
CENTRAL BANKING

ESRB publishes guide to OTC derivatives database

Draghi repeats pledge to extend central clearing regulation to all forms of derivatives; ESRB paper sheds light on “opaque” markets



European Central Bank president Mario Draghi

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The European Systemic Risk Board (ESRB) published a guide to its extensive database on over-the-counter (OTC) derivatives today (September 22).

In ***Shedding light on dark markets: first insights from the new EU-wide OTC derivatives dataset***, Jorge Abad *et al* present what they call a “first step”

towards analysing what was "once one of the most opaque financial markets in the world".

Since 2014, they note, the European Market Infrastructure Regulation (Emir) has obliged over-the-counter (OTC) derivatives counterparties resident in the European Union "to report the details of new and outstanding derivatives transactions to trade repositories". The full data gathered under Emir is exclusively available to the ESRB and the European Securities and Markets Authority.

The authors of the paper present a guide to the Emir database, and then look at its relevance to three types of instrument: interest rate derivatives; credit default swaps; and foreign exchange derivatives. They describe what they call the "groundwork in terms of data analysis" undertaken with three aims in mind: explaining the OTC markets to policy-makers; looking for sources of systemic risk; and designing future macro-prudential policy.

The paper was referred to today by European Central Bank (ECB) president Mario Draghi as he opened the ESRB's first conference on macro-prudential regulation. [Draghi told the ESRB conference](#) that, in June, the ECB had made certain interest rate derivatives traded in the eurozone subject to a central clearing obligation. The ESRB is "monitoring the effects of this obligation on collateral demand and network structure" and would publish its findings, Draghi said.

This would "gradually be extended to other transactions", Draghi said, to improve the "smooth functioning and systemic resilience of derivatives markets". This was in line with the commitments made by the G20 in 2009, Draghi noted.