

THE FOREIGN EXCHANGE COMMITTEE

SEMI-ANNUAL FOREIGN EXCHANGE VOLUME SURVEY
REPORTING GUIDELINES

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I. General Instructions

A. Organization of the Instruction Book

This instruction book covers the Semi-Annual Survey of North American Foreign Exchange Volume. It is divided into the following sections:

Section I (General Instructions) – The general instructions describe the purpose of the survey and a variety of administrative issues, including confidentiality conditions. The general instructions also describe general reporting issues, such as who should report. Finally, information on the submission of the report is provided.

Section II (What to Report) – In this section, the types of FX transactions that are reported are described.

Section III (Specific Instructions) – In this section, the specific reporting requirements for the survey are given. The specific instructions describe the kinds of information that should be reported in each of the columns, rows, and memorandum rows of the form. To avoid excessive repetition, the instructions and definitions build upon the information in the general instructions.

A list of the reporting dealers appears in Appendix A.

The forms and instructions are available on the Federal Reserve Bank of New York's website: <http://www.newyorkfed.org/banking/reportingforms/index.html>.

B. Purpose of the Survey

The purpose of this survey is to provide semi-annual data on the level of turnover in the foreign exchange market. While the BIS triennial survey includes very comprehensive information, including customer data, it is only published every three years and the time lag between data collection results in rapidly outdated data. To facilitate implementation and provide data consistency, the definitions used in this survey are identical to those for the BIS triennial survey where appropriate.

C. Administrative Issues

Confidentiality

The Federal Reserve Bank of New York (FRBNY) will hold data reported on this survey in confidence. Aggregate data derived from reports on this form may be published or otherwise disclosed only in a manner that does not specifically identify any individual respondent.

Authority

The survey is completely voluntary and is collected by the FRBNY only as agent for the Foreign Exchange Committee.

Requests for Revised Data

FRBNY staff review data submitted on the survey. As a result of their review and editing procedures, FRBNY staff may ask reporters to explain unusual changes or submit revisions, as necessary. Since these data are extremely time-sensitive, reporters should respond as quickly as possible to these requests.

D. Who Must Report

Reporting Dealers

Respondents to the survey are large market participants in the foreign exchange market. The survey is voluntary and the Foreign Exchange Committee determines the reporting panel.

Consolidation

The survey covers all transactions that are priced (facilitated) by traders located in North America. The location where the trade is actually booked should not be used in determining if a transaction is reportable (this is in contrast with the FR 3036 Triennial Survey, which requires deals to be included on the basis of where the sales office is located).

Example 1

- Dealer A prices FX transactions, during New York trading hours, from New York. Its Brazilian sales office enters into a deal with a Brazilian corporate. On the semi-annual

survey this transaction would be included as a deal between the New York office and a Brazilian corporate.

Example 2

- Dealer B prices FX transactions, during New York trading hours, from Brazil. Its New York sales office enters into a deal with a Brazilian corporate. For the semi-annual survey, this transaction would be excluded.

Survey Reporting Period

The data covers a full one-month period in order to reduce the likelihood that very short-term variations in activity might distort the data. The data collected for the survey should reflect all transactions entered into during the month of April and October, regardless of whether delivery or settlement is made during the month.

Reporting Currency and Currency Conversion

Transactions are reported in millions of U.S. dollar equivalents. Non-dollar amounts should be converted into U.S. dollars using the exchange rates prevailing on the transaction date. However, if this is impractical, turnover data may be reported using average or end-of-period exchange rates.

Rounding

All data should be rounded to the nearest million U.S. dollars (do not use decimals). Rounding should occur when recording monthly values for each category (i.e., do not round each deal separately, simply round the aggregate amount when completing each category on the form).

E. Submission of Reports

Where to Report

All respondents should submit their completed report via the Federal Reserve System's Reporting Central system. The Federal Reserve Bank of New York will provide technical assistance to any respondent requiring guidance in creating files for submission via Reporting Central. Any respondent needing guidance is encouraged to visit the Federal Reserve System Web site, http://www.frbservices.org/centralbank/reportingcentral/resource_center.html for additional information on Reporting Central.

Due Dates

The survey should be submitted no later than 30 calendar days following the as-of date.

II. What to Report

A. General Description of What is to be Reported

The purpose of this survey is to measure the level of turnover in the foreign exchange market. For purposes of this survey, turnover is defined as the gross value of all new deals entered into during the reporting period, and is measured in terms of the nominal or notional amount of the contracts. No distinction should be made between sales and purchases (for example, a purchase of \$5 million against the U.S. dollar and a sale of \$7 million against the U.S. dollar would amount to a gross turnover of \$12 million).

Direct cross-currency transactions should be counted as single transactions. However, cross-currency transactions passing through a vehicle currency should be recorded as two separate deals against the vehicle currency (for example, if a bank sells \$5 million against the euro and then uses the euro to purchase Japanese yen, the reported turnover should be \$10 million). The gross amount of each transaction should be recorded prior to netting or any offsets. (Please note that Continuous Link Settlement (CLS) payments are made on a net basis, and therefore should not be used as a source for completing the survey).

For turnover of transactions with variable nominal or notional principal amounts, the basis for reporting should be the nominal or notional principal amounts on the transaction date.

B. Reporting Basis

The basis of reporting is the location of the dealer who sets the price, facilitates the transaction, and is the execution center, even if the deal is booked elsewhere. Transactions concluded by dealers outside North America should be excluded, even if they are booked to a New York office. Conversely, deals priced by dealers located in New York but booked to offices outside New York should be included.

Reporting institutions should **exclude** trades with branches, subsidiaries, affiliates and desks.

Transactions which involve the direct exchange of two currencies other than the U.S. dollar should be measured by totaling the U.S. dollar equivalent of the purchase side of the transaction.

III. Column and Row Instructions

A. Part I

Part I of the survey is divided by type of product. Schedules exist for each of the following products.

- ***Spot transactions***: Single outright transactions involving the exchange of two currencies at a rate agreed on the date of the contract for value or delivery (cash settlement) within two business days (including USD-CAD transactions delivered within one day). The spot legs of swaps should be excluded from spot transactions and reported as swap transactions even when they are for settlement within two days (i.e. spot transactions should exclude “tomorrow/next day” transactions).

- **Outright Forwards**: Transactions involving the exchange of two currencies at a rate agreed on the date of the contract for value or delivery (cash settlement) at some time in the future (more than one business day for USD-CAD transactions or more than two business days for all other transactions). This category also includes forward foreign exchange agreement transactions (FXA), non-deliverable forwards (NDFs), and other forward contracts for differences.
- To cater to specific interest in NDFs (as distinct from deliverable forwards), reporting dealers are requested to identify in an “of which” item NDF volumes.
- **Foreign Exchange Swaps**: Transactions involving the exchange of two currencies (principal amount only) on a specific date at a rate agreed at the time of the conclusion of the contract (the short leg), and a reverse exchange of the same two currencies at a date further in the future at a rate (generally different from the rate applied to the short leg) agreed at the time of the contract (the long leg). Please also include in this category short-term swaps carried out as “tomorrow/next day” transactions. For measurement purposes, report only the long leg of all foreign exchange swaps (both spot/forward and forward/forward), so that each transaction is only recorded once. Classify the maturity of the swap transactions according to the far-value date. Cross-currency interest rate swaps are not reportable and should be excluded from the Survey
- **Currency Options**: Transactions that gives the right or the obligation, depending upon whether the reporting institution is the purchaser or the writer, respectively, to buy or sell a currency with another currency at a specified exchange rate during a specified period. This category also includes exotic foreign exchange options such as average rate options and barrier options.

If a transaction is composed of several plain vanilla components, each part should in principle be reported separately. If this is not feasible, then the foreign exchange options section takes precedence in the instrument classification, so that any foreign exchange derivative product with an embedded option is reported as a foreign exchange option. All other foreign exchange derivative products should be reported in the foreign exchange outright forwards or foreign exchange swaps sections, as appropriate.

Columns

Counterparty Category Definitions (Columns 1-5)

In these columns reporters should report for each instrument a breakdown of contracts by counterparty as follows: reporting dealers, other dealers, other financial customers, and non-financial customers.

- **Reporting dealers (column 1)**: Report in this column all transactions with institutions participating in the semi-annual survey. A list of participating institutions is included in Appendix A.
- **Other dealers (column 2)**: Report in this column all transactions with institutions that actively participate as dealers in the foreign exchange market (e.g., commercial, investment banks and securities dealers) that are not semi-annual reporters and not included on the list in Appendix A.

- Other financial customers (column 3): Report in this column all transactions with non-bank financial institutions that are end users in the foreign exchange market (i.e., not dealers). Financial institutions are institutions that extend credit or regularly take positions in securities or other financial markets. Include in this column mutual funds, pension funds, hedge funds, currency funds, money market funds, thrift, leasing companies, insurance companies, and financial subsidiaries of non-financial companies.
- Non-financial customers (column 4): Report in column all transactions with other counterparties other than those defined above, i.e., mainly non-financial end-users, such as corporates and governments.

Total (Column 5)

Report in this column the total of the transactions reported in columns 1 through 4. In addition, report the total of all columns in the total row.

of which are retail-driven (Column 6)

Retail investors refer to private individuals executing on their own behalf (not for any institution) speculative, leveraged, and cash-settled foreign exchange transactions. Reporting dealers are requested to provide data on retail-driven transactions in an “of which” column, for each instrument and currency pair. Retail-driven transactions are defined as reporting dealers’ (a) transactions with “wholesale” financial counterparties that cater to retail investors (i.e., electronic retail trading platforms and retail margin brokerage firms), and (b) direct transactions with “non-wholesale” investors (i.e., private individuals) executed online or by other means.

of which are prime brokered (Column 7)

Prime brokers are defined as institutions facilitating trades for their clients (often institutional funds, hedge funds and other proprietary trading firms). Prime brokers enable their clients to conduct trades, with a group of predetermined third-party banks in the prime broker’s name. This may also involve granting the client access to electronic platforms that are traditionally available only to large dealers. In an FX prime brokerage relationship, the client trade is normally “given up” to the prime broker, who is interposed between the third-party bank and the client and therefore becoming the counterparty to both legs of the trade. Reporting dealers acting as prime brokers are requested to report those transactions that they have brokered in an “of which” column for each instrument and currency pair (both legs should be included in the memorandum).

Maturities

Transactions reported in Columns 1-4 in outright forwards, forward exchange swaps, and OTC foreign exchange options (Schedules B, C, and D) should be reported in Columns 9-11 (Schedule B) and 8-10 (Schedules C and D) by original maturity using the following buckets:

- Seven days or less: These are contracts that have an original maturity of seven or less calendar days.
- Over seven days to one year: These are contracts that have an original maturity of over seven calendar days but no more than one year.

- Over one year: These are contracts that have an original maturity of greater than 1 year.

Rows

Currency Pairs (Rows 1-35)

In Rows 1-21 report the trading in the U.S. dollar against the following individual currencies:

EUR: Euro
JPY: Japanese Yen
GBP: British Pound
CAD: Canadian Dollar
CHF: Swiss Franc
AUD: Australian Dollar
ARS: Argentine Peso
BRL: Brazilian Real
CLP: Chilean Peso
MXN: Mexican Peso
CNY: Chinese Yuan
NZD: New Zealand Dollar
RUB: Russian Ruble
HKD: Hong Kong Dollar
SGD: Singapore Dollar
TKY: Turkish Lira
KPW: Korean (South) Won
SEK: Swedish Krona
ZAR: South African Rand
INR: Indian Rupee
NOK: Norwegian Krona

In Row 22 report all other currency pairs against the U.S. dollar.

In Rows 23-29 report the trading in the euro against the following currencies:

JPY: Japanese Yen
GBP: British Pound
CHF: Swiss Franc
SEK: Swedish Krona
AUD: Australian Dollar
NOK: Norwegian Krona
CAD: Canadian Dollar

In Row 30 report all other currency pairs against the Euro.

In Rows 31-33 report the trading in Japanese Yen against the following currencies:

AUD: Australian Dollar
BRL: Brazilian Dollar
CAD: Canadian Dollar

In Row 34 report all other currency pairs against the Yen.

All Other Currency Pairs (Row 35)

In Row 35 report all other currency pairs.

Total (Row 36) Report the sum of rows 1-35.

B. Part II

Columns

Part II collects the execution method used to settle the transactions reported in Part I.

The organising principle distinguishes execution along two dimensions: (i) “voice” vs “electronic” and (ii) “direct” vs “indirect”. This yields four basic categories: Voice-Direct, Voice-Indirect, Electronic-Direct, and Electronic-Indirect. The latter two “electronic” categories are augmented with sub-categories: Single-bank proprietary trading system, Other direct electronic means, Reuters Matching/EBS, Other ECNs, etc.

Trades originated by voice (over the phone) should be classified as ‘voice’ regardless of how they are subsequently matched.

The execution methods for each specified currency pair is supplemented with a further breakdown by instrument and counterparty in Table E.

Execution Method (Columns 1-9)

Transactions should be defined and categorized outlined below.

Voice Direct (Column 1): Report in this column all transactions executed over the telephone, not intermediated by a third party.

Voice Indirect (Column 2): Report in this column all transactions executed over the telephone, intermediated by a third party, e.g., via a voice broker.

Electronic Direct - Single-Bank Proprietary Trading Systems (Column 3): Report in this column all transactions that are conducted via electronic trading systems owned and operated by a bank and not intermediated by a third party.

Electronic Direct - Other (Column 4): Report in this column all transactions that are conducted via other direct electronic means such as Thomson Reuters Conversational Dealing, Bloomberg FXGO, direct API price streams, etc.

Electronic Indirect - Reuters Matching/EBS (Column 5): Report in this column all transactions that are conducted over an electronic medium, intermediated by a third party electronic platform (e.g., via a matching system). Reuters Matching / EBS are major electronic trading platforms that have historically been geared towards the interdealer market.

Electronic Indirect – Other Electronic Communication Networks (Column 6): Report in this column all transactions that are conducted over other multi-bank dealing systems not falling in

the categories above (e.g., Currenex FX Trades, FXall, KCG Hotspot ECN, Bloomberg Tradebook, ParFX, 360T, etc.)

Electronic Indirect – Other (Column 7): Report in this column all transactions conducted using other indirect electronic means, if any, that do not belong to either of the two sub-categories above.

Undistributed (Column 8): Report in this column all transactions for which the execution method could not be reported.

Total (Column 9)

Report in this column the total of the transactions reported in columns 1 through 8. In addition, report the total of all columns in the total row.

Memo Column- Total Number of Trades (Column 10)

Report the total number trades that is reported in column 9. This is the actual number of trades and not the notional value of the trades.

Rows

Currency Pairs (Rows 1-35)

In Rows 1-21 report the trading in the U.S. dollar against the following individual currencies:

EUR: Euro
JPY: Japanese Yen
GBP: British Pound
CAD: Canadian Dollar
CHF: Swiss Franc
AUD: Australian Dollar
ARS: Argentine Peso
BRL: Brazilian Real
CLP: Chilean Peso
MXN: Mexican Peso
CNY: Chinese Yuan
NZD: New Zealand Dollar
RUB: Russian Ruble
HKD: Hong Kong Dollar
SGD: Singapore Dollar
TKY: Turkish Lira
KPW: Korean (South) Won
SEK: Swedish Krona
ZAR: South African Rand
INR: Indian Rupee
NOK: Norwegian Krona

In Row 22 report all other currency pairs against the U.S. dollar.

Rows 23-29 report the trading in the euro against the following currencies:

JPY: Japanese Yen
GBP: British Pound
CHF: Swiss Franc
SEK: Swedish Krona
AUD: Australian Dollar
NOK: Norwegian Krona
CAD: Canadian Dollar

In Row 30 report all other currency pairs against the Euro.

In Rows 31-33 report the trading in the Yen against the following currencies:

AUD: Australian Dollar
CAD: Canadian Dollar
BRL: Brazilian Real

In row 34 report all other currency pairs against the Yen.

All Other Currency Pairs (Row 35)

In row 35 report all other currency pairs.

Total (Row 36) - Report the sum of rows 1-35 for Columns 1-10

Of Which Rows

Instruments (Rows 37-40)

Report in these rows the transactions reported in row 36 by type of instrument (i.e., Spots, Forwards, Swaps, Options). The definitions for each of these instrument types are included in Part I of the survey.

Market Participants (Rows 41-45)

Report in these rows the transaction reported in row 36 by market participant (i.e., Reporting Dealers, Other Dealers, Other Financial Customers, and Non-Financial Customers). The definitions for each of these market participants are included in Part I of the survey.

Appendix A: List of Reporting Dealers

1. Bank of America N.A.
2. Bank of Montreal
3. The Bank of New York
4. Barclays Capital
5. BNP Paribas
6. Citigroup
7. Canadian Imperial Bank of Commerce
8. Credit Agricole Corporate and Investment Bank
9. Credit Suisse First Boston
10. Deutsche Bank AG
11. Goldman Sachs & Co.
12. HSBC Bank USA
13. JP Morgan Chase Bank
14. Morgan Stanley & Co., Inc.
15. Royal Bank of Canada
16. Société Générale
17. Standard Chartered Bank
18. State Street Bank & Trust Corporation
19. Sumitomo Mitsui Banking Corporation
20. UBS
21. Wells Fargo Bank N.A.