by the trade identifier, caused by amendments or cancellations were removed. All internal trades and back-to-back trades used for internal position transfers were excluded.

Step 3, all those trades where the maturity date occurred before 30 September 2024 or 31 December 2024 were filtered out.

Step 4, The USD notional value of each contract was aggregated and converted to euros using the EURUSD month end rate. In accordance with Commission Delegated Regulation (EU) 2018/66, where the notional value of the contract is negative, due to the sale of the currency, the absolute value has been used.

Step 5, the resulting open trade population was split by client/end-user type with the LEIs of the other member banks submitting data used to identifying trades between reporting banks.

Step 6, those trades identified with a link identifier indicating a ND swap were highlighted to enable the separate reporting of NDFs and ND swaps.

Step 7, the average of the total notional value of trades between reporting members was divided by two to eliminate the doubling counting of notional values.

Step 8, the submission from each reporting member was aggregated and the average of the two quarter ends, 30 September and 31 December, was calculated.

No specific limitations were identified by the members submitting data to the Associations

3.8 To the extent you are hedging via an intermediary/intermediaries, what is the status of that/these intermediary/ies under Regulation (EU) 2016/1011?

Please select as many answers as you like

- ☐ EU supervised entity
- ☐ EU non-supervised entity
- ☐ Entity located in a third country
- ☐ Other

Please explain your answer to question 3.8:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not applicable

4. Availability of alternatives to benchmark 2

4.1 Are alternatives available in the EU for this spot FX benchmark?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 4.1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

To effectively hedge exposures against FX risk, the data used to calculate the benchmark needs to match the underlying exposure otherwise there is an imperfect hedge and basis risk arises, i.e. offshore market prices do not match prices used in onshore restricted currency market transactions.

There are two global spot FX benchmark administrators, Bloomberg and LSEG via the FTSE Russell entity. A comparison of the calculation methodology used by the different benchmark administrators shows why there is no equivalent benchmark available.

SMB methodology: The basic exchange rate of KRW against USD is determined as the transaction volume-weighted average of the rates applied in daily transactions between foreign exchange banks brokered through SMB and the other brokerage firm Korea Money Brokerage.

FTSE Russell methodology: 1. Data is sourced from order-matching platforms - LSEG Matching, EBS and Currenex. 2. Rates are taken from streaming feeds during a five minute window 2.5 minutes either side of the time of the calculation. 3. The benchmark is calculated as mid-rate of the median bid and median offer rate from each platform and then validated against currency specific thresholds.

BFIX methodology: Source data is a blend of executable and/or indicative prices from Bloomberg's FX price sources. It is calculated as the weighted average bid and offer price during the fixed five minute data collection window.

5. Other relevant elements concerning benchmark 2

5.1 Please provide any other elements you might find relevant regarding FX benchmark 2:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Identified benchmark 3

1. Identification of spot FX benchmark 3

1.1 Name of the first spot FX benchmark you have identified:

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

USDPHP spot FX rate

1.2 In your view, does the first spot FX benchmark you have identified, meet the criteria for significant benchmarks set out in Article 24(1) and Article 24 (3) of the reviewed BMR?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 1.2:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While the average value of positions referencing the benchmark does not exceed the EUR 50billion threshold, based on the data collected, the value of positions referencing the benchmark at the end of August 2024 was EUR 44.2billion and November 2024 was EUR 47.9billion.

Between 2016 and 2022, according to the BIS Triennial Survey, the global average daily value of all non-deliverable FX forwards referencing the spot FX benchmarks of restricted currencies has grown by around 90%. Therefore, the value of financial contracts referencing this benchmark is likely to exceed the significant benchmark threshold in the near future.

In addition, over 80% of the notional value of trades is used by end-users and banks to hedge their local currency exposure. Therefore, because there is no alternative equivalent benchmark calculated by an administrator located in the EU, there would be a significant and adverse impact on the financing of businesses in one or more member states if the benchmark was no longer permitted for use in the Union.

1.3 Identification of the FX benchmark:

	Spot FX Benchmark 3
a) ISIN or other identifier of the spot FX benchmark (where available)	BAPPESO (PHP06)
b) Name of the administrator of the spot FX benchmark	Bankers Association of the Philippines
c) Regulatory status of FX benchmark / administrator under relevant local or global regimes (e.g. compliance with IOSCO principles, local regulatory oversight, etc.)	Compliance with IOSCO principles (There are Rules on the Administration of Government Securities Benchmarks, but these do not govern the domestic spot FX benchmark.)
d) Currency and abbreviation	Philippine Peso (PHP)
e) Links to any relevant publicly available information on the FX benchmark and/or its administrator	https://bap.org.ph/ https://bap.org.ph/about/fx-benchmark-administration/

1.3.1 What is the source of this spot FX benchmark?

- ☐ Data vendor
- ☒ Administrator's website
- ☐ Other
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Bloomberg Finance Singapore LP (Bloomberg) was appointed by the official administrator, the Bankers Association of the Philippines (BAP), as the Calculation Agent of the BAP AM FX Spot Weighted Average rate in December 2018. Bloomberg LP is responsible for determining the benchmark through the use of a formula in accordance with the methodology set out by BAP.

The BAP, as administrator, owns and acts as custodian of the input data and has the authority of distribution through its website and through the BAP page in Bloomberg <BAPH>;GO and <OTC PH>;GO.

2. Evidence of the existence of currency controls for benchmark 3

2.1 Please indicate the currency controls in existence for the currency concerned, including by reference to authoritative sources (an example for an authoritative source is the [IMFs annual report on exchange arrangements and exchange restrictions](#)).

Where relevant, please indicate also how the currency controls impact your business:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Manual of Regulations on FX Transactions (<https://www.bsp.gov.ph/Regulations/MORFXT/MORFXT.pdf>) 3c. All sales of FX by Authorised Agent banks for settlement of FX transactions are subject to the submission by the FX purchaser of a duly accomplished Application To Purchase FX...as well as supporting documents for sale of FX.

3d. The total amount of FX to be: (i) sold on spot basis; and/or (ii) hedged by a customer under FX derivatives contracts....for specific underlying transaction shall not exceed the amount of such underlying transaction at any given point in time

IMF Annual Report

Controls on the use of domestic currency and for current transactions and payments and capital transactions

- The use of domestic currency for international payments and receipts is generally allowed subject to the PHP 50,000 limit on cross-border transfer of local currency under domestic regulations. Amounts in excess of the PHP 50,000 limit require prior written authorization from the BSP (Authorisation is only issued for (i) testing/calibration of money counting/sorting machines and (ii) numismatics (collectors of currency /educational purposes) (Foreign Exchange regulations – Guide to FX Transactions - [https://www.bsp.gov.ph/SitePages/Regulations/GuideToFx.aspx?TabId=3#:~:text=A%20person%20may%20freely%20bring%](https://www.bsp.gov.ph/SitePages/Regulations/GuideToFx.aspx?TabId=3#:~:text=A%20person%20may%20freely%20bring%20)

20into%20or%20take,PHP50%2C000%20limit%2C%20prior%20BSP%20written%20authorization%20is%20required.).

3. Use of benchmark 3

Please note that any information submitted in response to the questions in this section will be handled confidentially and will not be published, except in an anonymous AND aggregated form.

Wherever possible, data requested below has to be reported at the level of a company (i.e. FX benchmark user or FX benchmark end user, as identified above under (1.3 a) and (1.3 b), respectively). Please indicate the Legal Entity identifier (LEI) of the company, where available.

Where associations report on behalf of their members, they need to provide data per member. In those cases, as a principle, members should not report the (same) data separately.

Where the same data is nevertheless reported by both the company and its association (or where the risk of it is deemed as high), it should clearly be identified (see question 2.1).

3.1 Total outstanding volume: Please specify the total volume of currency derivatives your organisation held over the two most recent quarters for which data are available (average of positions held at each of the last two quarters):

39443000000

euros

Please explain your answer to question 3.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The data has been collected in accordance with Commission Delegated Regulation (EU) 2018/66 (Delegated Regulation). Because all non-deliverable FX forward (NDF) and non-deliverable swap (ND swap) contracts have been executed under a standard template that only references the specific benchmark identified in the answer to question 1.3 a)., the total value of financial contracts has been calculated by aggregating the notional value of contracts where (1) trade the currency pair is USDPHP, and (2) the maturity date of the contract is after the end of either or both of the quarter end dates in question.

Also, in accordance with the Delegated Regulation, where the notional value of the contract is negative, due to the sale of the currency, the absolute value has been used.

In the case of NDF and ND swap contracts the benchmark is used to determine the amount payable under the contract as per Article 3 1.(3) of Regulation (EU) 2016/1011.

The total value reported under question 3.1 represents the average aggregate value of open contracts as at 30 September 2024 and 31 December 2024 reported by the 14 bank members of the International Swaps and Derivatives Association (ISDA) and the Global Foreign Exchange Division (GFXD) of the Global Financial Markets Association (together the Associations) that submitted data.

The members that have submitted data to the Associations have confirmed that they will not be responding individually to the consultation and therefore reporting data separately.

The data has been reported in aggregate only due to the confidential nature of the data and condition of members that the Associations only report aggregated and anonymised data. If the data were to be reported by member it would be possible to deduce the values associated with each individual member.

The members that have provided the data to the Associations have also stated that they do not want the LEI of their reporting entities to be shared as part of this response.

3.2 Number of trades: Please specify the total number of trades over the two most recent quarters for which data are available:

13648

trades

Please explain your answer to question 3.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The data has been collected in accordance with the Delegated Regulation. Because all NDF and ND swap contracts have been executed under a standard template that only references the specific benchmark identified in the answer to question 1.3 a), the total number of trades has been calculated by aggregating the individual trades where the currency pair is USDPHP, and the maturity date of the contract is after the end of either or both of the quarter end dates in question.

3.3 Type of financial instruments used: Please break down the volume and number of trades reported under questions 3.1 and 3.2 according to the type of financial instrument used (e.g. forwards, futures, swaps, etc.):

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

NDFs	32,768 million Euros	12,911 trades
ND swaps	6,675 million Euros	737 trades

When submitting data to the Associations, the bank members split the total average value and number of trades between the two different types of instruments.

If a bank has used its internal booking systems to extract the data, an ND swap is separately identifiable from an NDF because it will have a link identifier field connecting the two legs of the swap. If the bank has used its EMIR trade reporting file to extract the data, the two legs of the ND swap will be identified as a package trade and can therefore be reported separately to the NDFs.

3.4 Where known to you, please specify how these financial instruments are traded:

Please select as many answers as you like

- ☒ traded or admitted to trading on a trading venue
- ☒ traded on a Systematic Internaliser (including the relevant Market Identifier Code or MIC code, where known to you)

(trading venue as defined in point (24) of Article 4(1) of [Directive 2014/65/EU](#) and a systematic internaliser as defined in point (20) of Article 4(1) of that Directive)

- ☐ traded OTC
- ☐ other

Please explain your answer to question 3.4:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

USDPHP NDF and ND swap contracts are traded either via request for quote or streamed prices on multilateral trading facilities such as 360T (MIC code: 360T), FXall (MIC code: FXAL) and FXGO (MIC code: FXGB).

For those trades executed away from trading venues, the vast majority were executed in the respective firm's capacity of Systematic Internaliser. Trades executed away from trading venues that were not executed as SI, and hence were executed as pure OTC, are statistically insignificant.

All the bank members that have submitted data to the Associations for the purposes of this consultation are registered as systematic internalisers for FX.

3.5 Please specify the share of the total outstanding volume in the financial instruments reported above that were used exclusively for a hedging purpose:

32295000000

euros

Please explain your answer to question 3.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

NDFs and ND swaps traded between liquidity providers, i.e. banks, are typically used to hedge the unmatched positions resulting from trades entered into with their clients, i.e. institutional investors, corporates and others.

Funds managed by institutional investors are not permitted, under the rules of the fund, to speculate by trading currencies and as these are non-deliverable instruments they cannot be used to fund the purchase of or convert the sale proceeds from securities. Therefore, NDFs and ND swaps traded by institutional investors must be used to hedge the foreign exchange risk that arises from holding foreign currency denominated securities.

Corporates, under their Memorandum and Articles of Association or equivalent, are not permitted to speculate by trading currencies and therefore use non-deliverable instruments to hedge their currency risk arising on their overseas investments and/or their future real-world assets and liabilities.

The third type of end-user that trades non-deliverable instruments consists of principle trading firms, hedge funds, smaller banks and the official sector. Trades with this group of end-users have been assumed to be for speculative purposes and therefore excluded from the value of trades used for hedging purposes.

When submitting data to the Associations, the bank members separately identified and categorised the trades by counterparty/client type. The value of contracts reported under question 3.5 represents those

trades entered into between the reporting bank members and (1) other reporting bank members identifiable using their LEI, (2) institutional investors and (3) corporates.

3.6 Are the financial instruments reported above subject to a regulatory reporting requirement, e.g. under [EMIR](#)?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

Please indicate to what extent they are subject to a regulatory reporting requirement:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

All the reporting member banks that have submitted data to the Associations are EU supervised entities and subject to the EMIR regulation to report derivative transactions to an authorised trade repository by the end of the business day following the day the transaction was executed.

All the transactions reported by member banks as part of this response involve financial instruments as listed in Section C of Annex I to Directive 2014/65/EU.

Consequently, there is an obligation for all reporting member banks to report all transactions involving non-deliverable forwards and swaps.

3.6.1 As part of that reporting, is the underlying FX benchmark of the financial instruments reported to relevant authorities?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to questions 3.6 and 3.6.1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Unlike other asset classes, FX benchmarks are not identified via an ISIN.

Under EMIR there has been no mandatory requirement for reporting entities to report the underlying FX benchmark as part of their trade reporting obligations.

However, the EMIR REFIT validation rules include a series of fields to capture information on the underlying index. ESMA have provided further guidance to market participants in the form of a Q&A on how to populate these fields for FX, specifically to capture the Settlement Rate Option for FX products such as FX non-deliverable forwards or FX non-deliverable options.

Because there is no ISIN associated with any FX benchmark, the guidance states that the Settlement Rate Option field should be populated with the full name of the underlying index as assigned by the index provider

and that this field will be reconciled two years from the start date of the reporting obligation, i.e. 1 May 2026. As a result of the above, the underlying FX benchmark has not, to date, been reported to the relevant authorities.

3.7 Please describe the methodology used to identify the total outstanding volume reported above as well as any limitations to the data reported:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The scope of trades covered by Regulation (EU) 2016/1011 was confirmed by the Associations with the European Commission as including trades entered into by EU supervised entities and all their branches with all counterparties/clients regardless of their domicile, e.g. the HK branch of an EU supervised entity trading with a HK domiciled customer is in scope.

When extracting the notional value and number of trades data for the quarter end positions required under the consultation, the reporting bank members of the Associations used either their internal trade booking systems or their EMIR trade reporting files.

Step 1 involved extracting all FX trades with the currency pair USDPHP and a trade date between 1 July 2024 and 31 December 2024.

Step 2, all trade duplicates, as identified by the trade identifier, caused by amendments or cancellations were removed. All internal trades and back-to-back trades used for internal position transfers were excluded.

Step 3, all those trades where the maturity date occurred before 30 September 2024 or 31 December 2024 were filtered out.

Step 4, The USD notional value of each contract was aggregated and converted to euros using the EURUSD month end rate. In accordance with Commission Delegated Regulation (EU) 2018/66, where the notional value of the contract is negative, due to the sale of the currency, the absolute value has been used.

Step 5, the resulting open trade population was split by client/end-user type with the LEIs of the other member banks submitting data used to identifying trades between reporting banks.

Step 6, those trades identified with a link identifier indicating a ND swap were highlighted to enable the separate reporting of NDFs and ND swaps.

Step 7, the average of the total notional value of trades between reporting members was divided by two to eliminate the doubling counting of notional values.

Step 8, the submission from each reporting member was aggregated and the average of the two quarter ends, 30 September and 31 December, was calculated.

No specific limitations were identified by the members submitting data to the Associations.

3.8 To the extent you are hedging via an intermediary/intermediaries, what is the status of that/these intermediary/ies under Regulation (EU) 2016/1011?

Please select as many answers as you like

- ☐ EU supervised entity
- ☐ EU non-supervised entity
- ☐ Entity located in a third country
- ☐ Other

Please explain your answer to question 3.8:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not applicable

4. Availability of alternatives to benchmark 3

4.1 Are alternatives available in the EU for this spot FX benchmark?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 4.1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

To effectively hedge exposures against FX risk, the data used to calculate the benchmark needs to match the underlying exposure otherwise there is an imperfect hedge and basis risk arises, i.e. offshore market prices do not match prices used in onshore restricted currency market transactions.

There are two global spot FX benchmark administrators, Bloomberg and LSEG via the FTSE Russell entity. A comparison of the calculation methodology used by the different benchmark administrators shows why there is no equivalent benchmark available.

BAP methodology: The benchmark is calculated by Bloomberg calculation agent. Qualified FX Transactions, i.e. spot transactions executed between 9:00-11:30am by BAP member banks with a minimum notional value of USD 500,000 Transactions are auto captured via the Bloomberg trading platform.

FTSE Russell methodology: 1. Data is sourced from order-matching platforms - LSEG Matching, EBS and Currenex. 2. Rates are taken from streaming feeds during a five minute window 2.5 minutes either side of the time of the calculation. 3. The benchmark is calculated as mid-rate of the median bid and median offer rate from each platform and then validated against currency specific thresholds.

BFIX methodology: Source data is a blend of executable and/or indicative prices from Bloomberg's FX price sources. It is calculated as the weighted average bid and offer price during the fixed five minute data collection window.

5. Other relevant elements concerning benchmark 3

5.1 Please provide any other elements you might find relevant regarding FX benchmark 3:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Identified benchmark 4

1. Identification of spot FX benchmark 4

1.1 Name of the first spot FX benchmark you have identified:

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

USDTWD spot FX rate

1.2 In your view, does the first spot FX benchmark you have identified, meet the criteria for significant benchmarks set out in Article 24(1) and Article 24 (3) of the reviewed BMR?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 1.2:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The above benchmark meets the significant benchmark criteria as: (1) it is directly referenced in the EU by non-deliverable FX forward and swap contracts having a total average value of more than EUR 50 billion, over a six month period, in order to determine the amount payable under each financial contract, (2) there is no alternative equivalent benchmark calculated by an administrator located in the EU, and (3) over 72% of the notional value of trades is used by end-users and banks to hedge their local currency exposure which would suggest that if the benchmark was no longer permitted for use in the Union there would be both a significant and adverse impact on the real economy and the financing of businesses.

While no competent authority has designated the benchmark as significant, ESMA did, as part of the European Commission's legislative review, confirm that it was referenced by financial instruments with a value of more than EUR 50 billion that had been reported to the EU trade repositories under EMIR.

1.3 Identification of the FX benchmark:

	Spot FX Benchmark 4
a) ISIN or other identifier of the spot FX benchmark (where available)	TAIFX1 (TWD03)
b) Name of the administrator of the spot FX benchmark	Taipei Forex Inc.
c) Regulatory status of FX benchmark / administrator under relevant local or global regimes (e.g. compliance with IOSCO principles, local regulatory oversight, etc.)	Compliance with IOSCO principles
d) Currency and abbreviation	New Taiwan Dollar (TWD)
e) Links to any relevant publicly available information on the FX benchmark and/or its administrator	https://www.taifex.com.tw/en/eng3/dailyFXRate

1.3.1 What is the source of this spot FX benchmark?

- ☐ Data vendor
- ☐ Administrator's website
- ☒ Other
- ☐ Don't know / no opinion / not applicable

Please specify to what other source(s) you refer in your answer to question 1.3.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This benchmark is administered by Taipei Forex Inc and sent to the Taiwan Futures Exchange (TAIFEX) daily and published on the TAIFEX website.

Please explain your answer to question 1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The official administrator, the Taipei Forex Inc., calculates the basic exchange rate daily. However, the Taipei Forex Inc. website is not publicly accessible. This benchmark is published by the Taiwan Futures Exchange (TAIFEX) on its website by approximately 11:00am Taipei time on a daily basis.

2. Evidence of the existence of currency controls for benchmark 4

2.1 Please indicate the currency controls in existence for the currency concerned, including by reference to authoritative sources (an example for an authoritative source is the [IMFs annual report on exchange arrangements and exchange restrictions](#)).

Where relevant, please indicate also how the currency controls impact your business:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The limitation on NT Dollar conversion and remittance is embedded in the Taiwan Foreign Exchange Control Act (<https://law.banking.gov.tw/Eng/FLAW/FLAWDAT0203.aspx?Isid=FL006404>) and other Central Bank rules and guidance .

It is not possible to remit NT Dollars outside Taiwan. The NT Dollars must first be converted into a foreign currency before a bank will remit that foreign currency.

Directions for Banking Enterprises referencing the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions (<https://www.law.cbc.gov.tw/ELaw/LawReguShowAll?lawId=LA04C008004&LawIDRelate=LA04B002009&LawNO=15001&LawNO3=0>)

3. Banking enterprises that engage in FX settlements against the NT Dollar in accordance with Subpara. 4, Para. 1, Article 4, of the Regulations for Declaration shall be aware that the settlement amount for a single transaction is limited to a maximum of US dollars 100,000. Such banking enterprises shall strive to prevent declarants from breaking up large settlements into smaller ones to avoid the provision of Article 6 of the Regulations for Declaration which requires that large FX settlement amounts may only be completed after obtaining the Bank's approval.

6. Single FX transactions against the NT Dollar for an amount less than NT\$500,000 or its equivalent do not require a Declaration Statement and the settlement amount will not be counted toward the accumulated settlement amount of the current year.

3. Use of benchmark 4

Please note that any information submitted in response to the questions in this section will be handled confidentially and will not be published, except in an anonymous AND aggregated form.

Wherever possible, data requested below has to be reported at the level of a company (i.e. FX benchmark user or FX benchmark end user, as identified above under (1.3 a) and (1.3 b), respectively). Please indicate the Legal Entity identifier (LEI) of the company, where available.

Where associations report on behalf of their members, they need to provide data per member. In those cases, as a principle, members should not report the (same) data separately.

Where the same data is nevertheless reported by both the company and its association (or where the risk of it is deemed as high), it should clearly be identified (see question 2.1).

3.1 Total outstanding volume: Please specify the total volume of currency derivatives your organisation held over the two most recent quarters for which data are available (average of positions held at each of the last two quarters):

284463000000

euros

Please explain your answer to question 3.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The data has been collected in accordance with Commission Delegated Regulation (EU) 2018/66 (Delegated Regulation).

Because all non-deliverable FX forward (NDF) and non-deliverable swap (ND swap) contracts have been executed under a standard template that only references the specific benchmark identified in the answer to question 1.3 a), the total value of financial contracts has been calculated by aggregating the notional value of contracts where (1) trade the currency pair is USDTWD, and (2) the maturity date of the contract is after the end of either or both of the quarter end dates in question.

Also, in accordance with the Delegated Regulation, where the notional value of the contract is negative, due to the sale of the currency, the absolute value has been used.

In the case of NDF and ND swap contracts the benchmark is used to determine the amount payable under

the contract as per Article 3 1.(3) of Regulation (EU) 2016/1011.

The total value reported under question 3.1 represents the average aggregate value of open contracts as at 30 September 2024 and 31 December 2024 reported by the 14 bank members of the International Swaps and Derivatives Association (ISDA) and the Global Foreign Exchange Division (GFXD) of the Global Financial Markets Association (together the Associations) that submitted data.

The members that have submitted data to the Associations have confirmed that they will not be responding individually to the consultation and therefore reporting data separately.

The data has been reported in aggregate only due to the confidential nature of the data and condition of members that the Associations only report aggregated and anonymised data. If the data were to be reported by member it would be possible to deduce the values associated with each individual member.

The members that have provided the data to the Associations have also stated that they do not want the LEI of their reporting entities to be shared as part of this response.

3.2 Number of trades: Please specify the total number of trades over the two most recent quarters for which data are available:

45042

trades

Please explain your answer to question 3.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The data has been collected in accordance with the Delegated Regulation. Because all NDF and ND swap contracts have been executed under a standard template that only references the specific benchmark identified in the answer to question 1.3 a)., the total number of trades has been calculated by aggregating the individual trades where the currency pair is USDTWD, and the maturity date of the contract is after the end of either or both of the quarter end dates in question.

3.3 Type of financial instruments used: Please break down the volume and number of trades reported under questions 3.1 and 3.2 according to the type of financial instrument used (e.g. forwards, futures, swaps, etc.):

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

NDFs	219,765 million Euros	42,054 trades
ND swaps	64,698 million Euros	2,989 trades

When submitting data to the Associations, the bank members split the total average value and number of trades between the two different types of instrument.

If a bank has used its internal booking systems to extract the data, an ND swap is separately identifiable from an NDF because it will have a link identifier field connecting the two legs of the swap. If the bank has used its EMIR trade reporting file to extract the data, the two legs of the ND swap will be identified as a package trade and can therefore be reported separately to the NDFs.

3.4 Where known to you, please specify how these financial instruments are traded:

Please select as many answers as you like

- ☒ traded or admitted to trading on a trading venue
- ☒ traded on a Systematic Internaliser (including the relevant Market Identifier Code or MIC code, where known to you)

(trading venue as defined in point (24) of Article 4(1) of [Directive 2014/65/EU](#) and a systematic internaliser as defined in point (20) of Article 4(1) of that Directive)

- ☐ traded OTC
- ☐ other

Please explain your answer to question 3.4:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

USDTWD NDF and ND swap contracts are primarily traded either via request for quote or streamed prices on multilateral trading facilities such as 360T (MIC code: 360T), FXall (MIC code: FXAL) and FXGO (MIC code: FXGB).

For those trades executed away from trading venues, the vast majority were executed in the respective firm's capacity of Systematic Internaliser. Trades executed away from trading venues that were not executed as SI, and hence were executed as pure OTC, are statistically insignificant.

All the bank members that have submitted data to the Associations for the purposes of this consultation are registered as systematic internalisers for FX.

3.5 Please specify the share of the total outstanding volume in the financial instruments reported above that were used exclusively for a hedging purpose:

206489000000

euros

Please explain your answer to question 3.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

NDFs and ND swaps traded between liquidity providers, i.e. banks, are typically used to hedge the unmatched positions resulting from trades entered into with their clients, i.e. institutional investors, corporates and others.

Funds managed by institutional investors are not permitted, under the rules of the fund, to speculate by trading currencies and as these are non-deliverable instruments they cannot be used to fund the purchase of

or convert the sale proceeds from securities. Therefore, NDFs and ND swaps traded by institutional investors must be used to hedge the foreign exchange risk that arises from holding foreign currency denominated securities.

Corporates, under their Memorandum and Articles of Association or equivalent, are not permitted to speculate by trading currencies and therefore use non-deliverable instruments to hedge their currency risk arising on their overseas investments and/or their future real-world assets and liabilities.

The third type of end-user that trades non-deliverable instruments consists of principle trading firms, hedge funds, smaller banks and the official sector. Trades with this group of end-user have been assumed to be for speculative purposes and therefore excluded from the value of trades used for hedging purposes.

When submitting data to the Associations, the bank members separately identified and categorised the trades by counterparty/client type. The value of contracts reported under question 3.5 represents those trades entered into between the reporting bank members and (1) other reporting bank members identifiable using their LEI, (2) institutional investors and (3) corporates.

3.6 Are the financial instruments reported above subject to a regulatory reporting requirement, e.g. under [EMIR](#)?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

Please indicate to what extent they are subject to a regulatory reporting requirement:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

All the reporting member banks that have submitted data to the Associations are EU supervised entities and subject to the EMIR regulation to report derivative transactions to an authorised trade repository by the end of the business day following the day the transaction was executed.

All the transactions reported by member banks as part of this response involve financial instruments as listed in Section C of Annex I to Directive 2014/65/EU.

Consequently, there is an obligation for all reporting member banks to report all transactions involving non-deliverable forwards and swaps.

3.6.1 As part of that reporting, is the underlying FX benchmark of the financial instruments reported to relevant authorities?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to questions 3.6 and 3.6.1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Unlike other asset classes, FX benchmarks are not identified via an ISIN.

Under EMIR there has been no mandatory requirement for reporting entities to report the underlying FX benchmark as part of their trade reporting obligations.

However, the EMIR REFIT validation rules include a series of fields to capture information on the underlying index. ESMA have provided further guidance to market participants in the form of a Q&A on how to populate these fields for FX, specifically to capture the Settlement Rate Option for FX products such as FX non-deliverable forwards or FX non-deliverable options.

Because there is no ISIN associated with any FX benchmark, the guidance states that the Settlement Rate Option field should be populated with the full name of the underlying index as assigned by the index provider and that this field will be reconciled two years from the start date of the reporting obligation, i.e. 1 May 2026. As a result of the above, the underlying FX benchmark has not, to date, been reported to the relevant authorities.

3.7 Please describe the methodology used to identify the total outstanding volume reported above as well as any limitations to the data reported:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The scope of trades covered by Regulation (EU) 2016/1011 was confirmed by the Associations with the European Commission as including trades entered into by EU supervised entities and all their branches with all counterparties/clients regardless of their domicile, e.g. the HK branch of an EU supervised entity trading with a HK domiciled customer is in scope.

When extracting the notional value and number of trades data for the quarter end positions required under the consultation, the reporting bank members of the Associations used either their internal trade booking systems or their EMIR trade reporting files.

Step 1 involved extracting all FX trades with the currency pair USDTWD and a trade date between 1 July 2024 and 31 December 2024.

Step 2, all trade duplicates, as identified by the trade identifier, caused by amendments or cancellations were removed. All internal trades and back-to-back trades used for internal position transfers were excluded. Step 3, all those trades where the maturity date occurred before 30 September 2024 or 31 December 2024 were filtered out.

Step 4, The USD notional value of each contract was aggregated and converted to euros using the EURUSD month end rate. In accordance with Commission Delegated Regulation (EU) 2018/66, where the notional value of the contract is negative, due to the sale of the currency, the absolute value has been used.

Step 5, the resulting open trade population was split by client/end-user type with the LEIs of the other member banks submitting data used to identifying trades between reporting banks.

Step 6, those trades identified with a link identifier indicating a ND swap were highlighted to enable the separate reporting of NDFs and ND swaps.

Step 7, the average of the total notional value of trades between reporting members was divided by two to eliminate the doubling counting of notional values.

Step 8, the submission from each reporting member was aggregated and the average of the two quarter ends, 30 September and 31 December, was calculated.

No specific limitations were identified by the members submitting data to the Associations.

3.8 To the extent you are hedging via an intermediary/intermediaries, what is the status of that/these intermediary/ies under Regulation (EU) 2016/1011?

Please select as many answers as you like

- ☐ EU supervised entity
- ☐ EU non-supervised entity
- ☐ Entity located in a third country
- ☐ Other

Please explain your answer to question 3.8:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not applicable

4. Availability of alternatives to benchmark 4

4.1 Are alternatives available in the EU for this spot FX benchmark?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

Please explain your answer to question 4.1:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

To effectively hedge exposures against FX risk, the data used to calculate the benchmark needs to match the underlying exposure otherwise there is an imperfect hedge and basis risk arises, i.e. offshore market prices do not match prices used in onshore restricted currency market transactions.

There are two global spot FX benchmark administrators, Bloomberg and LSEG via the FTSE Russell entity. A comparison of the calculation methodology used by the different benchmark administrators shows why there is no equivalent benchmark available.

TAIFEX methodology: The methodology used to calculate the USDTWD spot FX benchmark is not publicly available. However, the administrator has confirmed that the benchmark is derived from onshore trade data that is not available to administrators based offshore.

FTSE Russell methodology: 1. Data is sourced from order-matching platforms - LSEG Matching, EBS and Currenex. 2. Rates are taken from streaming feeds during a five minute window 2.5 minutes either side of the time of the calculation. 3. The benchmark is calculated as mid-rate of the median bid and median offer rate from each platform and then validated against currency specific thresholds.

Bloomberg methodology: Source data is a blend of executable and/or indicative prices from Bloomberg's FX price sources. It is calculated as the weighted average bid and offer price during the fixed five minute data collection window.

5. Other relevant elements concerning benchmark 4

5.1 Please provide any other elements you might find relevant regarding FX benchmark 4:

1500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

db273a2f-3e90-4148-ab05-949ac937f3f0/250701_EACT_-_support_for_ISDA-GFXD_respose_to_EC_consultation_on_BMR_-_Jul_2025.pdf

Useful links

More on this consultation (https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-need-exempt-spot-fx-benchmarks-under-article-18a-regulation-eu-20161011-2025_en)

Consultation document (https://finance.ec.europa.eu/document/download/c5f64c5d-5e1e-43b1-a231-aef1f7108415_en?filename=2025-spot-fx-benchmarks-exemption-consultation-document_en.pdf)

More on benchmarks and market abuse (https://finance.ec.europa.eu/capital-markets-union-and-financial-market/financial-markets/securities-markets/markets-integrity-benchmarks-and-market-abuse_en)

Specific privacy statement (https://finance.ec.europa.eu/document/download/bf1b0c7c-06c0-4c6e-b3c5-c40dc180690b_en?filename=2025-spot-fx-benchmarks-exemption-specific-privacy-statement_en.pdf)

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