



Derivatives

| Quarterly

| July – September 2025

CCIL Research



Table of Contents

| | |
|--|----|
| 1. Developments in Derivatives Market..... | 3 |
| 2. Indian OTC Interest Rate Derivatives Market | 4 |
| 2.1. MIBOR OIS Market - Curve & Spreads | |
| 2.2. MIBOR OIS – Trading and Settlement Pattern | |
| 2.3. Modified MIFOR Market - Curve & Spreads | |
| 2.4. Modified MIFOR –Trading and Settlement Pattern | |
| 2.5. Client Bond Forward Rate Agreements (FRA) | |
| 3. Indian OTC Forex Derivatives Market..... | 9 |
| 3.1. Trends across OTC Interbank FCY-INR Forwards | |
| 3.2. USD/INR Forward Premia Curve Movement | |
| 3.3. Interbank NDF Volumes and Tenor-wise Breakup | |
| 3.4. Trends across OTC Interbank FCY-INR Options | |
| 3.5. Volatility Smile across tenors in OTC Interbank FCY-INR Options | |
| 3.6. Trends across OTC Interbank FCY-INR Cross Currency Swap | |
| 3.7. OTC Interbank FCY-FCY Forex Derivatives | |
| 3.8. OTC FCY-INR and FCY-FCY Client Forex Derivatives | |
| 4. Global Derivatives Market..... | 19 |
| 4.1. Outstanding Notional Amount and GMV in Global OTC Derivatives Market | |
| 4.2. Currency Wise Breakup of Outstanding Amount in the Global OTC Derivatives Market | |
| 4.3. Instrument-Wise Breakup of Outstanding Amount in Global OTC Market | |
| 4.4. Global Exchange Traded Derivatives | |
| 5. In Focus | 22 |
| 5.1. Key Trends in Global Interest Rate Derivatives: Highlights from the BIS Triennial Surveys | |



1. Developments in Derivatives Market

Domestic Markets

Portfolio Compression

- On September 11, 2025 The Clearing Corporation of India (CCIL) successfully carried out the 39th cycle of the Portfolio Compression exercise in the Interest Rate Swaps market for MIBOR Benchmark. Of the 30,855 trades between 32 members which were found to be eligible for being considered for compression, 27,622 trades were identified for early termination achieving a compression rate of 89.4%. The compression exercise included both trades cleared by CCIL and non-cleared trades.

Regulations

- The Reserve Bank of India (RBI) has proposed to mandate a Unique Transaction Identifier (UTI) for all transactions in OTC markets for rupee interest rate and foreign currency derivatives from the next financial year. UTI will have a maximum of 52 characters consisting of Legal Entity Identifier (LEI) of the generating entity, followed by a unique identifier and shall be unique to a derivative transaction throughout its lifecycle.
- RBI issued draft directions for the novation of OTC derivative contracts, aimed at outlining the process by which a market participant can exit an existing OTC derivative contract and transfer their position to another party. Market-maker(s) involved in the novation of an OTC Derivative contract shall ensure that the details pertaining to the novation are reported to the Trade Repository of CCIL.
- As per RBI notification dated September 22, 2025 Standalone Primary Dealers authorized as AD Category–III, shall be eligible to transact in non-deliverable derivative contracts involving the Rupee.

Global Markets

Product Launches & Technology Advancements

- Euronext has launched its mini-sized, cash-settled futures in September 2025 on major European government bonds. The new contracts cover the 10-year OAT (French Treasury bonds), Bund, Bono, BTP (Italian Treasury bonds), and the first 30-year BTP, listed on Euronext Derivatives Milan.
- Eurex launched physically deliverable futures contracts on European Union bonds in September 2025.
- Cboe Europe Derivatives is set to launch Cboe Flexible Exchange options in Europe and is expected to go live in Q1-2026.
- Cboe Global Markets is set to launch cash-settled futures and options on the new Cboe Magnificent 10 index

Regulations

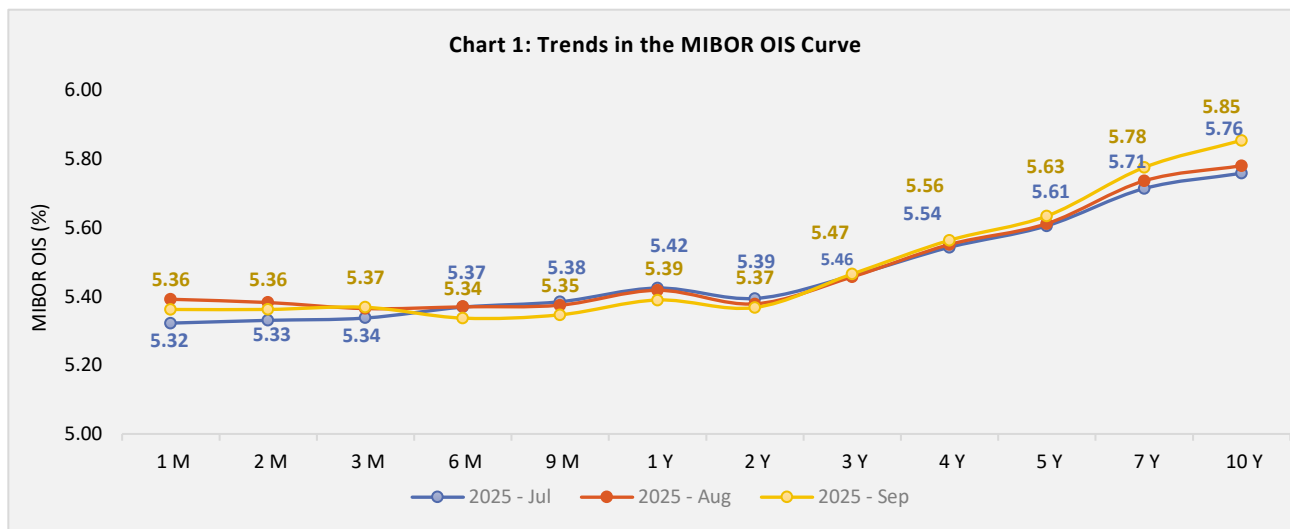
- On August 5, ISDA responded to the International Financial Services Centres Authority's consultation on reporting and clearing of over-the-counter derivatives contracts booked in International Financial Services Centres. In the response, ISDA provided several recommendations to align with global practice and support flexible risk management.



2. Indian OTC Interest Rate Derivatives Market

2.1. MIBOR OIS Market - Curve & Spreads

Following RBI’s front-loaded monetary policy easing through a surprise 50 bps policy rate cut in June, markets broadly anticipated a pause in further rate action in the near term. Consequently, short-term OIS rates remained largely stable through the July-September quarter. The 1-month MIBOR-OIS rate stood at around 5.32% in July, showing minimal movement across short-term maturities.

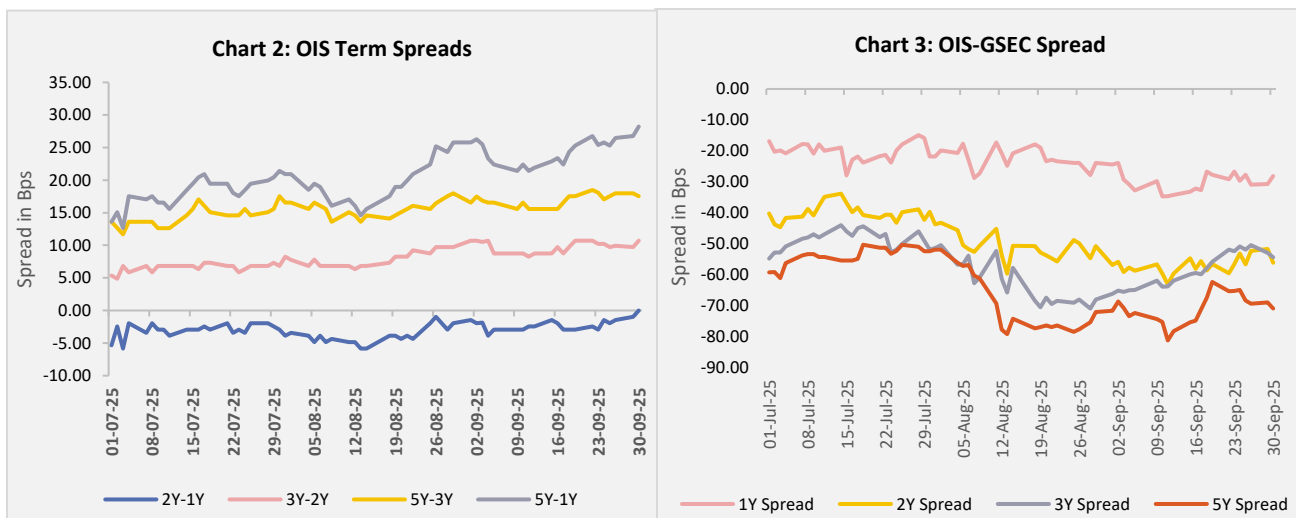


Data Source: Refinitiv

In the August policy, the RBI kept the repo rate unchanged at 5.5% citing lower inflation expectations, limiting the space for further policy easing. Accordingly, the movements in the short-term rates remained benign during the month. In September, market behavior remained consistent with the trends observed in the earlier months. Short-term OIS rates continued to trade within a narrow band, while the longer tenors showed a mild upward bias.

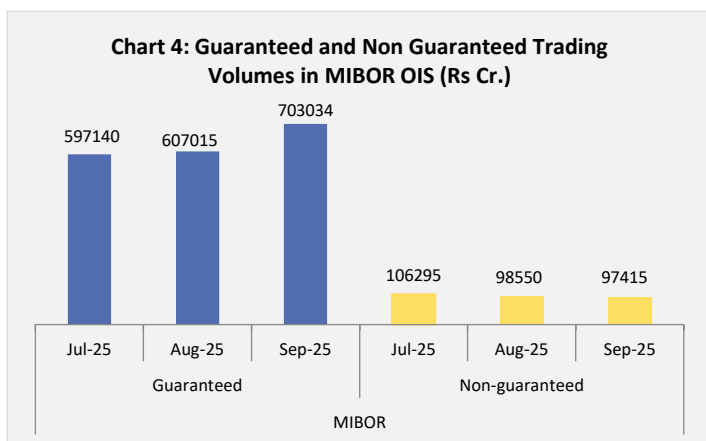
The 2Y-1Y OIS spread, which stood at around -5.8 bps at the start of the quarter, flattened to near zero by quarter-end, indicating that markets saw limited scope for further near-term policy easing. The 5Y-1Y term spread widened over the same period as long-term rates inched higher, while short-term rates remained anchored to levels prevailing at the beginning of the quarter. The movement in 3Y-2Y and 5Y-3Y did not experience much volatility.

The OIS-Gsec spread remained broadly stable in July, with both OIS rates and government bond yields moving largely in tandem. In August, however, G-sec yields firmed up primarily due to the supply side pressures in the long term, impact of the relaxation in the GST slabs and uncertainty over the US trade agreement. On the contrary, OIS rates remained relatively sticky as market participants continued to price in a prolonged policy pause. This divergence led to a widening of the OIS-G-sec spread during the month. In September, domestic yields moderated on the back of easing global rates, resulting in a narrowing of the spread.



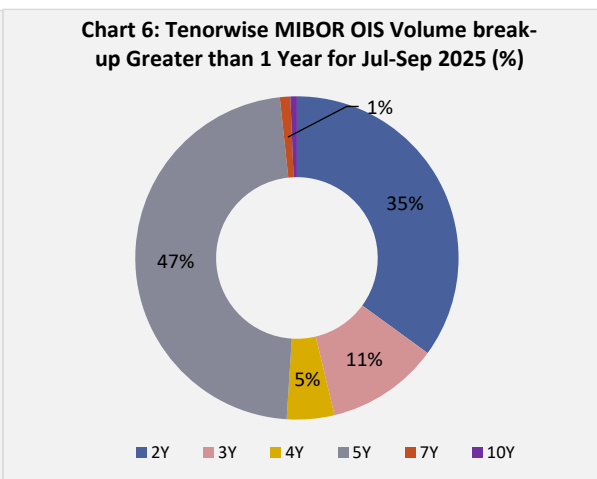
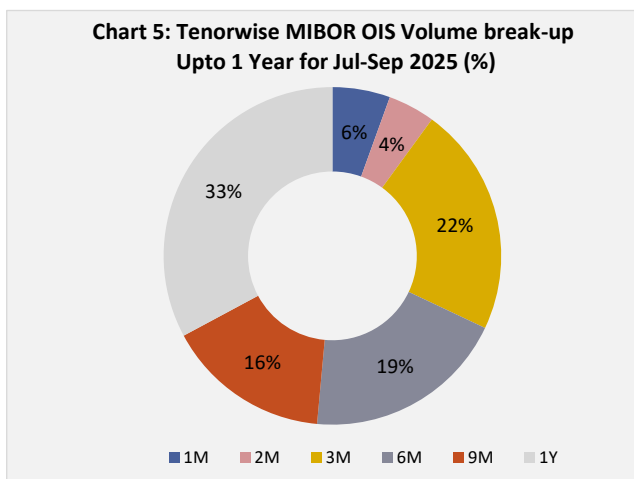
Data Source: Annualized OIS Rates, Refinitiv and G-Sec Par Rates, FBIL.

2.2. MIBOR OIS – Trading and Settlement Pattern

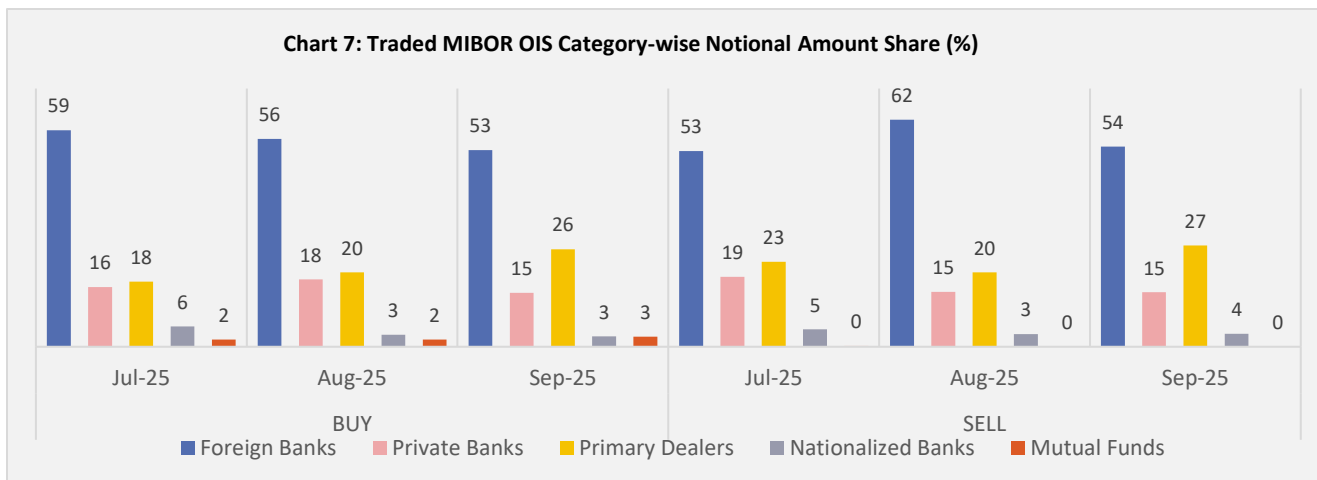


During July to September quarter, 86.31% of the total notional traded volume in MIBOR-OIS was settled on a guaranteed basis. The guaranteed settlement segment recorded a total notional volume of ₹19.07 lakh crore, in comparison to ₹21.02 lakh crore in the previous quarter. In the non-guaranteed settlement segment, the total notional volume was ₹3.02 lakh crore, slightly higher than ₹3.01 lakh crore in the preceding quarter.

Data Source: CCIL



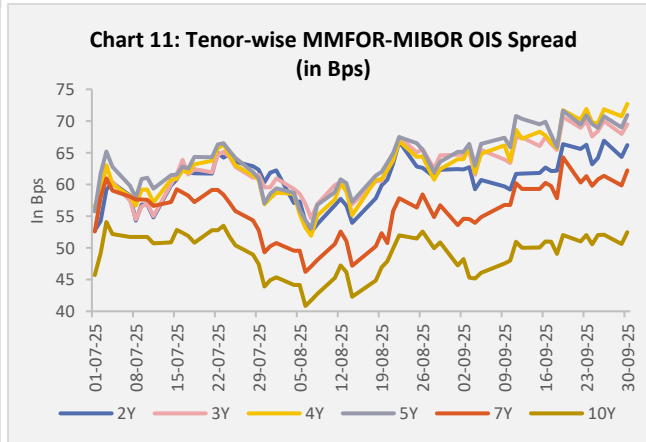
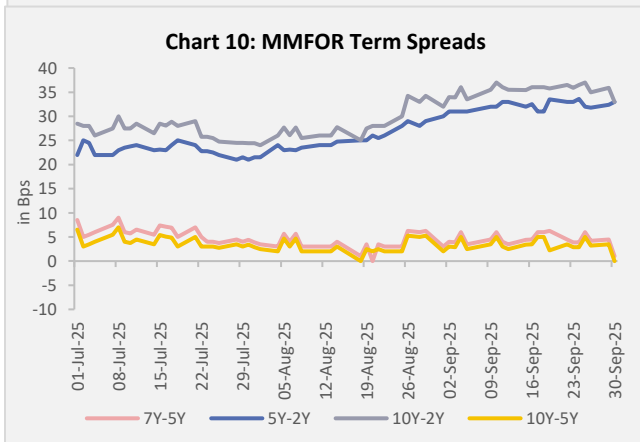
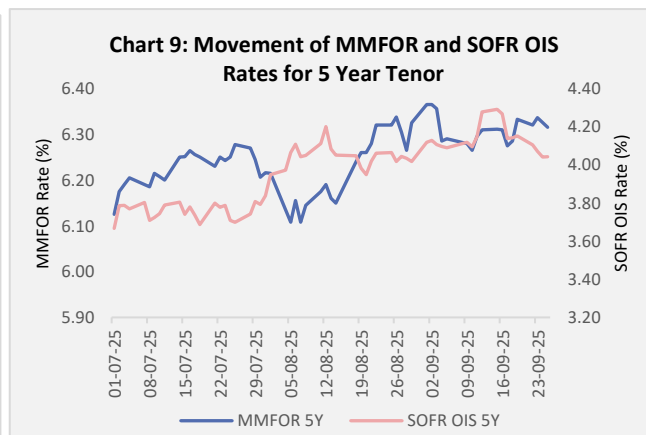
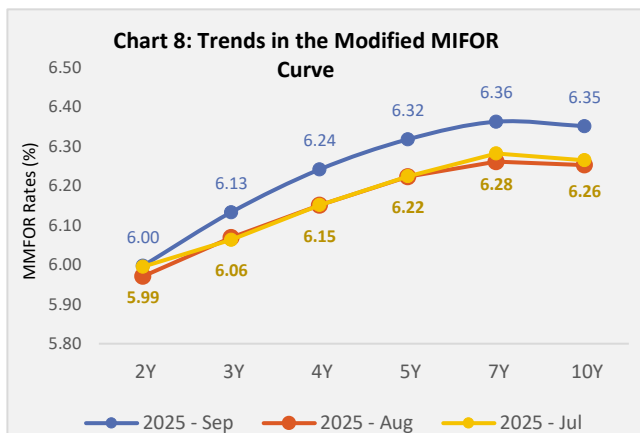
Data Source: CCIL



Data Source: CCIL

In the short-term segment (up to 1 year), 1-year OIS trades dominated activity, accounting for 33% of the total volume, followed by 3-month and 6-month tenors with shares of 22% and 19%, respectively. For tenors beyond 1 year, the 5-year OIS led the market with a 47% share of traded volume, followed by the 2-year and 3-year OIS at 35% and 11%, respectively. Among participants, foreign banks held the largest share of traded volumes in the OIS market, followed by primary dealers and private banks.

2.3. Modified MIFOR Market - Curve & Spreads

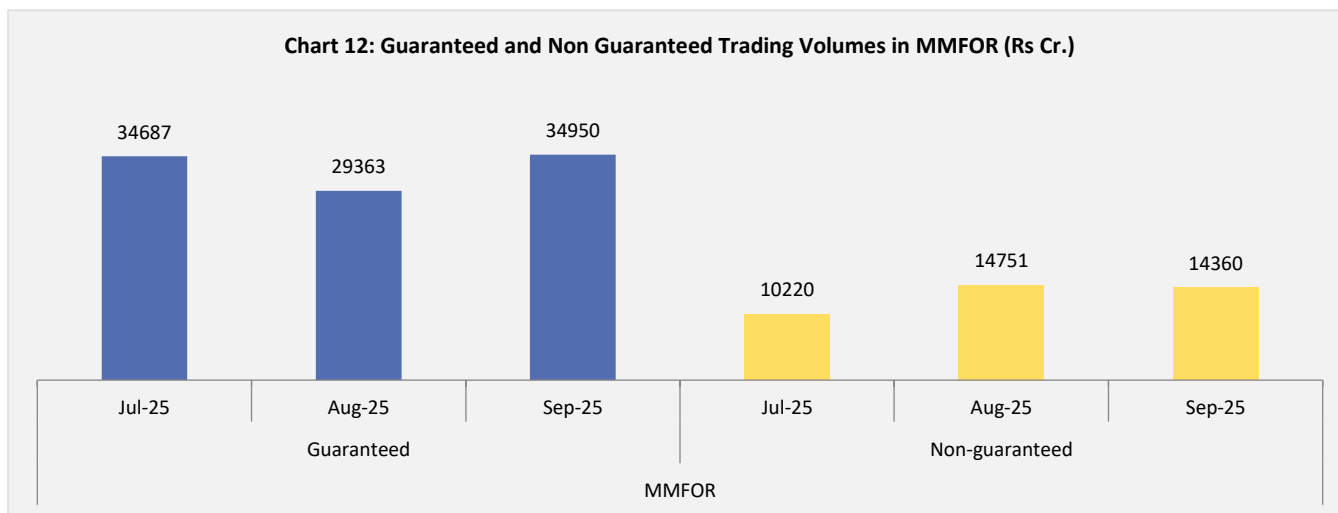


Data Source: Refinitiv



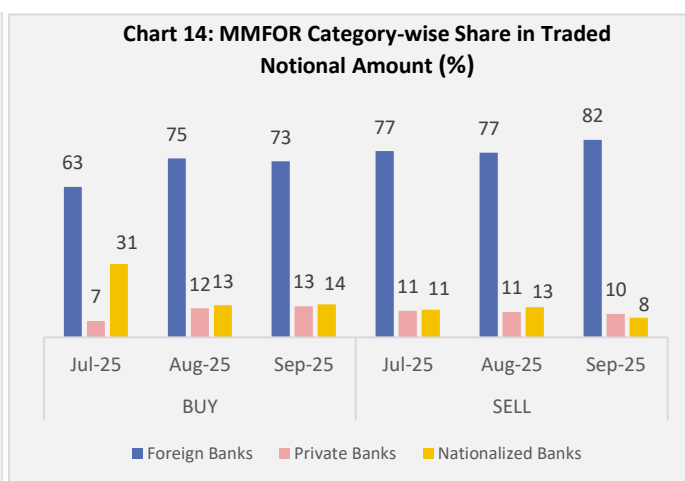
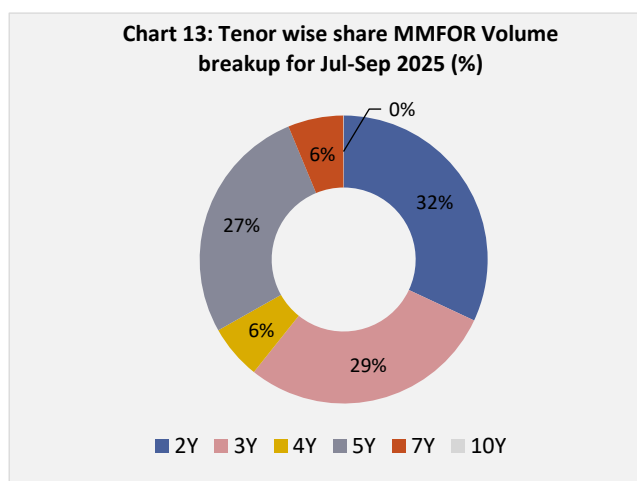
The Modified MIFOR curve witnessed an upward shift towards the end of the quarter. The 4-year and 10-years Modified MIFOR rate increased to 6.24% and 6.35% respectively in September 2025. The movements in the Modified MIFOR rate tracked the increase in the SOFR OIS rates, particularly towards the end of the quarter. The 5Y-2Y and 10-2Y saw a notable increase in term spreads during the quarter.

2.4. Modified MIFOR –Trading and Settlement Pattern



Data Source: CCIL

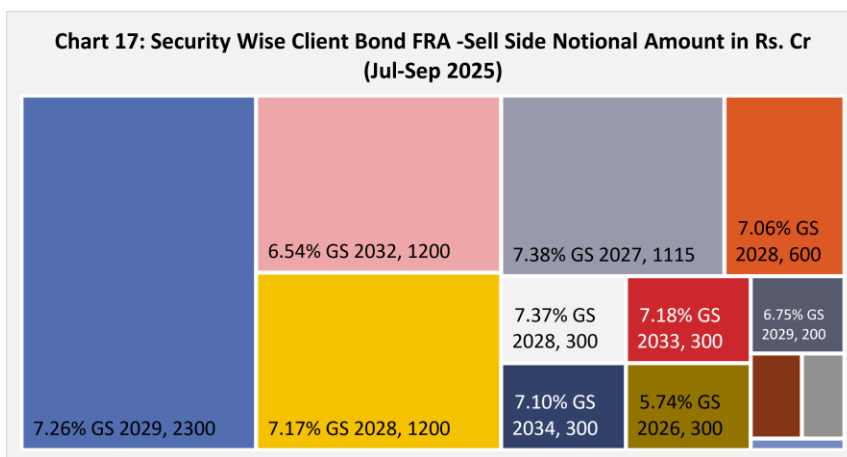
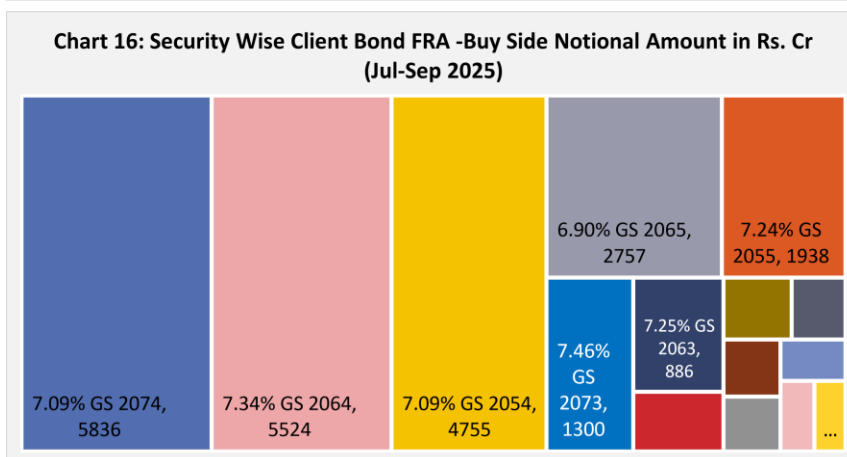
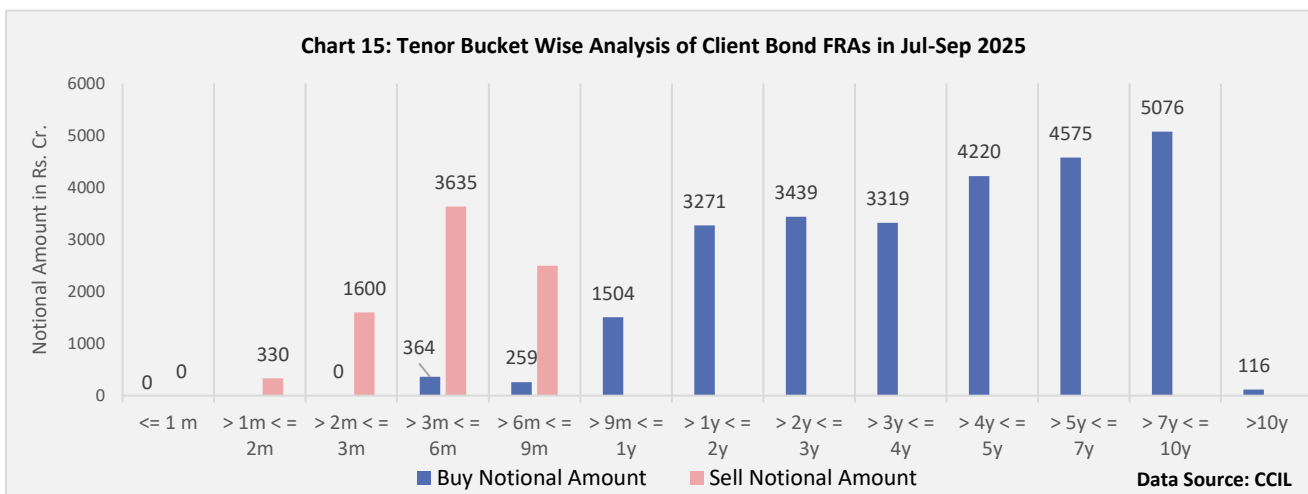
Trading volumes in the guaranteed segment of Modified MIFOR rose by 10% to ₹99,001 crore in the second quarter of FY26, compared with ₹90,068 crore in the previous quarter. The total volume in the non-guaranteed segment was lower than that of the guaranteed settlement segment, standing at ₹39,330 crore. Foreign banks remained the most active participants in the Modified MIFOR market. Volumes were highest in the 2-year tenor, followed by the 3-year and 5-year tenors.



Data Source: CCIL



2.5. Client Bond Forward Rate Agreements (FRA)



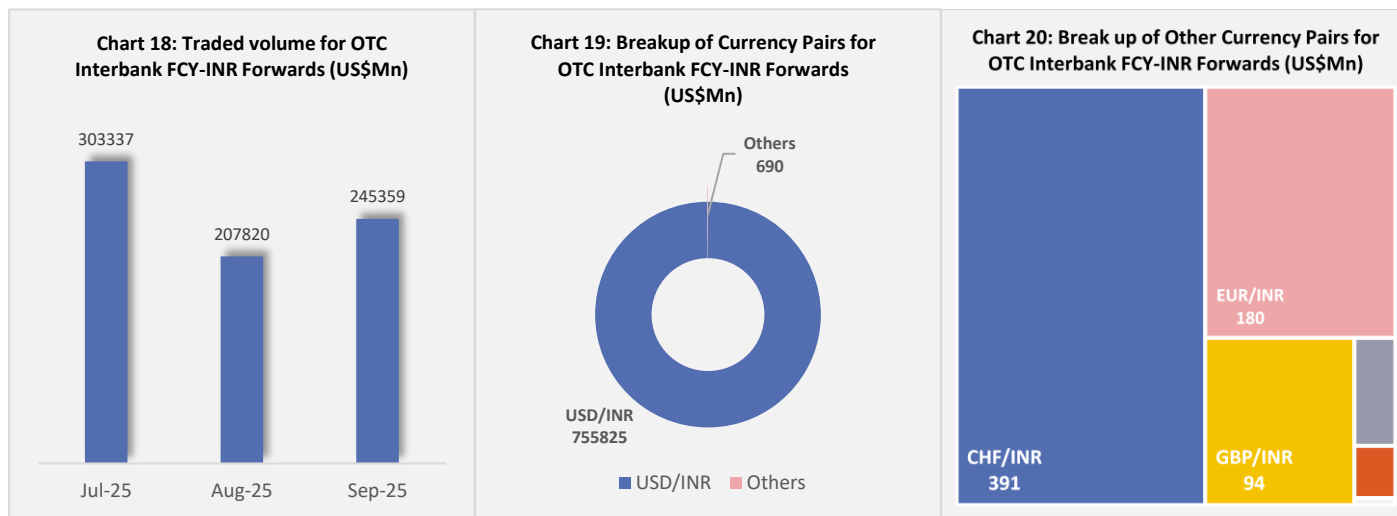
Based on Client trades reported to CCIL Trade Repository, on the Buy side, trading in Bond FRAs was dominated by tenors greater than 1 year, with the highest notional amount of Rs. 5076 Cr. being captured in >7 Year to <=10 years tenor bucket, for the quarter ended September 2025. On the sell side, trading activity of Bond FRAs was largely concentrated in the >3 month to <= 6-month tenor buckets amounting to Rs. 3635 Cr.

An ISIN wise analysis of the underlying instruments of Bond FRAs indicated that 7.09% GS 2074 and 7.34% GS 2064 were the top 2 securities on the buy side, while 7.26% GS 2029 and 7.17% GS 2028 were the top 2 securities on the sell side for the Jul-Sep 2025 quarter.



3. Indian OTC Forex Derivatives Market

3.1. Trends across OTC Interbank FCY-INR Forwards (Jul-Sep 2025)



Data Source: CCIL. All values converted to USD Millions from Base Currency.

Trading activity in the OTC Interbank FCY-INR Forwards market edged higher during the July–September quarter compared to the previous quarter, with volumes peaking at USD 303 billion in July. Total quarterly volumes stood at USD 756 billion, marginally higher than the USD 745 billion recorded in the preceding quarter. The U.S. dollar maintained its dominance, with USD/INR accounting for nearly 99% of total trades, while other currency pairs such as CHF/INR, EUR/INR, and GBP/INR comprised the remainder.

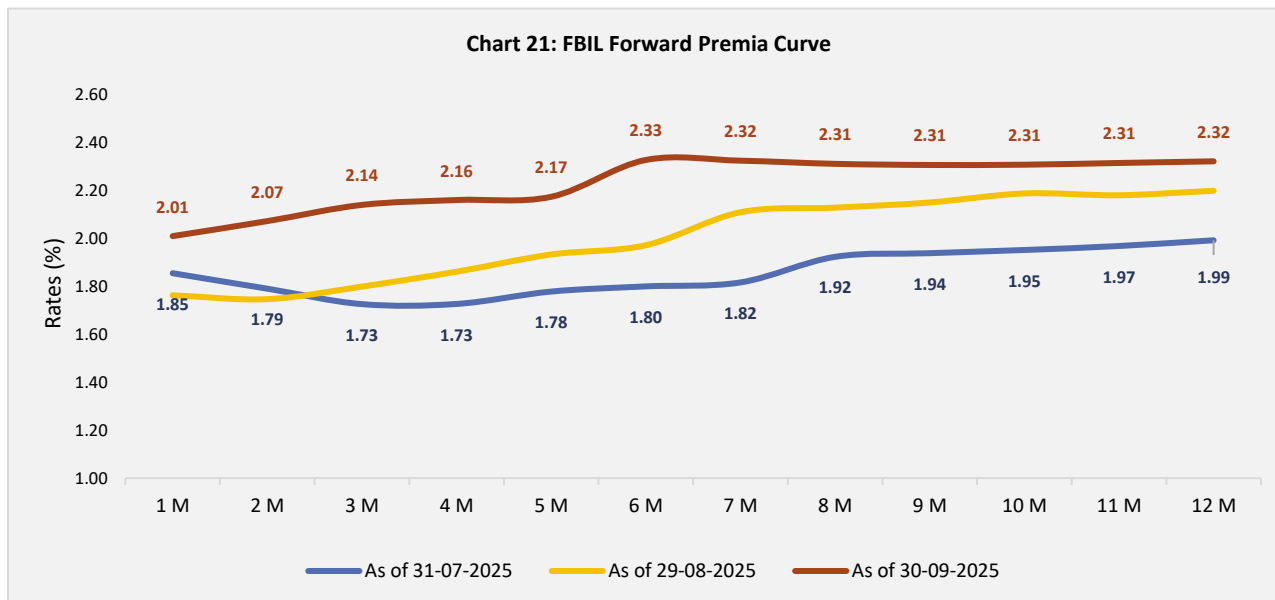
An analysis of USD-INR interbank forward transactions executed through spot-forward swaps indicates a distinct concentration in the 1-month, 2-month, and 12-month tenors. The 1-month and 2-month contracts together accounted for nearly 43% of the market activity, with average shares of 25% and 18%, respectively. The 12-month tenor accounted for an average market share of around 18% during the quarter.

| Table 1: Tenor-wise Share (in %) of USD-INR Interbank Forward transaction undertaken through swaps (Spot-Forward) | | | | | | | | | | | | |
|---|---------------------------------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| | Month End Spot-Forward Currency Swaps | | | | | | | | | | | |
| | 1M | 2M | 3M | 4M | 5M | 6M | 7M | 8M | 9M | 10M | 11M | 12M |
| Jul-25 | 22.12% | 18.67% | 11.25% | 6.97% | 2.86% | 6.47% | 4.20% | 1.46% | 2.73% | 1.82% | 5.30% | 16.05% |
| Aug-25 | 25.92% | 16.67% | 6.85% | 4.87% | 6.76% | 6.63% | 2.71% | 1.13% | 2.22% | 1.14% | 3.65% | 21.36% |
| Sep-25 | 26.32% | 19.14% | 6.03% | 8.10% | 5.56% | 6.05% | 4.15% | 2.58% | 1.17% | 1.56% | 3.33% | 15.96% |

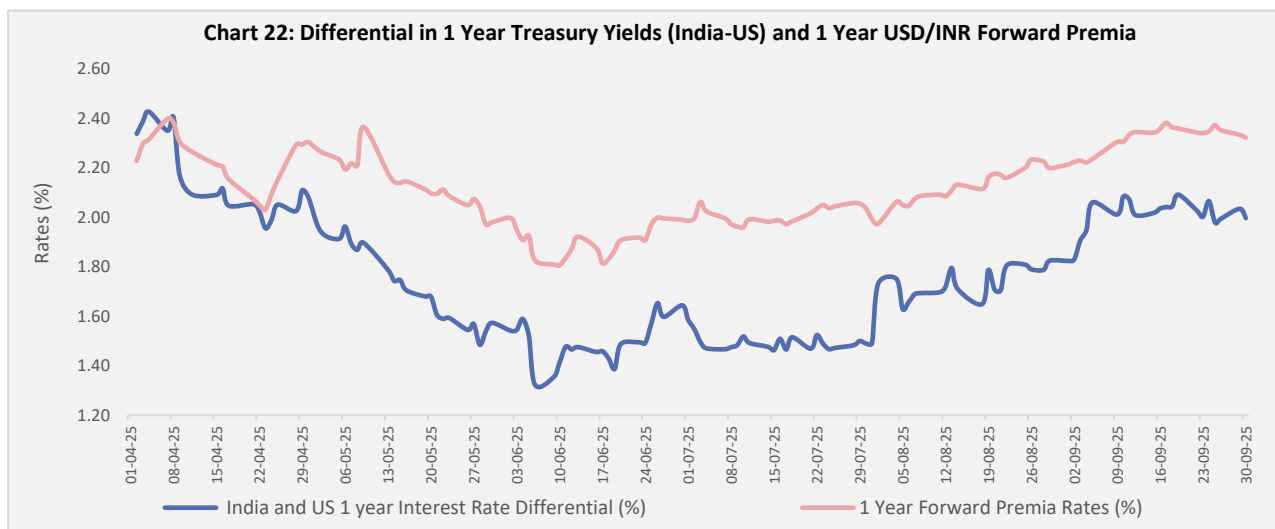
Data Source: CCIL



3.2. USD/INR Forward Premia Curve Movement



Data Source: FBIL



Data Source: FBIL, CCIL and Investing.com

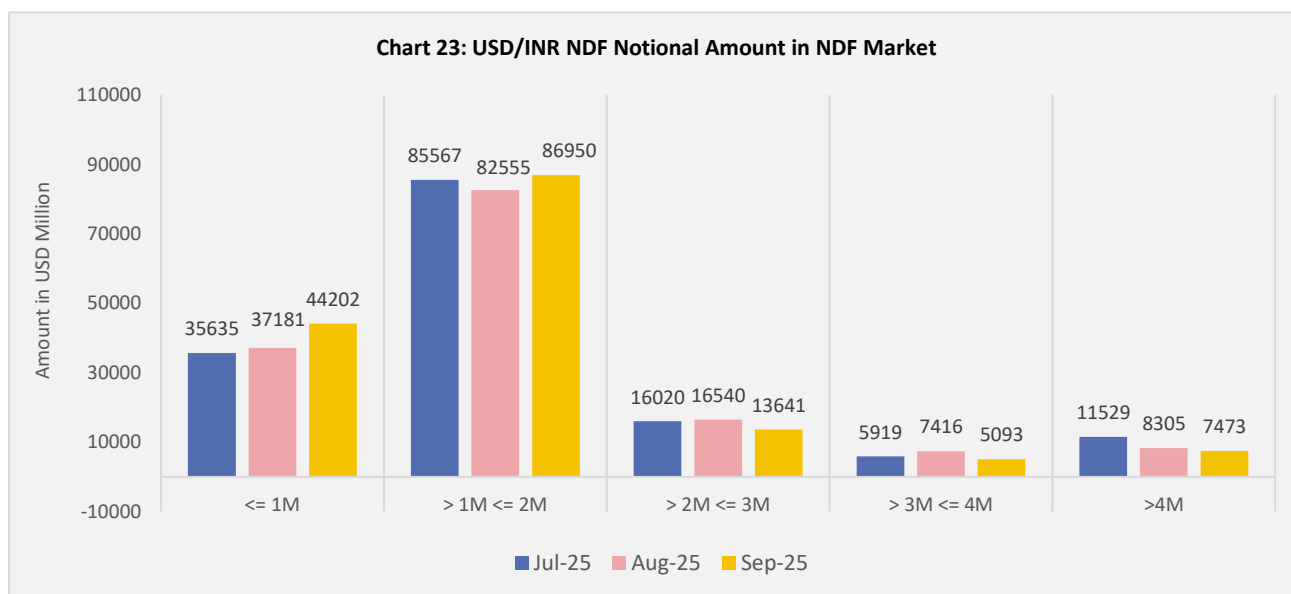
The forward premia curve shifted upwards during the July-September 2025 quarter, reflecting the widening interest rate differential coupled with RBI currency management measures during the quarter. The quarter opened with the premium near 1.99%, remaining largely range-bound through July, as both U.S. and Indian yields moved within tight bands. With limited macro drivers and no decisive policy cues, the interest rate differential held steady, keeping forward rates broadly flat for most of the month.



Momentum built up in August, driven by softer U.S. macro data that pushed Treasury yields lower, while Indian bond market yields remained firm around 5.6%, widening the US-India yield gap to nearly 180 basis points. This divergence translated into a gradual rise in the forward premium from about 2.0% at the start of the month to around 2.20% by late August. Growing confidence in an impending Fed rate cut further steepened the forward curve.

In early September, the premium gathered additional momentum as U.S. yields declined sharply ahead of the Fed’s decision. The interest rate differential breached the 2% mark, lifting the one-year forward premium to a quarterly peak of approximately 2.38%. By the end of September, the premium eased marginally to around 2.32%, but remained about 35 basis points higher than June end levels.

3.3. Interbank NDF Volumes and Tenor-wise Breakup



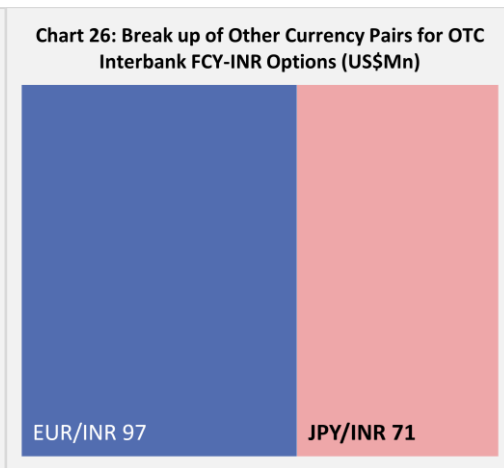
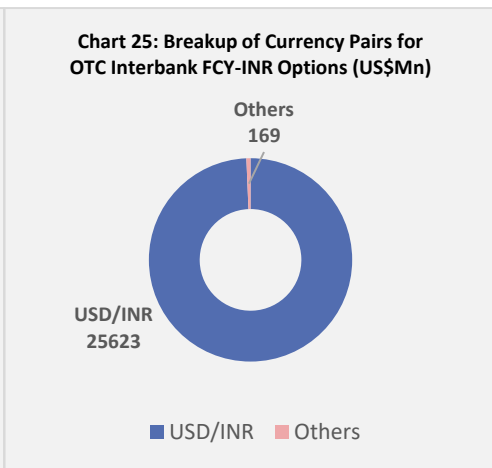
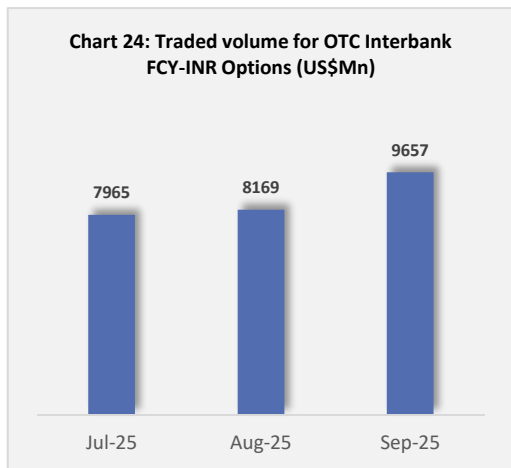
Data Source: CCIL

The offshore dollar-settled currency forwards showed a marginal drop in volumes from the previous quarter, declining by 1% on a sequential basis reaching USD 464 billion in the July-September quarter. Notably, trading activity remained concentrated in maturities of less than one month and between one to two months. Meanwhile, media reports indicated that the RBI had resumed intervention in the NDF market following a period of subdued activity. The reports suggest that the central bank’s move came amid exporters holding back dollar sales and importers stepping up hedging in response to U.S. tariff risks, both of which contributed to rupee weakness.¹

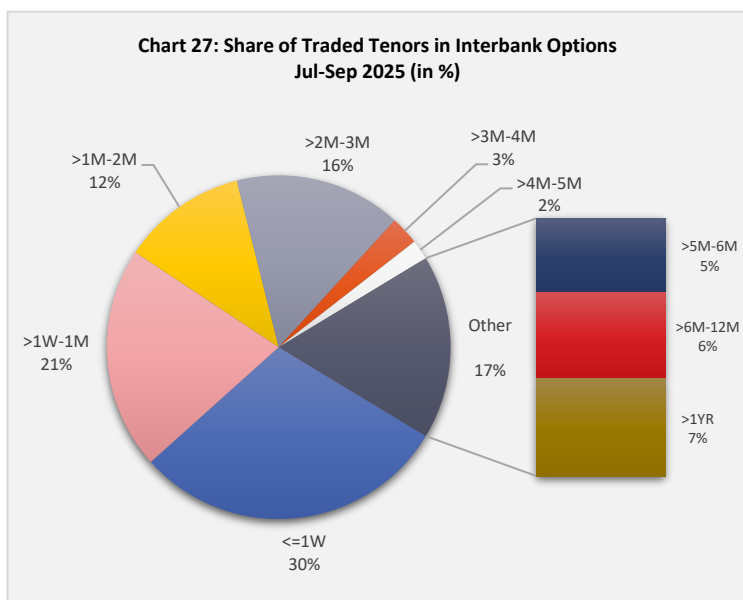
¹ <https://www.livemint.com/industry/banking/trump-us-tariff-impact-rbi-intensifies-ndf-activity-to-support-rupee-markets-amid-shifting-demand-supply-dynamics-report-11757928062310.html>



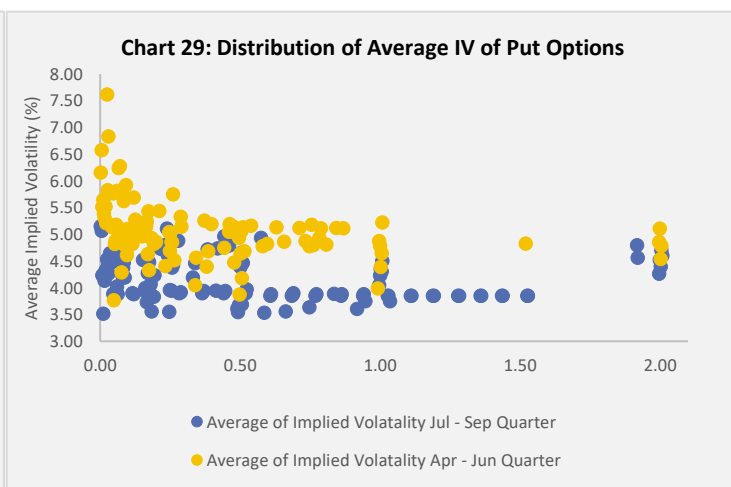
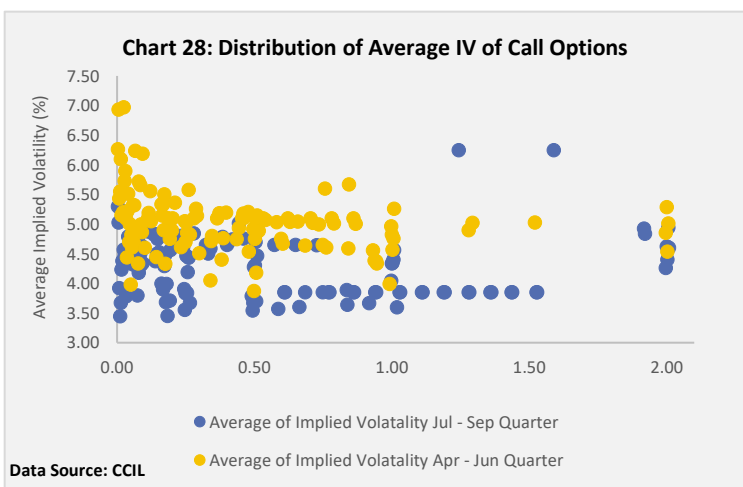
3.4. Trends across OTC Interbank FCY-INR Options (Jul-Sep 2025)



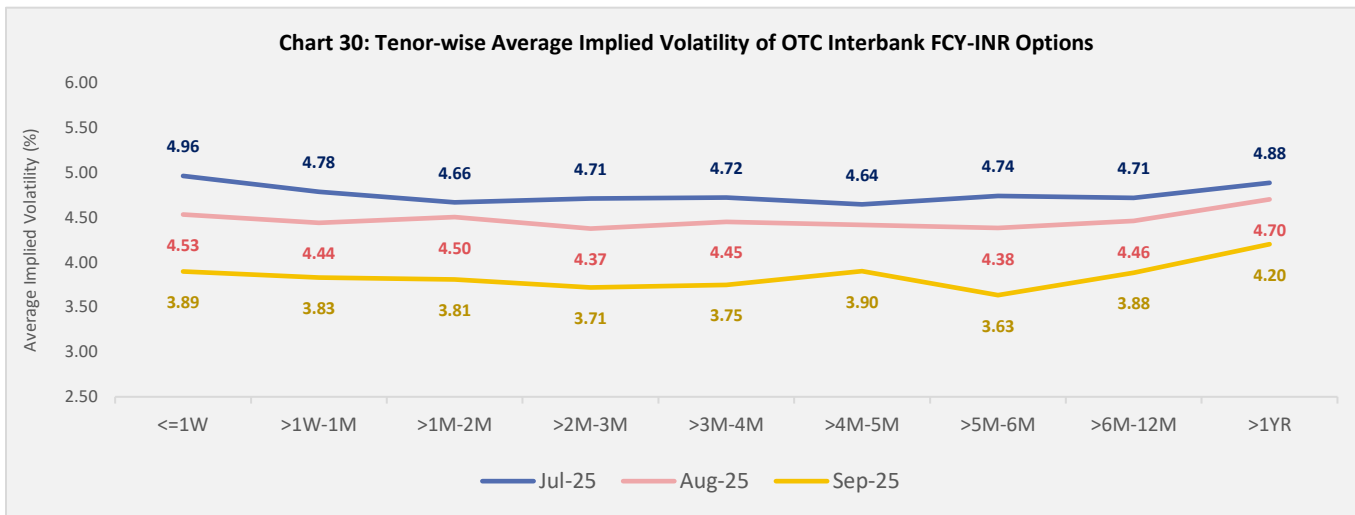
Data Source: CCIL. All values converted to USD Millions from Base Currency.



The OTC interbank FCY-INR options segment recorded a 20% decline in volumes on a sequential basis, registering USD 25,791 million during the July–September quarter, lower than the previous quarter. Volumes peaked in the final month at USD 9,657 million. The USD/INR currency pair continued to dominate the segment, accounting for nearly the entire traded volume at USD 25,623 million, while options involving other currency pairs contributed only USD 169 million. An analysis of traded tenors indicates that market participants largely preferred short-dated options, with tenors of less than one week (30%) and one week to one month (21%). The distribution of average implied volatility (IV) shows that the levels moved lower this quarter compared with the previous one. The preceding quarter had witnessed elevated volatility amid domestic and geopolitical tensions. The decline in IV this quarter was evident across both call and put options.

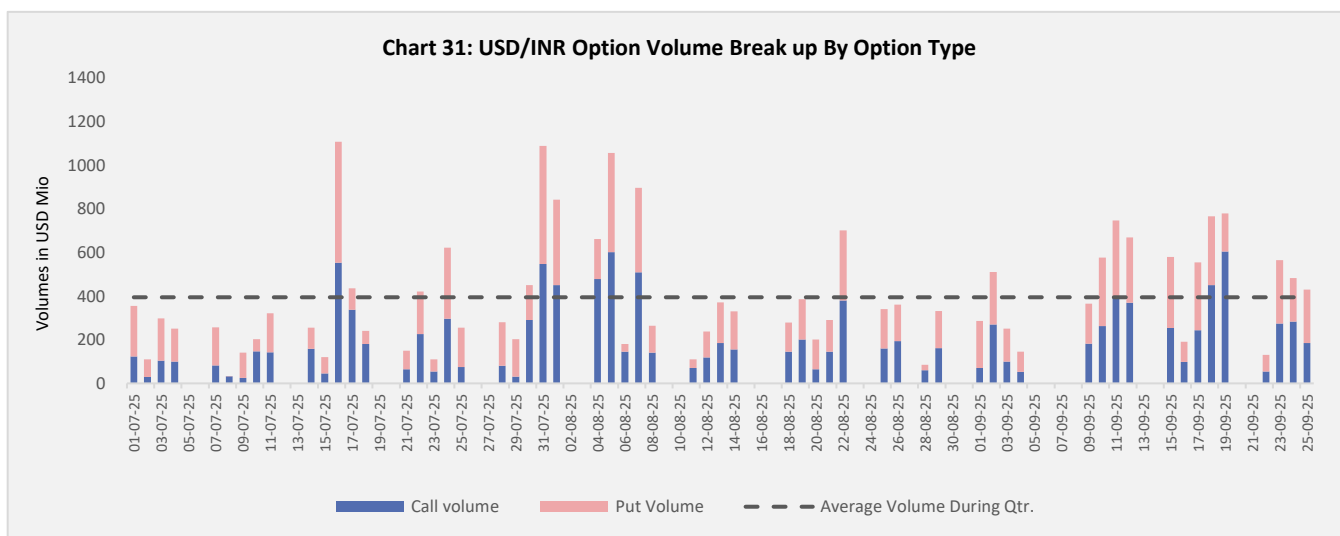


Data Source: CCIL



Data Source: CCIL

The tenor-wise average implied volatility curve moved lower as the quarter progressed, indicating lower market uncertainty compared to the beginning of the quarter. In July, the near-end of the implied volatility was marginally higher than levels observed at longer maturities. However, this trend reversed over time, with the average implied volatility for options with maturities beyond one year rising above that of shorter-tenor options.



Data Source: CCIL

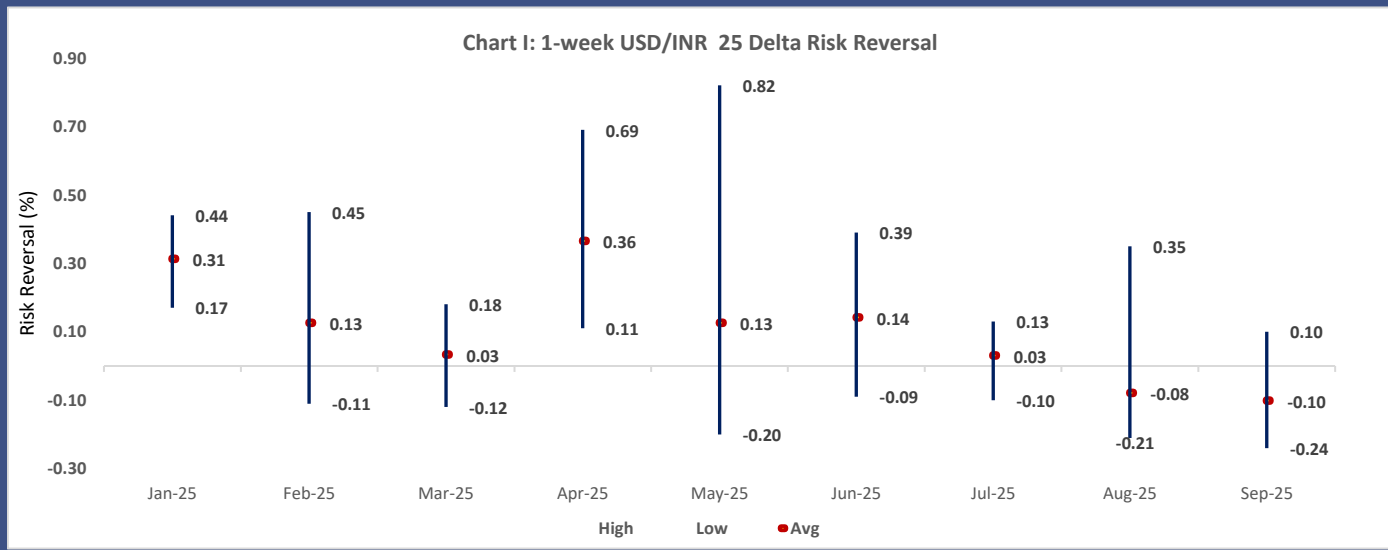
Daily average volumes in OTC USD/INR options during the July–September quarter were lower compared to the previous quarter, reflecting subdued trading activity. The daily average volume stood at USD 394 million, down from USD 523 million recorded in the preceding quarter. The highest single-day volume was observed on July 16, 2025, at USD 1,105 million.



USD/INR Risk-Reversal: Diverging Trends in Short and Long Term

Risk-reversal (RR) is a commonly used measure in currency options to gauge the directional bias and market expectations. It captures how market prices the relative risk of a currency appreciating versus depreciating by comparing the implied volatility of out of the money call option with that of a put option of similar strike prices. A positive risk-reversal indicates that call options are more expensive than puts, reflecting a greater perceived risk of a domestic-currency weakness. Conversely, a negative risk-reversal shows that puts are more expensive, signaling that the market attaches higher probability to the domestic-currency strengthening. This simple difference in implied volatilities allows traders and market participants to quantify skew and understand how the balance of risks is shifting at any point in time. A widely accepted and standardized way of calculating RR is through the 25-delta call and 25-delta put.

In the USD/INR market, the behavior of the 25-delta risk-reversal provides valuable insight into how global investors and domestic participants interpret the movements in the Indian currency specifically during episodes of market stress and shifts in global risk appetite. During periods of heightened domestic uncertainty, the risk-reversal tends to rise as demand for USD call options increases, reflecting greater concern about rupee depreciation. As uncertainty ebbs, the risk-reversal moderates and can turn negative, indicating that volatility of the 25-delta calls falls below that of the 25-delta puts. This shift signals that the cost of hedging rupee appreciation rises relative to hedging depreciation.



This dynamic is reflected in the recent behavior of the USD/INR risk-reversal. Over the past four months, the average risk-reversal has followed a clear downward trend, slipping into negative territory in August (-0.08) and September (-0.1) for 1-week currency options. This shift highlights a change in market perception, where participants increasingly expect the rupee to stabilize around prevailing levels and potentially appreciate. The RBI intervention to defend INR along with a weakening dollar index have altered sentiments, prompting the risk reversal to turn negative. The current decline in risk-reversal therefore reflects a more bearish (bullish) stance on the dollar (rupee).

It was further observed that the range of the 1-week RR for the month of September compressed in comparison to August (when a 50% tariff was imposed on Indian goods). A similar downward trend was observed in the 1-month tenor.

Chart II: 1-Month USD/INR 25 Delta Risk Reversal

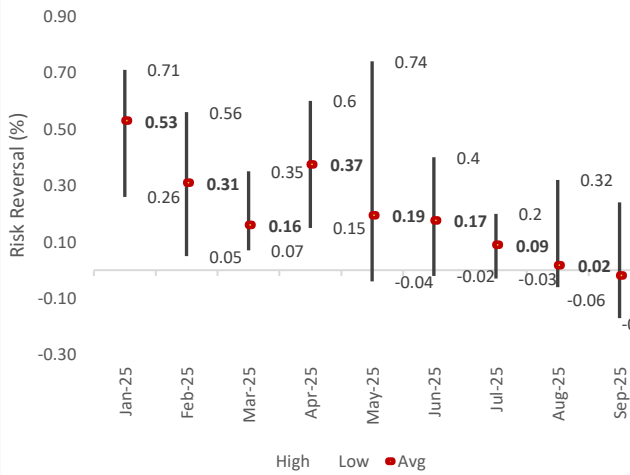
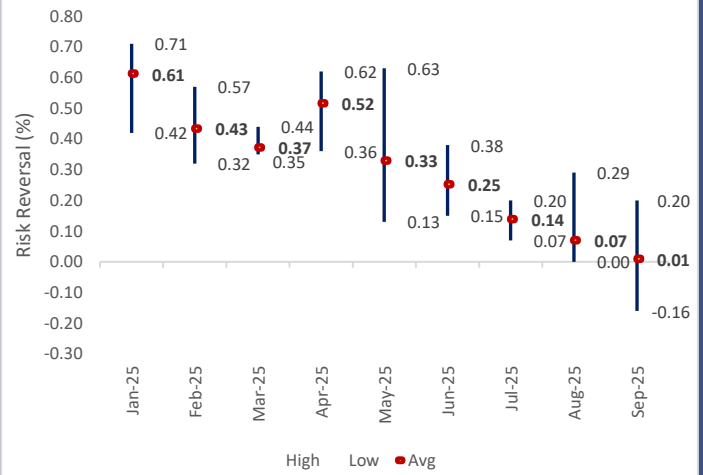


Chart III: 3-Month USD/INR 25 Delta Risk Reversal



In contrast, while the average risk-reversal for tenors such as the 3month, 6-month and 12-month maturities have also declined over recent months, it has not turned negative. This divergence suggests that, although near-term expectations have shifted toward rupee appreciation, participants still price in some degree of depreciation over longer tenors.

Chart IV: 6-Month USD/INR 25 Delta Risk Reversal

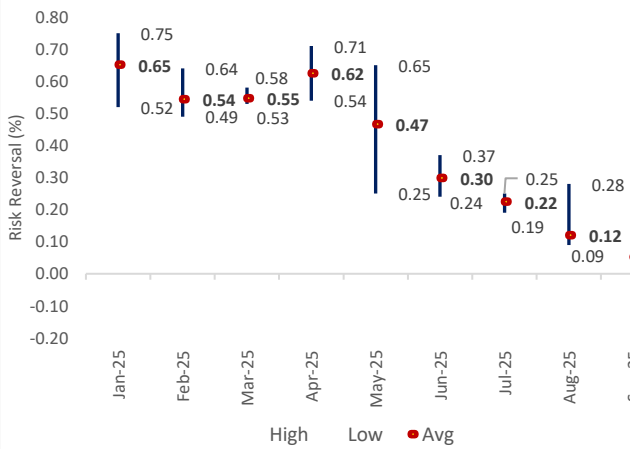
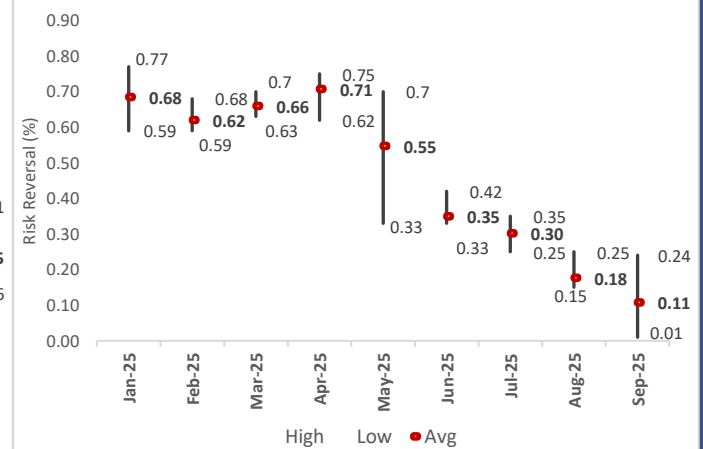


Chart V: 12-Month USD/INR 25D Risk Reversal



Data Source

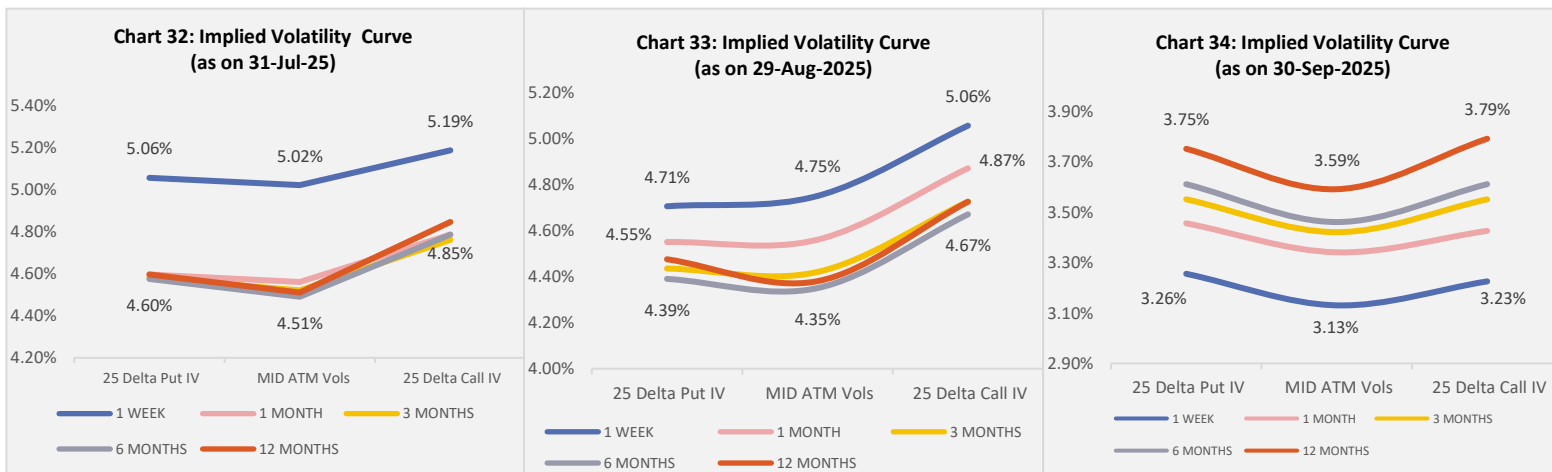
- Authors Calculations using FBIL FX Options Volatility Matrix Data.

References

- Reuters News. 'Options tilt most in favour of Indian rupee in over a decade after heavy RBI intervention' (<https://www.reuters.com/world/india/options-tilt-most-favour-indian-rupee-over-decade-after-heavy-rbi-intervention-2025-10-16/>)
- Convera. 'US shutdown risk in focus'. (<https://convera.com/blog/market-insights/fx-research/daily-market-updates/us-shutdown-risk-in-focus/>)



3.5. Volatility Smile across tenors in OTC Interbank FCY-INR Options

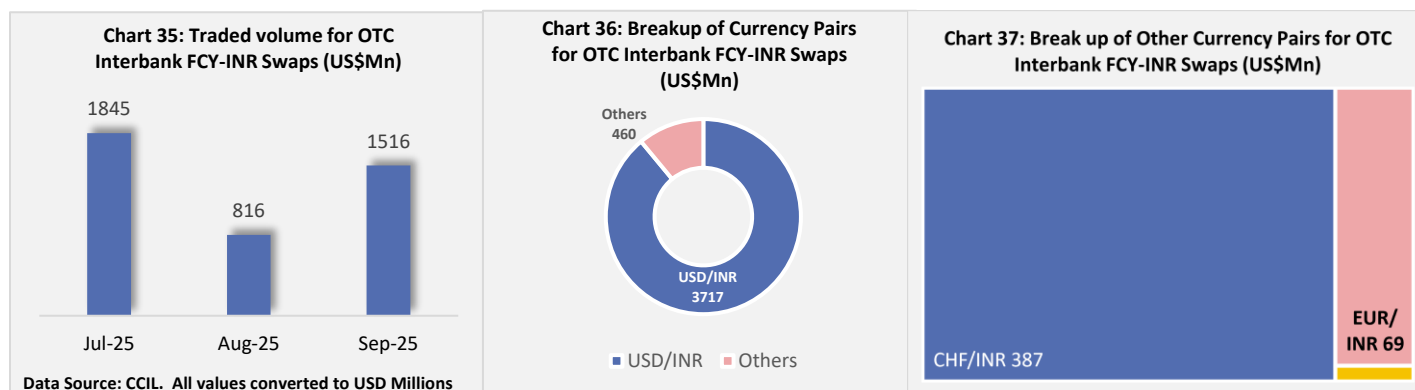


Data Source: ATM Vol. RR and STR from FBIL. Charts based authors' Calculations

The volatility smile, which depicts implied volatilities across strike prices, was elevated for the 1-week tenor in the first month of the quarter, highlighting heightened uncertainty or event risk in the near term. This was largely attributed to the uncertainty surrounding the U.S. tariff imposition and its August deadline. The overlapping volatility smiles for the 1-month, 3-month, 6-month, and 12-month tenors during the same period suggest that the market anticipated broadly similar levels of volatility beyond the 1-week horizon. This flattening pattern implied that, outside the near-term event window, investors expected volatility to normalize and remain stable, with no major repricing of medium- to long-term risk. Towards the end of the quarter, the volatility curve eased from the elevated levels seen earlier and moved lower.

Meanwhile, the risk reversal (RR) was higher in the first half of the quarter, indicating that call options were priced above puts. This signaled the potential depreciation of the INR amid heightened tariff risks. As the quarter progressed, RR levels declined and turned negative, suggesting that the cost of hedging against rupee appreciation had increased. This shift reflected growing resilience in the INR, supported by the RBI's intervention through dollar sales to defend the currency.

3.6. Trends across OTC Interbank FCY-INR Cross Currency Swap

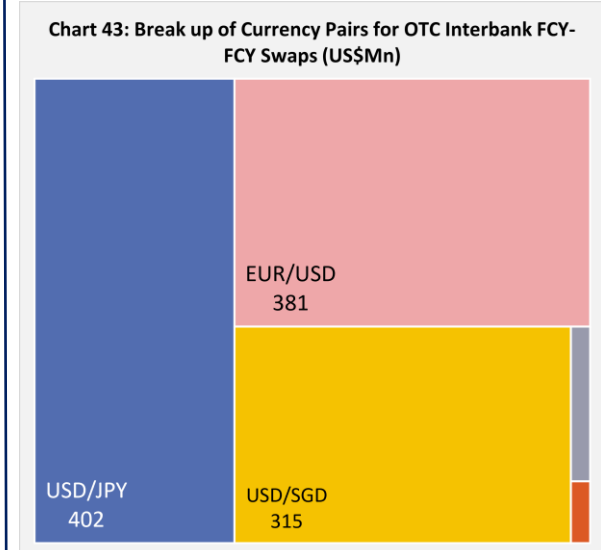
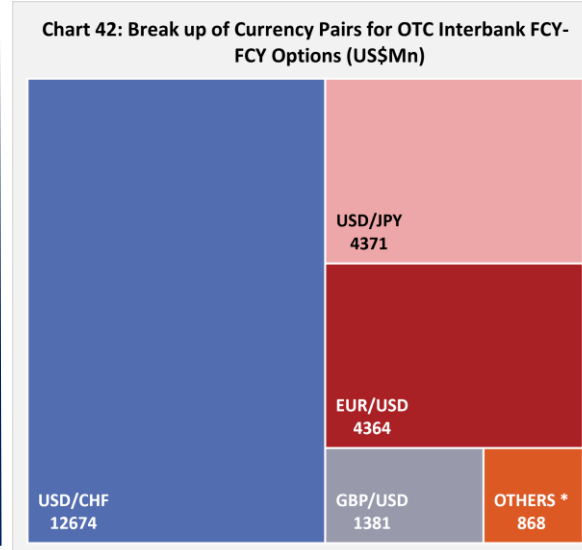
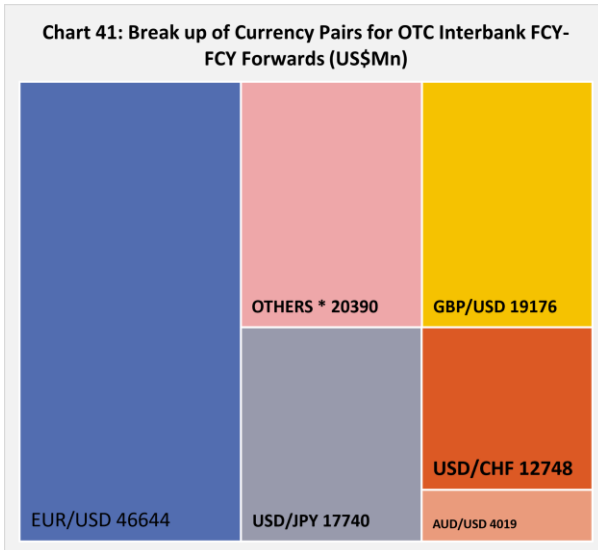
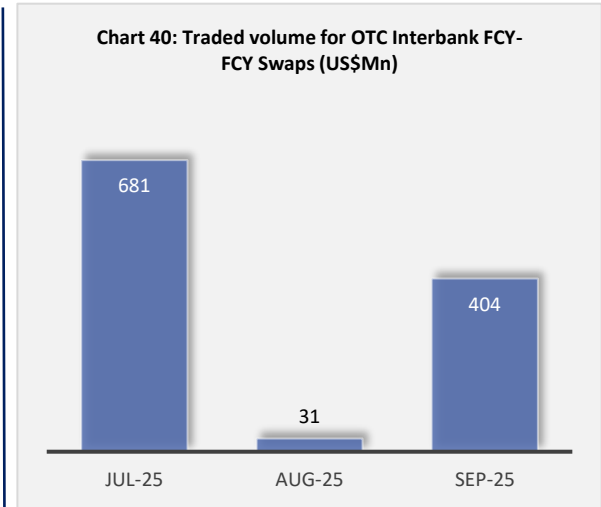
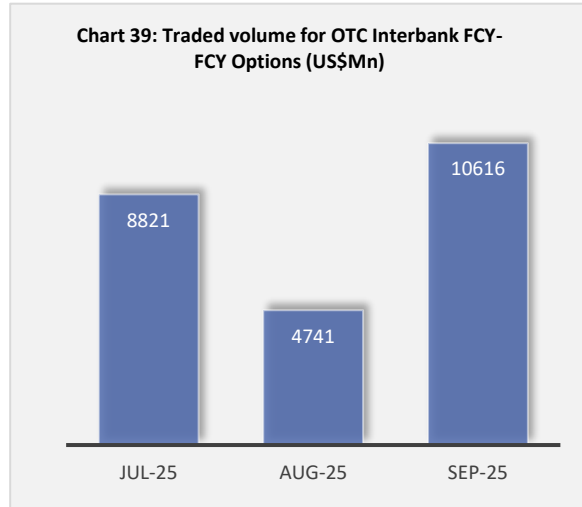
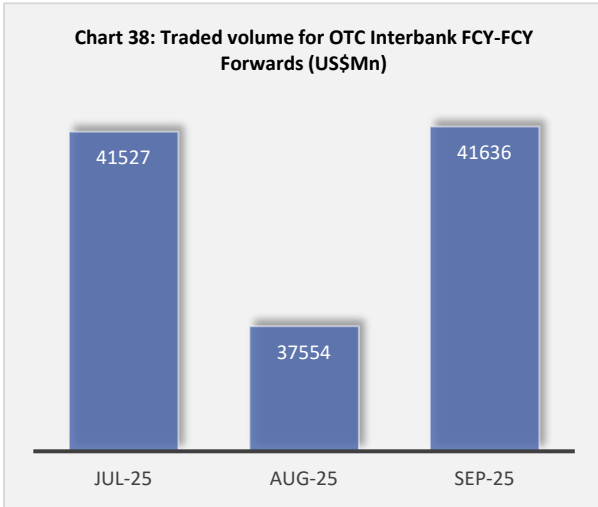


Interbank OTC FCY-INR cross-currency swap volumes jumped 48% on a sequential basis after a dull previous quarter. Quarterly volumes stood at a modest USD 4,178 million, with activity peaking at USD 1,845 million in the first month of the quarter. The bulk of transactions were in USD/INR swaps, which accounted for USD 3,717 million, while other currency pairs, primarily CHF/INR, EUR/INR and JPY/INR, contributed a combined USD 460 million.



3.7. OTC Interbank FCY-FCY Forex Derivatives (Jul-Sep 2025)

A product wise analysis of OTC Interbank FCY-FCY Forex Derivatives is provided below:

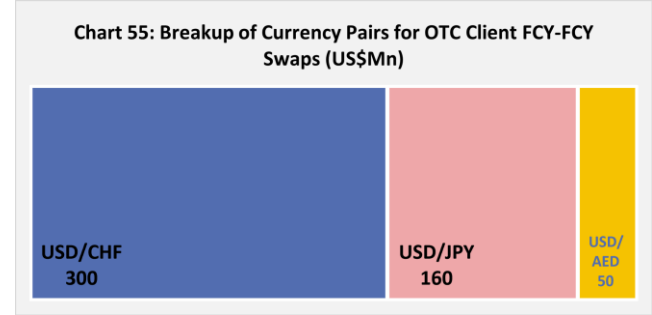
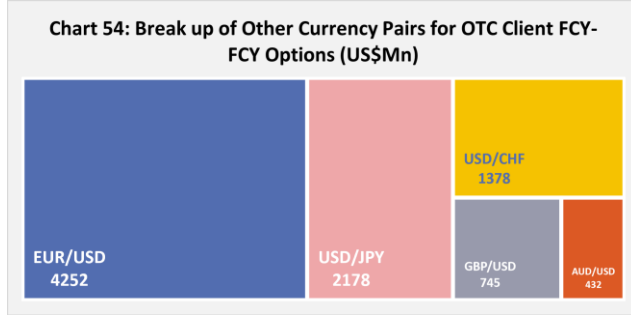
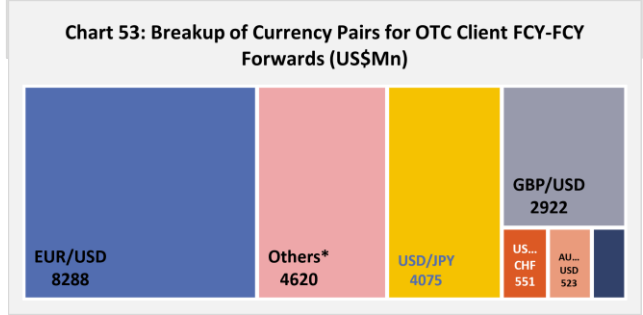
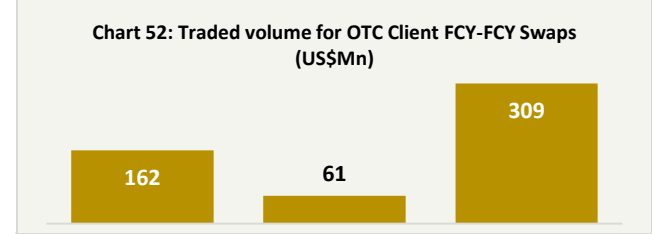
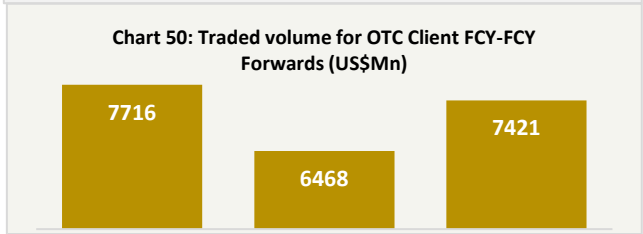
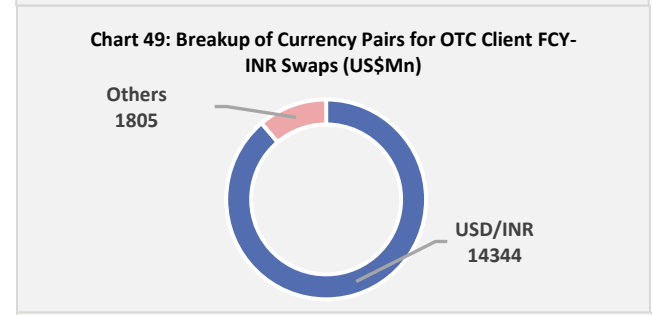
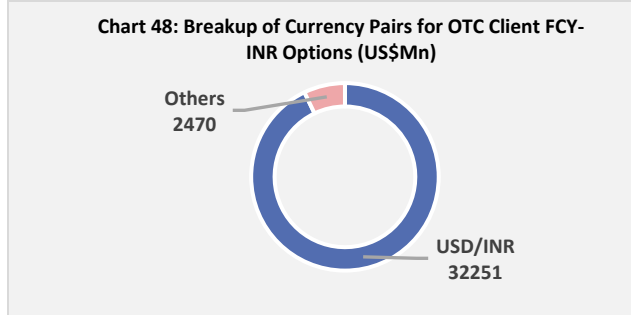
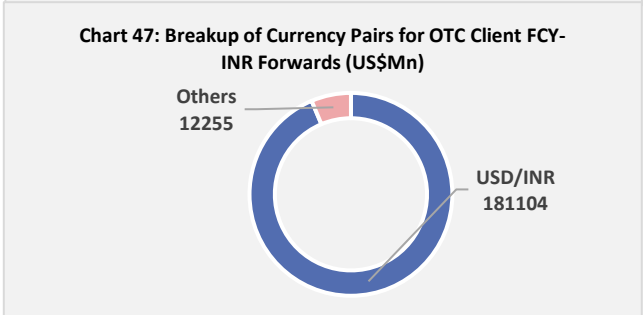
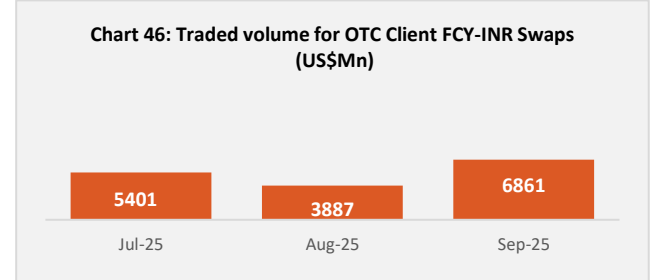
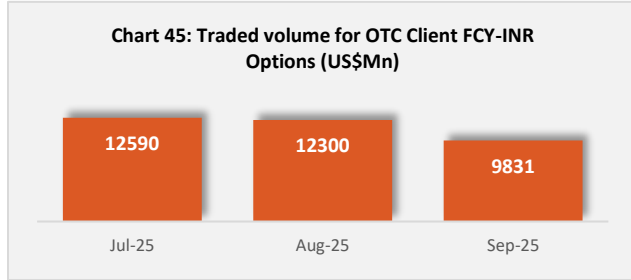
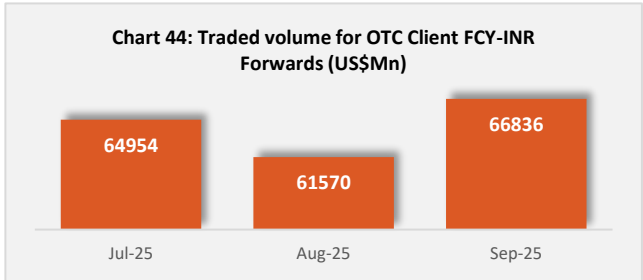


Data Source: CCIL. All values converted to USD Millions from Base Currency



3.8. OTC FCY-INR and FCY-FCY Client Forex Derivatives

Highlights of turnover in OTC Client Forex Derivatives is posted below:



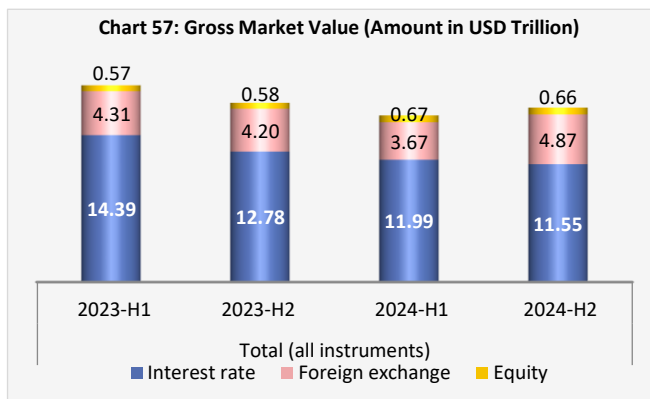
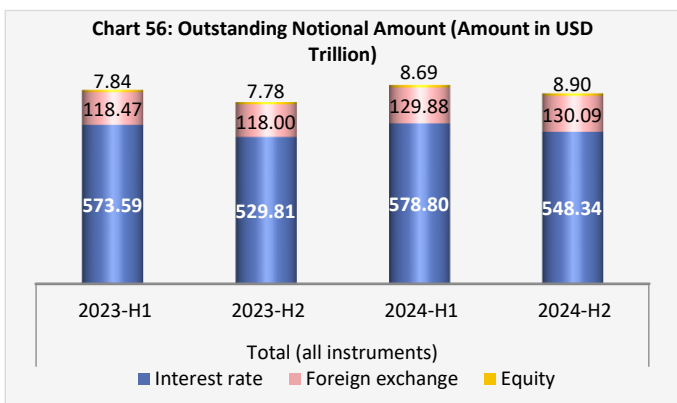
Data Source: CCIL. All values converted to USD Millions from Base Currency



4. Global Derivatives Market

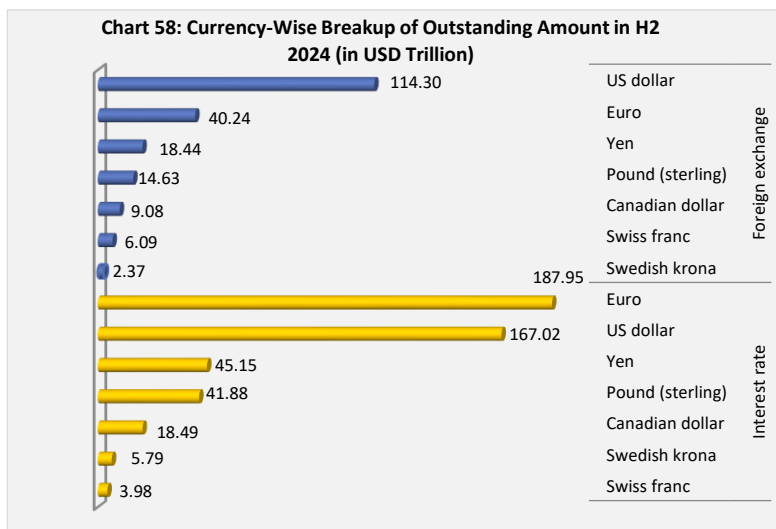
4.1. Outstanding Notional Amount and GMV in Global OTC Derivatives Market

According to data from the BIS, the notional amount of the global OTC derivatives market experienced a slight decline, falling to USD 687.34 trillion in the second half of 2024 from USD 717.38 trillion recorded in the first half of 2024. The interest rate derivatives segment constituted the largest portion, accounting for USD 548.34 trillion of the total outstanding notional amount, followed by foreign exchange derivatives and equity derivatives markets, which amounted to USD 130.09 trillion and USD 8.90 trillion, respectively.



Data Source: BIS

4.2. Currency Wise Breakup of Outstanding Amount in the Global OTC Derivatives Market



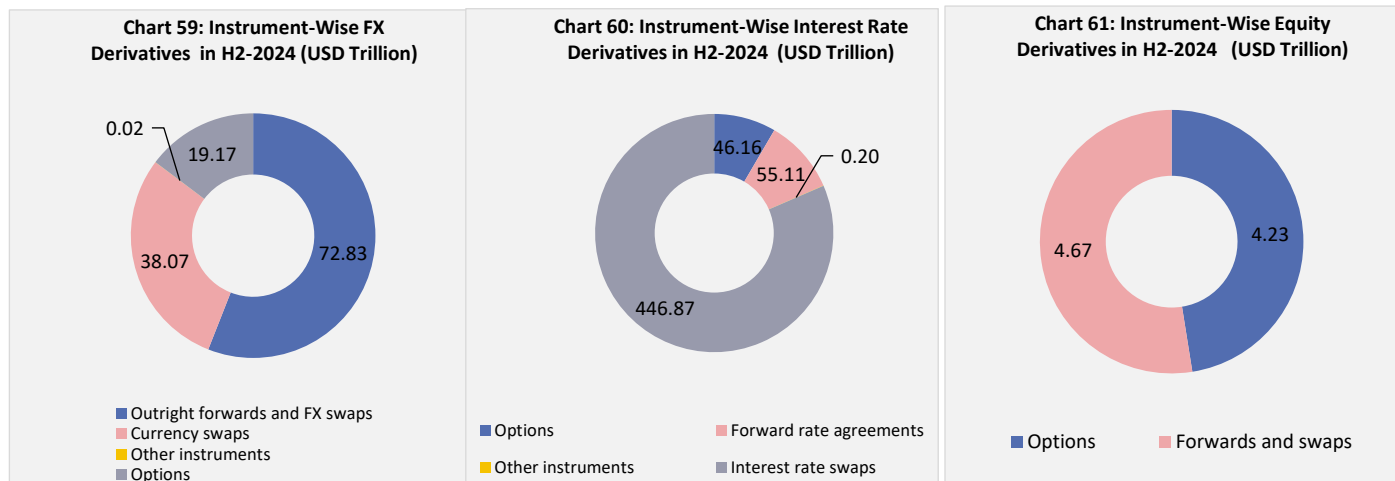
Data Source: BIS

A currency-wise analysis of the outstanding amounts in the global derivatives markets reveals that US dollar-denominated foreign exchange derivatives amounted to USD 114.30 trillion, followed by Euro-denominated foreign exchange contracts totalling USD 40.24 trillion in the second half of 2024.

In the interest rate derivatives segment, Euro- and US-denominated contracts represented approximately USD 187.95 trillion and USD 167.02 trillion, respectively, of the total global outstanding volumes during the same period.



4.3. Instrument-Wise Breakup of Outstanding Amount in Global OTC Market



Data Source: BIS

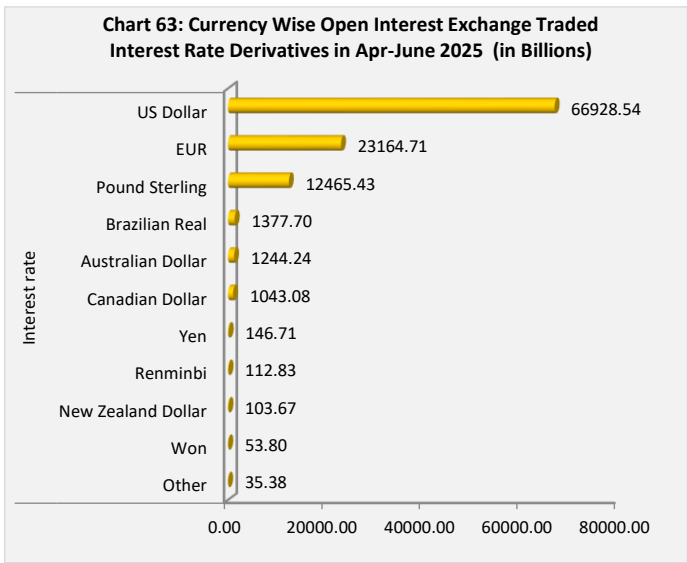
An instrument-wise breakdown of the global derivatives outstanding positions in the OTC market for the second half of 2024 indicates that the foreign exchange derivatives market is predominantly driven by outright forwards and FX swap contracts, totalling USD 72.83 trillion. This is followed by currency swaps and FX options. In the interest rate derivatives segment, market participants hold the largest outstanding positions in interest rate swaps, amounting to USD 446.87 trillion, followed by forward rate agreements at USD 55.11 trillion. Outstanding equity derivatives positions include equity forwards and swaps amounting to USD 4.67 trillion, and equity options amounting to USD 4.23 trillion.

4.4. Global Exchange Traded Derivatives

| Table 2: Market Wise Open Interest of Exchange Traded Derivatives in Apr-June 2025 | | | |
|--|------------------|---------------|-----------|
| (in billions) | | | |
| | Foreign exchange | Interest rate | |
| Product | | Short-term | Long-term |
| Futures | 365 | 44181 | 4068 |
| Options | 147 | 57647 | 780 |

Data Source: BIS

The global exchange-traded derivatives market has witnessed notable trading activity in interest rate derivatives, particularly within short-term tenors. Open interest (OI) in interest rate futures and options for the short term stood at 44,181 billion and 57,647 billion, respectively, during the period from April to June 2025.



Data Source: BIS

Similarly, futures and options with tenors exceeding one year recorded an open interest (OI) of 4068 billion and 780 billion, respectively, during the quarter. Currency-wise, exchange-traded derivatives are predominantly denominated in US dollars and the Euro. The open interest for US dollar foreign exchange derivatives stood at 491 billion, while that for US dollar interest rate derivatives amounted to 66929 billion during the April to June 2025 period.



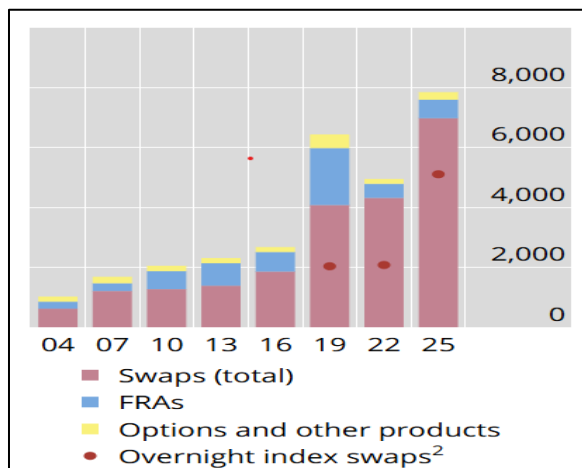
5. In Focus

Key Trends in Global Interest Rate Derivatives: Highlights from the BIS Triennial Surveys²

1. Growth in Overnight Indexed Swaps Market

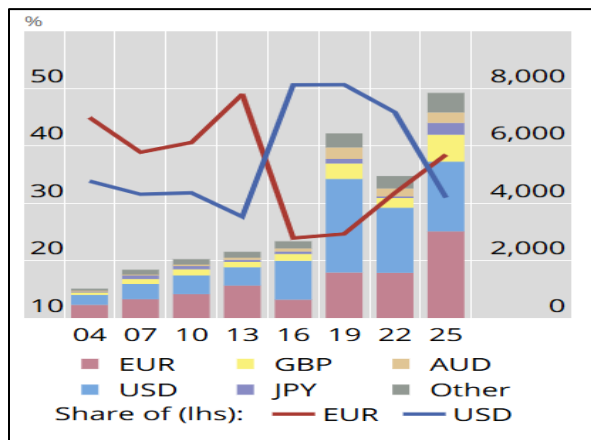
In the global OTC interest rate derivatives (IRD) landscape, interest rate swaps have long been the primary instrument for managing rate risk. Since 2019, there has been a significant growth in interest rate swap market. Additionally, the shift to risk-free rates (RFRs) has pushed Overnight Index Swaps (OIS) to the forefront. As RFR adoption accelerated, the share of OIS contracts has risen since 2019 across the currencies most affected by the benchmark transition. In the 2025 survey, this trend became even more pronounced, with OIS turnover reaching USD 5.0 trillion per day and accounting for 65% of global activity. In contrast, FRA volumes declined to USD 0.6 trillion, reflecting their gradual displacement.

Figure 1: Daily Average Turnover of Global OTC IRD by Instrument Wise (USD Billion)



2. Euro-Denominated IRD Contracts Back to the Forefront

Figure 2: Daily Average Turnover of Global OTC IRD by Currency (USD Billion)



A review of the global OTC IRD market by currency shows that euro-denominated contracts historically dominated until 2013. By the 2016 survey, however, US dollar-denominated contracts had overtaken the euro. This shift was driven by a widening policy divergence between the United States and Europe, alongside a sharp increase in USD OIS activity linked to expectations of rising US policy rates, which fuelled both hedging and speculative demand. In contrast, the decline in notional amounts of short- and long-maturity euro contracts reflected the market's belief that ECB policy would remain unchanged for several years.³ More recently, by 2025, the euro-denominated contracts have regained dominance,

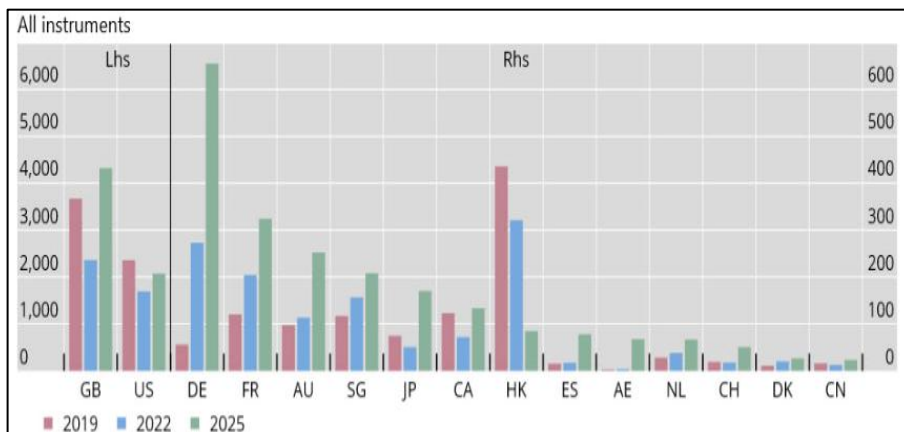
² BIS Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets for 2016, 2019, 2022 and 2025. https://www.bis.org/stats_triennial_surveys/index.htm

³ Torsten Ehlers and Egemen Eren (December 2016). BIS Quarterly Review .The changing shape of interest rate derivatives markets

with turnover nearly doubling to USD 3.0 trillion per day (38% of global OTC IRD), while USD share fell to 31%, with an increase in trading activity in Euro-linked OIS contracts⁴.

3. US and UK Trading Hubs continue to Dominate IRD Trading

Figure 3: Daily Average Turnover of OTC IRD by Reporting location (USD Billion)



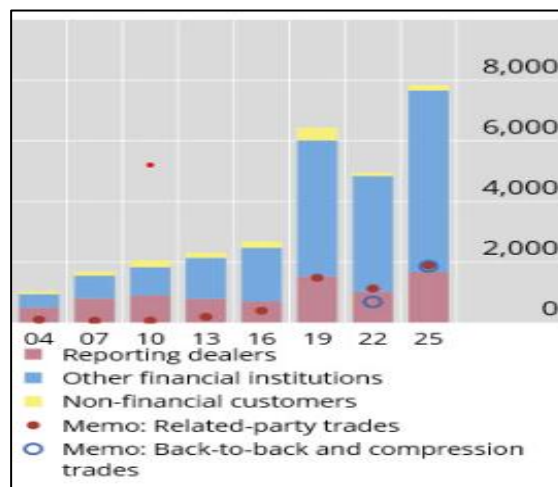
A look at the OTC IRD activity by geography indicates that the market activity remained heavily concentrated in the United Kingdom and the United States historically. Currently, the two regions together accounted for 73% of global trading in April 2025. However, the sharp growth in euro-denominated contracts lifted the UK's share to 50% (up from 43% in 2022). In

contrast, the US share eased to 24% from 31%, mirroring the slower expansion in dollar-denominated turnover. Trading reported by sales desks in euro area countries grew by 95% to \$1.2 trillion, increasing their share in the total to 14% in April 2025, up from 11% in April 2022.

4. Share of Dealer-OFIs gain momentum in IRD Trading

By Counterparty, trading between reporting dealers and other financial institutions (OFIs) - composed of smaller (non-reporting) banks and dealers, institutional investors, hedge funds and proprietary trading firms - has been behind the bulk of the increase in interest rate derivatives turnover since 2013. This trend further accelerated in 2019. As of 2025, 77% of global OTC IRD trades were between reporting dealers.

Figure 4: Daily Average Turnover of OTC IRD by counterparty (USD Billion)



⁴ ISDA Research Note (September 2025) Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets: First Half of 2025 and the Second Quarter of 2025.



References

- BIS – Derivatives Statistics (https://data.bis.org/topics/OTC_DER) (https://data.bis.org/topics/XTD_DER)
- Reserve Bank of India (<https://www.rbi.org.in/home.aspx>)
- Risk.Net (<https://www.risk.net/>)
- Informist (<https://www.informistmedia.com/>)
- CCIL (<https://www.ccilindia.com/>)
- CCIL Trade Repository (<https://www.ccilindia.com/>)
- Refinitiv terminal
- Bloomberg terminal
- Euronext (<https://www.euronext.com/en>)
- CBOE (<https://www.cboe.com/en/>)
- Eurex (<https://www.eurex.com/ex-en/>)
- ISDA (<https://www.isda.org/>)
- Livemint (www.livemint.com)

Disclaimer

This document contains information relating to the operations of The Clearing Corporation of India Ltd. (CCIL), Clearcorp Dealing Systems (India) Ltd., their Members and the Reserve Bank of India. While CCIL has taken every care to ensure that the information and/or data provided are accurate and complete, CCIL does not warrant or make any representation as to the accuracy and completeness of the same. Accordingly, CCIL assumes no responsibility for any errors and omissions in any section or sub-section of this document. CCIL shall not be liable to any member or any other person for any direct, consequential or other damages arising out of the use of this document.

Authors

Manoel Pacheco
Abhishek Date
Siddhi Vora

Published by Research Department, CCIL. Suggestions and feedback are welcome at –
E-mail: research@ccilindia.co.in Website : www.ccilindia.com

Dadar Office: ‘CCIL Bhavan’, S. K. Bole Road, Dadar (West), Mumbai - 400028. Tel: 022 61546200
Kurla Office: 14A & 14B, 4th Floor, Tower -1, Commercial - 2, ‘Kohinoor City’, Kiroli Road, Off. LBS Road, Kurla (West), Mumbai – 400070.
Pune Office: A - 101, Nano Space, Baner Pashan Link Road, Baner, Pune - 411045