

The Financial Conditions of Security-Based Swap Dealers

Randis Brown, Giulio Girardi, Y.C. Loon, Enrique Lopez, and Jovan Stojkovic ¹

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Abstract

The Securities and Exchange Commission (“Commission” or “SEC”) regulates security-based swaps (“SBS”), pursuant to Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). As part of this regulatory regime, an entity that meets the definition of security-based swap dealer (“SBSD”) is required to file an application to register with the Commission.² Conditionally registered SBSDs³ are required to comply with requirements under section 15F of the Exchange Act and rules thereunder including, among other things, filing Financial and Operational Combined Uniform Single (“FOCUS”) Reports. Drawing on these reports for the fourth quarter of 2024, this paper presents statistics on selected measures of SBSDs’ financial conditions. U.S. generally accepted accounting principles (“GAAP”) and International Financial Reporting Standards (“IFRS”) were the two accounting standards most commonly used by SBSDs to prepare their FOCUS reports. Out of the 53 conditionally registered SBSDs, 24 used U.S. GAAP (“U.S. GAAP SBSDs”), 18 used IFRS (“IFRS SBSDs”), while 8 used their local GAAP conventions.⁴ U.S. GAAP SBSDs and IFRS SBSDs were separately analyzed, but share a number of findings. Total assets (SBS and non-SBS related) held varied considerably among SBSDs, with the largest SBSDs holding more than half of all assets held within each group. All SBSDs held non-cleared SBS positions, while more than half of them held non-cleared swaps and mixed swaps positions. These positional variations may potentially suggest differences in business models across SBSDs. SBSDs held fairly balanced long and short positions in SBS, swaps and mixed swaps. Non-cleared positions in SBS and swaps were larger than cleared positions in SBS and swaps. The smallest U.S. GAAP SBSDs held more cash as a percentage of assets, employed greater financial leverage, and generated lower returns on assets than larger U.S. GAAP SBSDs. Smaller IFRS SBSDs generated higher returns on assets than larger IFRS SBSDs.

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² See Exchange Act Section 3(a)(71) (15 U.S.C. 78c(a)(71)) for the definition of “security-based swap dealer.” See also Exchange Act Rules 3a71-1 through 3a71-5 (17 CFR 240.3a71-1 through 240.3a71-5) for further definition of “security-based swap dealer,” including relevant thresholds. An SBSD applicant that has submitted the required complete registration forms with the Commission is conditionally registered. See Exchange Act Rule 15Fb2-1(d) (17 CFR 240.15Fb2-1(d)). Subsequently, the Commission may grant or deny ongoing registration based on the conditionally registered SBSD’s application. See Exchange Act Rule 15Fb2-1(e) (17 CFR 240.15Fb2-1(e)).

³ As of the date of this paper, all registered SBSDs are conditionally registered.

⁴ The remaining three conditionally registered SBSDs did not file a FOCUS Report for the fourth quarter of 2024 either because it withdrew its SBSD registration prior to the end of the quarter or it had been relying on the Alternative Compliance Mechanism of Exchange Act Rule 18a-10 (17 CFR 240.18a-10). See *infra* note 21.

Introduction

SBSDs play a central role in intermediating transactions in SBS by purchasing SBS from counterparties that seek to sell them and selling SBS to counterparties that seek to buy them. Besides acting as market makers and liquidity providers, SBSDs may execute SBS trades on behalf of customers, utilize SBS to hedge risks in their own portfolios or manage risk exposures of their customers, and offer structured financial products incorporating SBS to meet specific customer needs. The specific nature of an SBSD's SBS business activity will depend on factors such as its size, resources, client base, and risk appetite. Given the myriad ways in which SBSDs interact with participants in the SBS market, it is perhaps not surprising that SBSDs are counterparties in a significant fraction of outstanding SBS.⁵ Hence, the financial conditions⁶ of these market intermediaries have important implications for the efficient functioning, stability, and resiliency of the SBS market and other markets.⁷ The financial failure of an SBSD might set off a cascade of financial failures in other SBS market participants and disrupt the functioning of this market. A dearth of information on the financial conditions of SBSDs, rather than actual failure, also could have adverse effects on the SBS market if unsubstantiated rumors regarding an SBSD set off a 'run' on the SBSD and possibly other SBSDs. Thus, an understanding of the financial conditions of SBSDs should be of interest to regulators, market participants, and the general public. This White Paper presents statistics on selected financial data reported by SBSDs to the Commission to promote transparency and understanding of the financial conditions of SBSDs. The remainder of this introduction discusses the regulatory background on SBSDs' reporting of financial data to the Commission and the construction of the data set used in the paper.

As part of the SBS regulatory regime, an entity that meets the definition of SBSD is required to file an application to register with the Commission.⁸ Conditionally registered SBSDs are required to comply with requirements under Exchange Act section 15F and rules thereunder.⁹ Among these is the requirement

⁵ See Report on Security-Based Swaps Pursuant to section 13(m)(2) of the Securities Exchange Act of 1934 (Jun. 20, 2024), U.S. SEC. & EXCH. COMM'N, available at <https://www.sec.gov/files/report-security-based-swaps-062024.pdf> ("SBS Report").

⁶ SBSDs that do not have a prudential regulator are subject to capital and margin requirements under Section 15F of the Exchange Act and the rules thereunder. SBSDs that have a prudential regulator are subject to capital and margin requirements prescribed by prudential regulators. Non-U.S. SBSDs that are subject to regulation in France, Germany, the U.K., Switzerland, and Spain may apply substituted compliance to certain Exchange Act requirements including among other things, capital and margin requirements, subject to certain conditions. See Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital and Segregation Requirements for Broker-Dealers, Exchange Act Release No. 86175 (June 21, 2019), 84 FR 43872 (Aug. 22, 2019); Prudential Regulator Margin and Capital Adopting release (Margin and Capital Requirements for Covered Swap Entities, 80 FR 74840 (Nov. 30, 2015); and *infra* note 17.

⁷ Some market participants such as certain Schedule 13D fillers make use of SBS as part of their investment strategies. See Memorandum of the Staff of the Division of Economic and Risk Analysis, Supplemental Data and Analysis Regarding the Proposed Reporting Thresholds in the Equity Security-Based Swap Market (June 20, 2023), available at <https://www.sec.gov/comments/s7-32-10/s73210-207819-419422.pdf>. To the extent that SBSDs are SBS counterparties to these market participants and hedge their SBS exposures with the underlying reference securities, the financial distress of the SBSDs could affect their ability to maintain these hedges, which in turn could affect the market of the underlying reference securities. As another example, an issuer of a single-stock exchange-traded fund may enter into an SBS with an SBSD to gain exposure to the stock. Financial distress of the SBSD might hamper its ability to perform on the SBS and potentially increase the tracking error of the exchange-traded fund.

⁸ See *supra* note 2.

⁹ See 15 U.S.C. 78o-10.

to file periodic FOCUS Reports.¹⁰ Exchange Act rule 17a-5(a)(1)(ii) requires, among other things, that every broker or dealer (other than an OTC derivatives dealer) that is registered as an SBSB or major security-based swap participant (“MSBSP”)¹¹ must file with the Commission an executed Part II of the FOCUS Report within 17 business days after the end of the calendar quarter and within 17 business days after the end of the fiscal year of the broker or dealer where that date is not the end of a calendar quarter.¹² Exchange Act rule 18a-7(a) requires that all other SBSBs and MSBSPs must file with the Commission or its designee either Part II of the FOCUS Report, which applies to firms without a U.S. prudential regulator and is due within 17 business days after the end of each month,¹³ or Part IIC of the FOCUS Report, which applies to firms with a U.S. prudential regulator (“prudentially regulated”) and is due within 30 calendar days after the end of each calendar quarter.¹⁴

As of December 31, 2024, the Commission had issued orders granting conditional substituted compliance in connection with some or all of the requirements to file FOCUS Reports (“FOCUS Reporting Requirements”) under Exchange Act rule 18a-7(a),¹⁵ but not under Exchange Act rule 17a-5(a)(1)(ii),¹⁶ for non-U.S. SBSBs and MSBSPs (“Covered Entities”) subject to regulation in France, Germany, the U.K., Switzerland, and Spain.¹⁷ Covered Entities that wish to apply substituted compliance with respect

¹⁰ The FOCUS Report is also known as Form X-17A-5. See Form X-17A-5 (17 CFR 249.617). See also Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers, Exchange Act Release No. 87005 (Sep. 19, 2019), 84 FR 68550, 68551 (Dec. 16, 2019).

¹¹ Each entity that meets the definition of MSBSP also must file an application to register with the Commission. See Exchange Act Section 3(a)(67) (5 U.S.C. 78c(a)(67)) for the definition of “major security-based swap participant.” See also Exchange Act Rules 3a67-1 through 3a67-10 (17 CFR 240.3a67-1 through 240.3a67-10) for further definition of “major security-based swap participant,” including relevant thresholds. As of the date of this paper, no entities have registered with the Commission as MSBSPs.

¹² See Exchange Act Rule 17a-5(a)(1)(ii) (17 CFR 240.17a-5(a)(1)(ii)); see also undesignated introductory paragraph of Rule 17a-5.

¹³ See Exchange Act Rule 18a-7(a)(1) (17 CFR 240.18a-7(a)(1)); see also undesignated introductory paragraph of Exchange Act Rule 18a-7 (17 CFR 240.18a-7).

¹⁴ See Exchange Act Rule 18a-7(a)(2) (17 CFR 240.18a-7(a)(2)). Staff of the Division of Trading and Markets (“Division staff”) has issued a no-action letter addressing the filing deadline of FOCUS Report Part IIC pursuant to Exchange Act Rule 18a-7. Specifically, Division staff will not recommend enforcement action to the Commission under Exchange Act Section 15F(f) and Exchange Act Rule 18a-7 (17 CFR 240.18a-7) thereunder if a prudentially regulated SBSB or MSBSP files FOCUS Report Part IIC within the deadline to file the Call Report with its applicable prudential regulator or within 35 calendar days of the end of the quarter, whichever is sooner. See Division of Trading and Markets, Staff No-Action Letter Regarding Financial Reporting Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants, Oct. 27, 2021, available at <https://www.sec.gov/files/sifma-swap-10272021.pdf>.

¹⁵ The FOCUS Reporting Requirements under Exchange Act Rule 18a-7(a) apply to an SBSB or MSBSP that is not also a broker or dealer, other than an OTC derivatives dealer. See notes 13 and 14, *supra*, and accompanying text.

¹⁶ The FOCUS Reporting Requirements under Exchange Act Rule 17a-5(a)(1)(ii) apply to an SBSB or MSBSP that is also a broker or dealer, other than an OTC derivatives dealer. See note 12, *supra*, and accompanying text.

¹⁷ See Exchange Act Rule 3a71-6 (17 CFR 240.3a71-6); Order Granting Conditional Substituted Compliance in Connection With Certain Requirements Applicable to Non-U.S. Security-Based Swap Dealers and Major Security-Based Swap Participants Subject to Regulation in the French Republic, Exchange Act No. 92484 (Jul. 23, 2021), 86 FR 41612 (Aug. 2, 2021) (“French Order”); Order Granting Conditional Substituted Compliance in Connection With Certain Requirements Applicable to Non-U.S. Security-Based Swap Dealers and Major Security-Based Swap Participants Subject to Regulation in the United Kingdom, Exchange Act No. 92529 (Jul. 30, 2021), 86 FR 43318 (Aug. 6, 2021) (“U.K. Order”); Order Granting Conditional Substituted Compliance in Connection With Certain Requirements Applicable to Non-U.S. Security-Based Swap Dealers Subject to Regulation in the Swiss Confederation, Exchange Act No. 93284 (Oct. 8, 2021), 86 FR 57455 (Oct. 15, 2021) (“Swiss Order”); Amended and Restated Order Granting Conditional Substituted Compliance in Connection With Certain Requirements Applicable to Non-U.S. Security-Based Swap Dealers and Major Security-Based Swap Participants Subject to Regulation in the Federal Republic of Germany (“German Amended and

to the FOCUS Reporting Requirements must satisfy a number of conditions set forth in the relevant order granting conditional substituted compliance¹⁸ and the Commission order specifying the manner and format of filing FOCUS Report Part II or Part IIC, as applicable, with the Commission (“Manner and Format Order”).¹⁹

The Manner and Format Order specifies that²⁰:

1. A Covered Entity must file either Part II or Part IIC of the FOCUS Report through the SEC eFOCUS system²¹ 35 calendar days after the end of each month or quarter, depending on whether it is prudentially regulated;
2. A Covered Entity must complete a limited set of applicable line items on either Part II or Part IIC of the FOCUS Report, depending on whether it is prudentially regulated;
3. A Covered Entity may present the information in Part II or Part IIC of the FOCUS Report (as applicable) at the entity level of the Covered Entity on the same basis (consolidated or unconsolidated) that the Covered Entity presents information in the financial reports it files in its home jurisdiction;
4. A Covered Entity must complete the Regulatory Capital Section of FOCUS Report Part IIC and present the information in that section in accordance with the reporting requirements of the Covered Entity’s home jurisdiction;
5. A Covered Entity must notify the Commission in a memorandum field accompanying the FOCUS Report the generally accepted accounting principles it uses to present the information in the filing; and
6. A Covered Entity must follow the instructions for completing the FOCUS Report Part II or Part IIC, as applicable, to the extent the instructions are not inconsistent with the provisions

Restated Order”); Amended Orders Addressing Non-U.S. Security-Based Swap Entities Subject to Regulation in the French Republic or the United Kingdom; and Order Extending the Time To Meet Certain Conditions Relating to Capital and Margin, Exchange Act No. 93411 (Oct. 22, 2021), 86 FR 59797 (Oct. 28, 2021); and Order Granting Conditional Substituted Compliance in Connection With Certain Requirements Applicable to Non-U.S. Security-Based Swap Dealers and Major Security-Based Swap Participants Subject to Regulation in the Kingdom of Spain, Exchange Act No. 93412 (Oct. 22, 2021), 86 FR 59776 (Oct. 28, 2021) (“Spanish Order”). To apply substituted compliance, a Covered Entity must satisfy the conditions of the applicable order, including providing notification to the Commission of its reliance. See German Amended and Restated Order, paragraph (a)(9); French Order, paragraph (a)(9); U.K. Order, paragraph (a)(9); Swiss Order paragraph (a)(9); and Spanish Order, paragraph (a)(9).

¹⁸ See German Amended and Restated Order, paragraph (f)(3); French Order, paragraph (f)(3); U.K. Order, paragraph (f)(3); Swiss Order paragraph (d)(3); and Spanish Order, paragraph (e)(3).

¹⁹ See Amended and Restated Order Specifying the Manner and Format of Filing Unaudited Financial and Operational Information by Security-Based Swap Dealers and Major Security-Based Swap Participants that are not U.S. Persons and are Relying on Substituted Compliance Determinations with Respect to Rule 18a-7, Exchange Act Release No. 101932 (Dec. 16, 2024), 89 FR 104277 (Dec. 20, 2024). The 2024 Manner and Format Order supersedes and replaces the Order Specifying the Manner and Format of Filing Unaudited Financial and Operational Information by Security-Based Swap Dealers and Major Security-Based Swap Participants that are not U.S. Persons and are Relying on Substituted Compliance Determinations with Respect to Rule 18a-7, Exchange Act Release No. 93335 (Oct. 14, 2021), 86 FR 59208 (Oct. 26, 2021) (“2021 Manner and Format Order”).

²⁰ See Manner and Format Order, 89 FR 104277-104279.

²¹ Two SBSBs utilize the Alternative Compliance Mechanism of Exchange Act Rule 18a-10 (17 CFR 240.18a-10) pursuant to which SBSBs may comply with capital, margin, segregation, recordkeeping, and reporting requirements of the Commodity Exchange Act and the rules thereunder applicable to swap dealers in lieu of complying with Exchange Act Rules 18a-1 and 18a-3 through 18a-9 (17 CFR 240.18a-1 and 17 CFR 240.18a-3 through 240.18a-9) subject to conditions enumerated in Exchange Act Rule 18a-10 (17 CFR 240.18a-10). Because of their reliance on Exchange Act Rule 18a-10, these SBSBs do not file FOCUS Reports. SBSBs and MSBSPs that are registered broker-dealers and Financial Industry Regulatory Association, Inc. (“FINRA”) members file Part II of the FOCUS Report through the FINRA eFOCUS system. All other SBSBs and MSBSPs that are not FINRA members, including Covered Entities, file either Part II or Part IIC of the FOCUS Report through the SEC eFOCUS system, which is a separate system administered by FINRA. See Manner and Format Order, 89 FR 104278 and 2021 Manner and Format Order, 86 FR 59208-59209.

of the Manner and Format Order. This includes presenting information in U.S. dollars (not in local currencies). However, a prudentially regulated Covered Entity filing the FOCUS Report Part IIC need not follow instructions referring to line items on the Call Report to the extent the Covered Entity does not report the required information in a Call Report pursuant to that instruction.

Besides Covered Entities, other non-U.S. SBSBs could avail themselves of the Manner and Format Order subject to certain conditions. Specifically, staff of the Division of Trading and Markets will not recommend enforcement action to the Commission under Exchange Act section 15F(f) and Rule 18a-7(a)(2) thereunder if certain prudentially regulated non-U.S. SBSBs file FOCUS Report Part IIC with the Commission or its designee pursuant to Rule 18a-7(a)(2) in accordance with the Manner and Format Order and present the financial information in the filing in accordance with their home country's GAAP provided they meet certain notification conditions.²²

The construction of the data set used in this paper begins with the application of a set of selection criteria to the universe of conditionally registered SBSBs:

1. The SBSB was conditionally registered as of October 1, 2024.²³
2. The SBSB did not file a Form SBSE-W (to withdraw its registration) that became effective during the fourth quarter of 2024.
3. The SBSB has been filing FOCUS Report Part II or Part IIC (as applicable) using either the SEC eFOCUS or FINRA eFOCUS systems.²⁴
4. The SBSB used either U.S. GAAP or IFRS²⁵ to represent information in its FOCUS Report Part II or Part IIC filing (as applicable).

These criteria yielded 42 conditionally registered SBSBs that filed FOCUS Report Part II or Part IIC for the fourth quarter of 2024 ending on December 31, 2024, from a total of 53 conditionally registered

²² See Division of Trading and Markets, Staff No-Action Letter Regarding Reporting Requirements for Registered Non-U.S. Security-Based Swap Dealers with a Prudential Regulator, Nov. 1, 2021 ("CBA no-action letter"), available at <https://www.sec.gov/files/cba-no-action-letter-110121.pdf>; Division of Trading and Markets, Staff No-Action Letter Regarding Recordkeeping Requirements for Registered Non-U.S. Security-Based Swap Dealer with a Prudential Regulator, Nov. 1, 2021, available at <https://www.sec.gov/files/seb-no-action-letter-110121.pdf>; and Division of Trading and Markets, Staff No-Action Letter Regarding Reporting Requirements for Registered Non-U.S. Security-Based Swap Dealers with a Prudential Regulator, Nov. 19, 2021, available at <https://www.sec.gov/files/mbi-no-action-letter-111921.pdf>. The no-action letters referred to the 2021 Manner and Format Order that has since been superseded and replaced by the Manner and Format Order. See *supra* note 19. In the case of prudentially regulated Canadian SBSBs, their home country's GAAP is Canadian GAAP. In the CBA no-action letter, Division staff added a further condition that the six Canadian SBSBs that are the subject of the letter file FOCUS Report Part IIC within 35 days of the end of each Canadian reporting quarter. The Canadian reporting quarters end on January 31, April 30, July 31, and October 31 rather than on March 31, June 30, September 30, and December 31. See CBA no-action letter at 3-4 and note 8 therein.

²³ See *List of Registered Security-Based Swap Dealers and Major Security-Based Swap Participants*, U.S. SEC. & EXCH. COMM'N, available at <https://www.sec.gov/about/divisions-offices/division-trading-markets/list-registered-security-based-swap-dealers-major-security-based-swap-participants> (last visited Jan. 28, 2025).

²⁴ As discussed in note 21 *supra*, some SBSBs and MSBSPs file FOCUS Reports through the FINRA eFOCUS system, while other SBSBs and MSBSPs file FOCUS Reports through the SEC eFOCUS system. This selection criterion is intended to capture SBSBs in these two groups of FOCUS Report filers.

²⁵ For purposes of this paper, IFRS includes both the International Financial Reporting Standards as issued by the International Accounting Standards Board and Canadian GAAP. For the six Canadian SBSBs that use Canadian GAAP and are the subject of the CBA no-action letter, their FOCUS Report Part IIC filings for the quarter ending on October 31, 2024 were used in the analysis. See *supra* note 22, *infra* note 32, and CBA no-action letter at 4.

SBSDs.²⁶ Of these 42 conditionally registered SBSBs, 24 used U.S. GAAP and 18 used IFRS to represent information in their FOCUS Report Part II or Part IIC filing (as applicable). These SBSBs were geographically dispersed. Of the 24 SBSBs that used U.S. GAAP for FOCUS reporting, 20 were domiciled in the U.S., two in Germany, one in the U.K., and one in Ireland. Of the 18 SBSBs that used IFRS for FOCUS reporting all were domiciled outside the U.S.; seven in the U.K., six in Canada, two in Germany, two in Spain, and one in Switzerland.²⁷

Drawing on these filings, this paper presents statistics on measures of SBSBs' financial conditions. For SBSBs that filed FOCUS Report Part II, the measures of financial conditions are based on line items from the Statement of Financial Condition as of December 31, 2024; net income or loss after federal income taxes from the Statement of Income (Loss) or Statement of Comprehensive Income for the fourth quarter of 2024, i.e., the quarter ending on December 31, 2024;²⁸ and line items from Schedule 1 of FOCUS Report Part II²⁹ as of December 31, 2024. For SBSBs that filed FOCUS Report Part IIC, the measures of financial conditions are based on line items from the Balance Sheet as of December 31, 2024; net income (loss) attributable to bank from the Income Statement for the fourth quarter of 2024;³⁰ and line items from Schedule 1 of FOCUS Report Part IIC³¹ as of December 31, 2024.³² The statistics cover a range of topics

²⁶ The selection criteria excluded eleven out of the 53 entities that were conditionally registered SBSBs as of October 1, 2024. One SBSB was excluded because it filed a Form SBSE-W that became effective on October 22, 2024. This entity did not file a FOCUS Report for the fourth quarter of 2024. Two SBSBs were excluded because they have been relying on the Alternative Compliance Mechanism of Exchange Act Rule 18a-10 (17 CFR 240.18a-10) and do not file FOCUS Reports because of this reliance. See *supra* note 21. Adjusting the sample selection criteria to include these three entities would not have added FOCUS Report filings to the analysis. Certain generally accepted accounting principles other than U.S. GAAP and IFRS were used by eight SBSBs to present information in their FOCUS Report filings. One SBSB used Australian GAAP, four SBSBs used French GAAP, one SBSB used Swedish GAAP and two SBSBs used U.K. GAAP. Because effective anonymization and aggregation would not be possible for these SBSBs given their limited number, they were excluded from the analysis. All told, eleven entities that were conditionally registered SBSBs as of October 1, 2024 were excluded. One additional entity became a conditionally registered SBSB on December 27, 2024 and did not file a FOCUS Report for the fourth quarter of 2024.

²⁷ Information on an SBSB's domicile is based on the address of its principal place of business as reported in its FOCUS Report Part II or Part IIC filing (as applicable). See FOCUS Report Part II Line Items 20 through 23 and 12009 and FOCUS Report Part IIC Line Items 20 through 23 and 12763. In statistics presented below, the SBSBs domiciled in the U.K., Germany, Spain, and Switzerland and that use IFRS for FOCUS reporting are collectively referred to as SBSBs in Europe.

²⁸ Net income or loss after federal income taxes is Line Item 4230 in FOCUS Report Part II. Three SBSBs reported Line Item 4230 on a monthly basis. For these SBSBs, Line Item 4230 for the fourth quarter of 2024 was estimated as the sum of Line Item 4230 in the October, November, and December 2024 FOCUS Report Part II.

²⁹ See FOCUS Report Part II Schedule 1 – Aggregate Securities, Commodities, and Swaps Positions.

³⁰ Net income (loss) attributable to bank is Line Item 4340b in FOCUS Report Part IIC. Eighteen non-Canadian SBSBs with December 31 fiscal year end reported Line Item 4340b on a calendar year-to-date basis. In other words, Line Item 4340b reported in a given month measures that line item from January through the end of that month. For these SBSBs, Line Item 4340b for the fourth quarter of 2024 was estimated as the difference between Line Item 4340b in the December 2024 FOCUS Report Part IIC and Line Item 4340b in the September 2024 FOCUS Report Part IIC.

³¹ See FOCUS Report Part IIC Schedule 1 – Aggregate Security-Based Swap and Swap Positions.

³² For the six Canadian SBSBs that filed FOCUS Report Part IIC and are the subject of the CBA no-action letter, the measures of financial conditions are based on line items from the Balance Sheet as of October 31, 2024; net income (loss) attributable to bank (Line Item 4340b) from the Income Statement for the quarter beginning on August 1, 2024 and ending on October 31, 2024; and line items from Schedule 1 of FOCUS Report Part IIC as of October 31, 2024. All six Canadian SBSBs have October 31 fiscal year end; three reported Line Item 4340b on a fiscal quarter-to-date basis and three reported Line Item 4340b on a fiscal year-to-date basis. For the former three SBSBs, their reported Line Item 4340b was used in the analysis without adjustment. For the latter three SBSBs, Line Item 4340b for the period spanning August through October 2024 was estimated as the difference between Line Item 4340b in the October 2024 FOCUS Report Part IIC and Line Item 4340b in the July 2024 FOCUS Report Part IIC. See *supra* note 26.

including assets; cash; financial leverage; profitability; and positions in SBS, swaps, and mixed swaps.³³ Statistics are presented separately for U.S. GAAP SBSDs and IFRS SBSDs because differences between the two accounting standards do not permit the aggregation of these two groups of SBSDs. To shed light on potential variations across SBSDs domiciled in different countries and regions, statistics are presented separately for U.S. GAAP SBSDs domiciled in the U.S., U.S. GAAP SBSDs domiciled outside the U.S., IFRS SBSDs domiciled in Canada, and IFRS SBSDs domiciled in Europe (i.e., those IFRS SBSDs domiciled in Germany, Spain, Switzerland, and the U.K.). Where applicable, SBSDs using each accounting standard are sorted into sub-groups based on asset size and statistics are presented for these asset size groups. Statistics for each asset size group are accompanied by a breakdown of that group's SBSD members by their country or region of domicile.³⁴ Because of differences between U.S. GAAP and IFRS, comparisons of statistics are only made across locational or asset size groups under each accounting standard.

Assets

Table 1 presents summary statistics on assets for U.S. GAAP and IFRS SBSDs as of December 31, 2024.³⁵ Twenty-four U.S. GAAP SBSDs collectively held \$13,967 billion of assets. The average assets held was \$582 billion, while the median assets held was \$198 billion. Eighteen IFRS SBSDs collectively held \$13,355 billion of assets. The average assets held was \$742 billion, while the median assets held was \$710 billion. Assets held varied considerably among SBSDs in each group. For U.S. GAAP SBSDs, the 85th percentile of \$1,159 billion is more than 144 times the 15th percentile of \$8 billion, while for IFRS SBSDs, the 85th percentile of \$1,479 billion is approximately 16 times the 15th percentile of \$92 billion.

Of the 24 U.S. GAAP SBSDs, 20 were domiciled in the U.S. and four were domiciled outside the U.S. In terms of assets held, U.S.-domiciled SBSDs were larger than non-U.S.-domiciled SBSDs that use U.S. GAAP. The average assets held by U.S.-domiciled SBSDs was \$666 billion, which is more than four times the average assets held by non-U.S.-domiciled SBSDs of \$160 billion. The median assets held by U.S.-domiciled SBSDs was \$240 billion. IFRS SBSDs were comprised of 18 SBSDs, of which six and eighteen were domiciled in Canada and Europe, respectively. IFRS SBSDs domiciled in Canada were larger than European-domiciled SBSDs on average. The average assets held by IFRS SBSDs domiciled in Canada was approximately 1.7 times the average assets held by IFRS SBSDs domiciled in Europe. For

³³ SBS, swaps, and mixed swaps are separate categories. For the definitions of security-based swap, swap, and mixed swap, see Exchange Act Section 3(a)(68) (15 U.S.C. 78c(a)(68)) and 17 CFR 240.3a68-1a through 240.3a68-5; Exchange Act Section 3(a)(69) (15 U.S.C. 78c(a)(69)) and 17 CFR 240.3a69-1 through 240.3a69-3; and Exchange Act Section 3(a)(68)(D) (15 U.S.C. 78c(a)(68)(D)), respectively. Examples of SBS would include a credit default swap ("CDS") referencing a corporate issuer of debt securities and an equity total return swap referencing a single stock. Examples of swaps would include an interest rate swap, a foreign exchange swap, a commodity swap, an equity total return swap referencing a broad stock index, and a CDS on a broad index such as Markit's North American Investment Grade CDX index. A mixed swap would include an equity total return swap in which one side pays the total return on a single stock, while the other side pays the total return on a broad stock index. See Chance, Don M., "Equity swaps and equity investing," *The Journal of Alternative Investments* 7, no. 1 (2004) at 81.

³⁴ Statistics that are stated in billions of dollars are rounded to the nearest whole number unless otherwise specified. Statistics that are stated as percentages are rounded to one or two decimal places. Statistics are based on aggregated data to help ensure the anonymity of the reporting SBSDs.

³⁵ The results in this section are based on FOCUS Report Part II Line Item 940 and FOCUS Report Part IIC Line Item 2170b.

European-domiciled IFRS SBSBs, the 85th percentile of \$1,132 billion is approximately 12 times the 15th percentile of \$91 billion.

Table 1. Assets: Summary Statistics

	Number ¹	Sum (\$B)	Mean (\$B)	Median (\$B)	P15 (\$B) ²	P85 (\$B) ³
U.S. GAAP SBSBs	24	13,967	582	198	8	1,159
Non-U.S.	4 ⁴	642	160	-	-	-
U.S.	20	13,325	666	240	9	1,698
IFRS SBSBs	18	13,355	742	710	92	1,479
Canada	6 ⁴	6,150	1,025	-	-	-
Europe	12	7,204	600	460	91	1,132

¹ Number of SBSBs that used U.S. GAAP or IFRS to file FOCUS Report Part II or Part IIC for the fourth quarter of 2024 ending on December 31, 2024.

² Assets held by SBSB at 15th percentile in USD billions.

³ Assets held by SBSB at 85th percentile in USD billions.

⁴ The four SBSBs domiciled outside the U.S. and the six SBSBs domiciled in Canada have been aggregated for anonymization purposes. Further, due to limited sample size, median, and percentile statistics are not reported.

Table 2 Panel A presents statistics on U.S. GAAP SBSBs after they have been sorted into one of four groups based on their assets held as of December 31, 2024. This sample is weighted more heavily towards smaller SBSBs, i.e., those with fewer assets. There were nine U.S. GAAP SBSBs, seven domiciled in the U.S. and two outside the U.S., each holding assets of less than \$50 billion. Another six SBSBs, five domiciled in the U.S. and one outside the U.S., each held assets of at least \$50 billion, but less than \$500 billion. Five SBSBs, four domiciled in the U.S. and one outside the U.S., each held assets of at least \$500 billion, but less than \$1,000 billion and the remaining four SBSBs, all domiciled in the U.S., each held assets of at least \$1,000 billion. A total of fifteen SBSBs (63% of U.S. GAAP SBSBs) each held assets of less than \$500 billion.³⁶ In terms of geographical distribution, U.S. GAAP SBSBs domiciled in the U.S. are in each of the asset size groups, while those domiciled outside the U.S. are in all but the largest asset size group.

The U.S. GAAP sample is concentrated in terms of assets held. SBSBs in the largest asset size group made up 17% of the sample ($4/24 = 0.17$ or 17%), but together held approximately \$9,451 billion of assets, or approximately 68% of all assets held by SBSBs in the sample. SBSBs in the smallest asset size group together made up 38% of the sample ($9/24 = 0.38$ or 38%), but only held \$142 billion of assets, or approximately 1.0% of all assets held by SBSBs in the sample. Assets collectively held by SBSBs in each

³⁶ 9 SBSBs (Asset Size Group: <50) + 6 SBSBs (Asset Size Group: 50-500) = 15 SBSBs. $15/24 = 0.63$ or 63%.

of the intermediate asset size groups vary from approximately \$1,116 billion to \$3,208 billion or approximately 8% to 23% of all assets held by SBSBs in the sample.

The preceding analysis is repeated for IFRS SBSBs, and the results are presented in Table 2 Panel B. The IFRS sample also is weighted more heavily towards larger SBSBs. No IFRS SBSBs held assets of less than \$50 billion. Eight SBSBs, one domiciled in Canada and seven in Europe, each held assets of at least \$50 billion, but less than \$500 billion. Four SBSBs, one domiciled in Canada and three in Europe, each held assets of at least \$500 billion, but less than \$1,000 billion and the remaining six SBSBs, four domiciled in Canada and two in Europe, each held assets of at least \$1,000 billion. A total of eight SBSBs (44% of IFRS SBSBs) each held assets of less than \$500 billion.³⁷ The membership of each asset size group exhibited geographical differences. Among the three asset size groups populated by IFRS SBSBs, Canadian-domiciled SBSBs were most prominent in the largest asset size group, while European-domiciled SBSBs were most prominent in the smallest asset size group (i.e., Asset Size Group: 50-500). Figure 1 depicts the distribution of U.S. GAAP (Figure 1 Panel A) and IFRS SBSBs (Figure 1 Panel B) across asset size groups graphically.

The IFRS sample is concentrated in terms of assets held, though not to the degree exhibited by the U.S. GAAP sample. IFRS SBSBs in the largest size group (33% of the IFRS sample)³⁸ together held approximately 60% of the assets of all IFRS SBSBs. Across both samples, the number of SBSBs tends to decline with asset size, with the relationship being stronger in the U.S. GAAP sample.

Table 2. Asset Size Groups: Number of SBSBs, Total Assets Held, and Percent of Total

Panel A. U.S. GAAP SBSBs

Asset Size (\$B)	Number ¹	U.S.	Non-U.S.	Total assets (\$B) ²	Percent of Total ³
< 50	9	7	2	142	1
50-500	6	5	1	1,166	8
500-1,000	5	4	1	3,208	23
=> 1,000	4	4	0	9,451	68
Total⁴	24	20	4	13,967	100

³⁷ 8 SBSBs (Asset Size Group: 50-500)/18 SBSBs = 0.44 or 44%.

³⁸ 6/18 = 0.33 or 33%.

Panel B. IFRS SBSDs

Asset Size (\$B)	Number ¹	Canada	Europe	Total assets (\$B) ²	Percent of Total ³
< 50 ⁴	0	0	0	---	---
50-500	8	1	7	2,156	16
500-1,000	4	1	3	3,213	24
=> 1,000	6	4	2	7,987	60
Total⁵	18	6	12	13,356	100

¹ Number of SBSDs in a given asset size group.

² All assets held by SBSDs in a given asset size group.

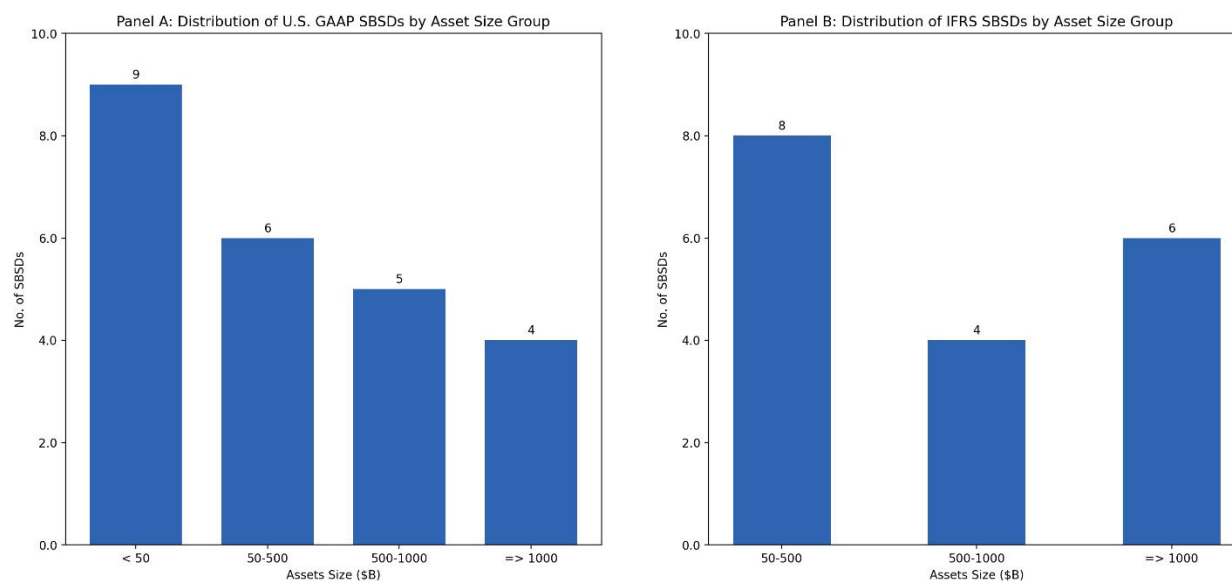
³ All assets held by SBSDs in a given asset size group divided by all assets held by SBSDs in the sample, rounded to the nearest percent.

⁴ There are no IFRS SBSDs with assets less than \$50 million.

⁵ Total assets may not sum to a figure that matches Table 1 due to rounding errors. Percent of Total may not sum to 100 exactly due to rounding errors.

Figure 1. Number of SBSDs by Asset Size Group

Panel A: U.S. GAAP SBSDs (left), Panel B: IFRS SBSDs (right)¹



¹ Panel A (left chart): Distribution of U.S. GAAP SBSDs by Asset Size Group. Panel B (right chart): Distribution of IFRS SBSDs by Asset Size Group. There were no IFRS SBSDs with assets less than \$50 million.

Cash

An SBSB's cash can be part of its liquidity management strategy. To facilitate comparison across SBSBs, the cash measure used in the analysis is the ratio of cash to assets.³⁹ Table 3 presents summary statistics on the cash to assets ratio for U.S. GAAP and IFRS SBSBs as of December 31, 2024. U.S. GAAP SBSBs held 3.41% of assets in cash on average. For the median U.S. GAAP SBSB, cash held was 0.94% of assets. The U.S. GAAP SBSBs at the 15th and 85th percentiles held 0.14% and 3.01% of their assets in cash, respectively. Given that 20 of the 24 SBSBs were domiciled in the U.S., it is not surprising that statistics for the U.S.-domiciled SBSBs are very similar to those for all U.S. GAAP SBSBs. Specifically, U.S.-domiciled SBSBs held 3.41% of assets in cash on average, while the median U.S.-domiciled SBSB held a much lower 0.78% of assets in cash. The U.S.-domiciled SBSBs at the 15th and 85th percentiles held 0.13% and 3.13% of their assets in cash, respectively. U.S.-domiciled SBSBs exhibited variability in cash holdings as evidenced by the difference between the 15th and 85th percentiles of 3%.⁴⁰

IFRS SBSBs held 2.17% of assets in cash on average. For the median IFRS SBSB, cash held was 0.69% of assets. The IFRS SBSBs at the 15th and 85th percentiles held 0.26% and 3.51% of their assets in cash, respectively. SBSBs domiciled in Europe typically held a larger percentage of their assets in cash compared to SBSBs domiciled in Canada. The mean cash-to-assets ratio for SBSBs domiciled in Europe was 2.50%, which is more than 1.6 times that of SBSBs domiciled in Canada. Similar to SBSBs domiciled in the U.S., SBSBs domiciled in Europe also exhibited variability in cash holdings as evidenced by the difference between the 15th and 85th percentiles of 4.61%.⁴¹

Table 3. Cash as a Percentage of Assets: Summary Statistics

	Number ¹	Mean (%)	Median (%)	P15 (%) ²	P85 (%) ³
U.S. GAAP SBSBs	24	3.14	0.94	0.14	3.01
Non-U.S.	4 ⁴	1.81	-	-	-
U.S.	20	3.41	0.78	0.13	3.13
IFRS SBSBs	18	2.17	0.69	0.26	3.51
Canada	6 ⁴	1.52	-	-	-
Europe	12	2.50	0.80	0.18	4.79

¹ Number of SBSBs that used U.S. GAAP or IFRS to file FOCUS Report Part II or Part IIC for the fourth quarter of 2024 ending on December 31, 2024, from a total of 53 conditionally registered SBSBs.

² Cash as a percentage of assets of SBSB at 15th percentile.

³ Cash as a percentage of assets of SBSB at 85th percentile.

⁴ The four SBSBs domiciled outside the U.S. and the six SBSBs domiciled in Canada have been aggregated for anonymization purposes. Further, due to limited sample size, median, and percentile statistics are not reported.

³⁹ For FOCUS Report Part II data, the ratio of cash to assets = Line Item 750/ Line Item 940. For FOCUS Report Part IIC data, the ratio of cash to assets = Line Item 0081b/ Line Item 2170b.

⁴⁰ 3.13% (85th percentile) – 0.13% (15th percentile) = 3.00%.

⁴¹ 4.79% (85th percentile) – 0.18% (15th percentile) = 4.61%.

To examine variations in cash holdings by SBSBs of different asset sizes, U.S. GAAP SBSBs are sorted into one of four groups based on their assets as of December 31, 2024. For each asset size group, the mean cash holdings as a percentage of assets is calculated and reported in Table 4 Panel A. U.S. GAAP SBSBs differ in their cash holdings across the asset size groups. The mean cash held varies from 0.68% to 5.07% of assets. The smallest SBSBs (i.e., those holding assets of less than \$50 billion each) held more cash as a percentage of assets than larger SBSBs. Figure 2 Panel A graphically depicts the mean cash held as a percentage of assets across the asset size groups.

The preceding analysis is repeated for IFRS SBSBs, and the results are presented in Table 4 Panel B. Cash holdings as a percentage of assets vary across the asset size groups. Mean cash held varies from 1.64% to 3.27%. There does not appear to be a clear, monotonic relationship between cash holdings and asset size. Figure 2 Panel B graphically depicts the mean cash held as a percentage of assets across the asset size groups.

Table 4. Cash as a Percentage of Assets: Summary Statistics By Asset Size Group

Panel A. U.S. GAAP SBSBs

Asset Size (\$B)	Number ¹	U.S.	Non-U.S.	Mean (%) ²
< 50	9	7	2	5.07
50-500	6	5	1	3.58
500-1000	5	4	1	0.68
=> 1000	4	4	0	1.22

Panel B. IFRS SBSBs

Asset Size (\$B)	Number ¹	Canada	Europe	Mean (%) ²
< 50 ³	0	0	0	---
50-500	8	1	7	2.02
500-1000	4	1	3	3.27
=> 1000	6	4	2	1.64

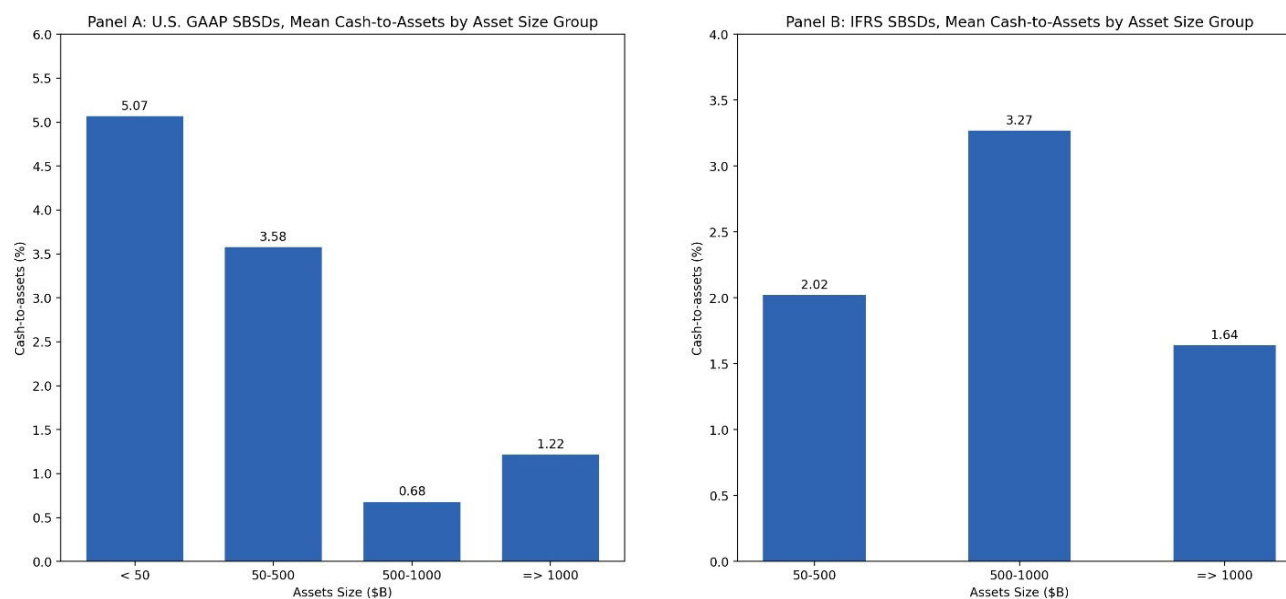
¹ Number of SBSBs in a given asset size group.

² Mean cash as a percentage of assets in a given asset size group.

³ There are no IFRS SBSBs with assets less than \$50 million.

Figure 2.

Panel A: U.S. GAAP SBSDs (left), Panel B: IFRS SBSDs (right)¹



¹ The vertical axes in both charts have different scales. Panel A (left chart): U.S. GAAP SBSDs, Mean Cash-to-Assets by Asset Size Group. Panel B (right chart): IFRS SBSDs, Mean Cash-to-Assets by Asset Size Group. There were no IFRS SBSDs with assets less than \$50 million.

Financial Leverage

As with many financial intermediaries, SBSDs take on liabilities to support their business activities as represented by their assets. This practice is known as financial leverage. Depending on their business model SBSDs may employ different levels of financial leverage. For our analysis, financial leverage is measured as the ratio of liabilities to equity.⁴²

Table 5 presents summary statistics on financial leverage for U.S. GAAP and IFRS SBSDs as of December 31, 2024.⁴³ The mean financial leverage for U.S. GAAP SBSDs was 22.51, meaning that on average, every dollar of equity supported about \$23 of liabilities. For the median U.S. GAAP SBSD, financial leverage was 9.80, i.e., every dollar of equity supported about \$10 of liabilities. U.S. GAAP SBSDs at the 15th and 85th percentiles had financial leverage of 7.51 and 47.49, respectively. For IFRS SBSDs, mean and median financial leverage were 17.45 and 15.86, respectively. IFRS SBSDs at the 15th and 85th percentiles had financial leverage of 9.89 and 22.74, respectively. Financial leverage varied within each group of SBSDs, with larger variations among U.S. GAAP SBSDs. The difference between the 15th and 85th percentiles, a measure of within-group variation, was approximately 40 for U.S. GAAP

⁴² For FOCUS Report Part II data, the ratio of liabilities to equity = Line Item 1760/ Line Item 1800. For FOCUS Report Part IIC data, the ratio of assets to equity = Line Item 2948b/ Line Item G105b.

⁴³ Each of the 42 SBSDs included in our analysis had a ratio of liabilities to equity that was greater than zero. That is, every SBSD took on some liabilities to support their business activities.

SBSDs and approximately 10 for IFRS SBSBs.⁴⁴ In other words, for the 85th percentile U.S. GAAP SBSB, every dollar of its equity supported close to \$40 of additional liabilities compared to the 15th percentile U.S. GAAP SBSB. For the 85th percentile IFRS SBSB, every dollar of its equity supported about \$13 of additional liabilities compared to the 15th percentile IFRS SBSB.

Among U.S. GAAP SBSBs, those domiciled in the U.S. typically had greater financial leverage than those domiciled outside the U.S. Specifically, the mean financial leverage of U.S.-domiciled SBSBs was 3.3 times larger than the mean financial leverage of non-U.S.-domiciled SBSBs. U.S.-domiciled SBSBs exhibited slightly larger variations in financial leverage than all U.S. GAAP SBSBs taken together. The difference between the 15th and 85th percentiles was approximately 43⁴⁵ for U.S.-domiciled SBSBs compared to approximately 40 for U.S. GAAP SBSBs as a whole.

Among IFRS SBSBs, SBSBs domiciled in Canada and Europe had similar levels of financial leverage, with a mean of 16.37 and 17.99, respectively. The difference between the 15th and 85th percentiles for European-domiciled SBSBs was approximately 18.⁴⁶

Table 5. Financial Leverage¹: Summary Statistics

	Number ²	Mean (\$B)	Median (\$B)	P15 (\$B) ³	P85 (\$B) ⁴
U.S. GAAP SBSBs	24	22.51	9.80	7.51	47.49
Non-U.S.	4 ⁵	7.62	-	-	-
U.S.	20	25.48	10.54	8.54	51.43
IFRS SBSBs	18	17.45	15.86	9.89	22.74
Canada	6 ⁵	16.37	-	-	-
Europe	12	17.99	12.65	9.58	27.31

¹ Ratio of liabilities to equity.

² Number of SBSBs that used U.S. GAAP or IFRS to file FOCUS Report Part II or Part IIC for the fourth quarter of 2024 ending on December 31, 2024, from a total of 53 conditionally registered SBSBs

³ Financial leverage of SBSB at 15th percentile.

⁴ Financial leverage of SBSB at 85th percentile.

⁵ The four SBSBs domiciled outside the U.S. and the six SBSBs domiciled in Canada have been aggregated for anonymization purposes. Further, due to limited sample size, median, and percentile statistics are not reported.

To examine variations in financial leverage employed by SBSBs of different asset sizes, U.S. GAAP SBSBs are sorted into one of four groups based on their assets as of December 31, 2024. For each asset size group, mean financial leverage is calculated and reported in Table 6 Panel A. Smaller SBSBs employed greater financial leverage than larger SBSBs. SBSBs in the smallest asset size group (those with assets of less than \$50 billion each) had mean financial leverage of 35.74, while SBSBs in the largest

⁴⁴ U.S. GAAP SBSB: 47.49 (85th percentile) – 7.51 (15th percentile) = 39.98, or approximately 40. IFRS SBSBs: 22.74 (85th percentile) – 9.89 (15th percentile) = 12.85, or approximately 13.

⁴⁵ 51.43 (85th percentile) – 8.54 (15th percentile) = 42.89, or approximately 43.

⁴⁶ 27.31 (85th percentile) – 9.58 (15th percentile) = 17.73, or approximately 18.

asset size group (those with assets of \$1,000 billion or more) had mean financial leverage of 9.44. That said, this tendency is not monotonic because SBSBs with assets between \$500 and \$1,000 billion had mean financial leverage that were greater than those of SBSBs with assets between \$50 and \$500 billion. Figure 3 Panel A depicts these results graphically.

The preceding analysis is repeated for IFRS SBSBs, and the results are presented in Table 6 Panel B. There does not appear to be a clear, monotonic relationship between financial leverage and asset size. Figure 3 Panel B graphically depicts the results in Table 6 Panel B.

Table 6. Financial Leverage: Summary Statistics By Asset Size Group

Panel A. U.S. GAAP SBSBs

Asset Size (\$B)	Number ¹	U.S.	Non-U.S.	Mean ²
< 50	9	7	2	35.74
50-500	6	5	1	9.98
500-1000	5	4	1	24.17
=> 1000	4	4	0	9.44

Panel B. IFRS SBSBs

Asset Size (\$B)	Number ¹	Canada	Europe	Mean ²
< 50 ³	0	0	0	---
50-500	8	1	7	18.63
500-1000	4	1	3	13.88
=> 1000	6	4	2	18.25

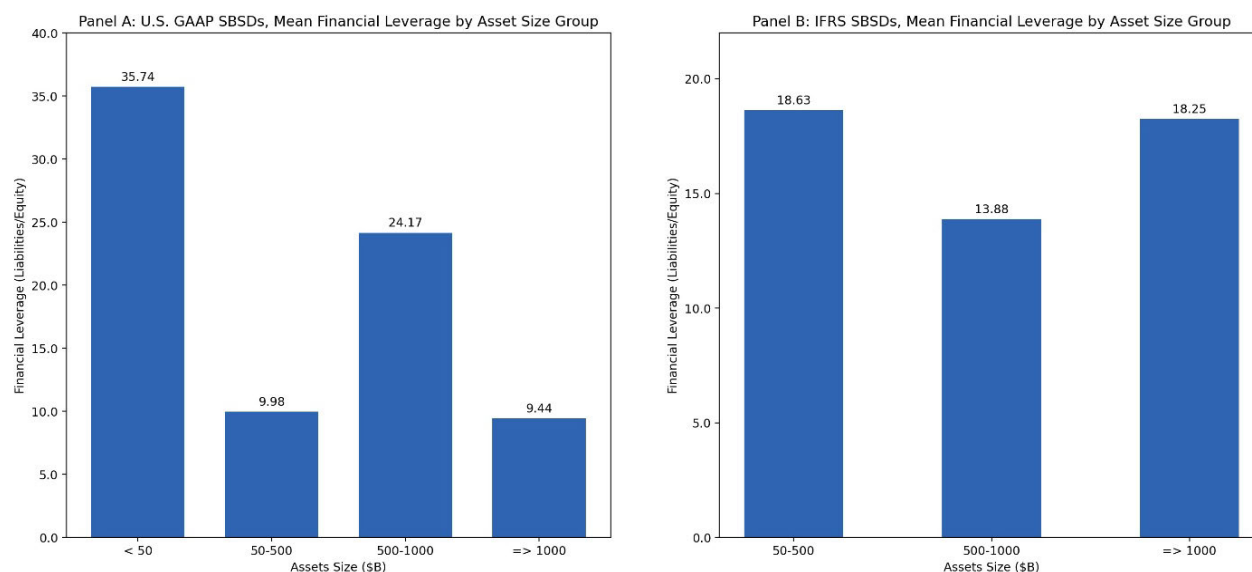
¹ Number of SBSBs in a given asset size group.

² Mean financial leverage in a given asset size group.

³ There were no IFRS SBSBs with assets less than \$50 million.

Figure 3.

Panel A: U.S. GAAP SBSDs (left), Panel B: IFRS SBSDs (right)¹



¹ The vertical axes in both charts have different scales. Panel A (left chart): U.S. GAAP SBSDs, Mean Financial Leverage by Asset Size Group. Panel B (right chart): IFRS SBSDs, Mean Financial Leverage by Asset Size Group. There were no IFRS SBSDs with assets less than \$50 million.

Profitability

SBSDs' profitability is measured using (1) the ratio of net income after tax to assets ("return on assets" or "ROA") and (2) the ratio of net income after tax to equity ("return on equity" or "ROE").⁴⁷ ROA focuses on an SBSD's ability to generate returns using its assets, while ROE focuses on the returns to equity holders that are magnified through the use of financial leverage.⁴⁸

Table 7 presents summary statistics on ROA and ROE for U.S. GAAP and IFRS SBSDs that reported net income after tax for the fourth quarter of 2024. Mean ROA for U.S. GAAP SBSDs was 0.32% meaning that on average, every hundred dollars of assets generated 32 cents of net income after tax. For the median U.S. GAAP SBSD, ROA was 0.26%, i.e., every hundred dollars of assets generated 26 cents of net income after tax. SBSDs at the 15th and 85th percentiles had ROA of 0.02% and 0.36%, respectively. For the same period, mean ROE for U.S. GAAP SBSDs was 5.88% meaning that, on average, every hundred

⁴⁷ For FOCUS Report Part II data, ROA = Line Item 4230/ Line Item 940 and ROE = Line Item 4230/ Line Item 1800. For FOCUS Report Part IIC data, ROA = Line Item 4340b/ Line Item 2170b and ROE = Line Item 4340b/ Line Item G105b. Of the 42 SBSDs in our sample, 39 reported net income after tax (Line Item 4230 or Line Item 4340b, as applicable). Results in this section are based on these 39 SBSDs.

⁴⁸ Mathematically, ROE can be rewritten as the product of two ratios, ROA and the ratio of assets to equity, which is equal to one plus the ratio of liabilities to equity, a measure of financial leverage analyzed previously. If financial leverage is employed, then the ratio of assets to equity is greater than one. Multiplying such a ratio to a positive ROA yields a number that exceeds ROA. This number is ROE. Conversely, if ROA is negative because the SBSD incurred a loss, then the use of financial leverage would deepen that loss for equity holders because ROE will be smaller (i.e., more negative) than ROA.

dollars of equity generated \$5.88 of net income after tax. For the median U.S. GAAP SBSBD, ROE was 2.97%, i.e., every hundred dollars of equity generated \$2.97 of net income after tax. SBSBDs at the 15th and 85th percentiles had ROE of 0.48% and 8.91%, respectively. Among U.S. GAAP SBSBDs, those domiciled in the U.S. tended to be more profitable than those domiciled outside the U.S. In terms of ROA, U.S.-domiciled SBSBDs had a mean of 0.35%, while non-U.S.-domiciled had a mean of 0.07%. In terms of ROE, U.S.-domiciled SBSBDs had a mean of 6.7%, while non-U.S.-domiciled had a mean of 0.45%.

For IFRS SBSBDs, the mean and median ROA were nearly identical at 0.09% and 0.10%, respectively. IFRS SBSBDs at the 15th and 85th percentiles had ROA of 0.01% and 0.20%, respectively. The mean and median ROE were fairly close at 1.46% and 1.49%, respectively. IFRS SBSBDs at the 15th and 85th percentiles had ROE of 0.11% and 3.43%, respectively. Among IFRS SBSBDs, those domiciled in Europe had lower ROA than those domiciled in Canada on average. For IFRS SBSBDs domiciled in Europe, the mean ROA was 0.08%, while for SBSBDs domiciled in Canada, the mean ROA was 0.12%. The same relation is observed for ROE. For SBSBDs domiciled in Europe, the mean ROE was 1.07%, while for SBSBDs domiciled in Canada, the mean ROE was 2.10%.⁴⁹

⁴⁹ In view of the differences between U.S. GAAP and IFRS, we do not draw conclusions about apparent divergences between U.S. GAAP SBSBDs and IFRS SBSBDs in terms of ROA and ROE.

Table 7. Profitability: Summary Statistics

	Number ¹	Mean (%)	Median (%)	P15 (%) ⁴	P85 (%) ⁵
ROA²					
U.S. GAAP SBSDs	23	0.32	0.26	0.02	0.36
Non-U.S.	3 ⁶	0.07	---	---	---
U.S.	20	0.35	0.27	0.06	0.38
IFRS SBSDs	16	0.09	0.10	0.01	0.20
Canada	6 ⁶	0.12	---	---	---
Europe	10	0.08	0.07	-0.11	0.27
ROE³					
U.S. GAAP SBSDs	23	5.88	2.97	0.48	8.91
Non-U.S.	3 ⁶	0.45	---	---	---
U.S.	20	6.70	3.03	1.45	10.40
IFRS SBSDs	16	1.46	1.49	0.11	3.43
Canada	6 ⁶	2.10	---	---	---
Europe	10	1.07	0.80	-1.06	3.24

¹ Number of SBSDs that used U.S. GAAP or IFRS to file FOCUS Report Part II or Part IIC for the fourth quarter of 2024 ending on December 31, 2024, from a total of 53 conditionally registered SBSDs and reported net income after tax.

² Ratio of net income after tax to assets.

³ Ratio of net income after tax to equity.

⁴ ROA or ROE, as applicable, of SBSD at 15th percentile.

⁵ ROA or ROE, as applicable, of SBSD at 85th percentile.

⁶ The three SBSDs domiciled outside the U.S. and the six SBSDs domiciled in Canada have been aggregated for anonymization purposes. Further, due to limited sample size, median, and percentile statistics are not reported.

Table 8 Panel A presents the mean ROA and ROE of U.S. GAAP SBSDs in each of the asset size groups. ROA and ROE vary across the asset size groups. For example, mean ROA ranged from 0.15% to 0.64%, while mean ROE ranged from 2.95% to 8.67%. SBSDs in the smallest asset size group (those with assets of less than \$50 billion) generated lower ROA than larger SBSDs in the other asset size groups. The mean ROA for the smallest asset size group was 0.15%, while the mean ROA across the other asset size groups varied between 0.24% and 0.64%. Mean ROE tends to decrease with asset size; the mean ROE for the smallest asset size group was 8.67% compared to the mean ROE of 2.95% for the largest asset size group. Figure 4 Panel A depicts the results in Table 8 Panel A graphically.

Table 8 Panel B presents mean ROA and ROE for IFRS SBSDs across the three asset size groups. IFRS SBSDs in the largest asset size group generated lower ROA than those in the other asset size groups. Mean ROA for the largest asset size group was 0.07% compared to the mean ROA of the other asset size

groups, which were at least 0.10%. Mean ROE tends to decrease with asset size; the mean ROE for the smallest asset size group was 1.75% compared to the mean ROE of 1.47% for the largest asset size group. Figure 4 Panel B graphically depicts the results in Table 8 Panel B.

Table 8. Profitability: Summary Statistics By Asset Size Group

Panel A. U.S. GAAP SBSBs

Asset Size (\$B)	Number ¹	U.S.	Non-U.S.	ROA (%) ²	ROE (%) ³
< 50	9	7	2	0.15	8.67
50-500	6	5	1	0.64	4.04
500-1000	4	4	0	0.24	5.31
=> 1000	4	4	0	0.28	2.95

Panel B. IFRS SBSBs

Asset Size (\$B)	Number ¹	Canada	Europe	ROA (%) ²	ROE (%) ³
< 50 ⁴	0	0	0	---	---
50-500	6	1	5	0.10	1.75
500-1000	4	1	3	0.11	1.03
=> 1000	6	4	2	0.07	1.47

¹ Number of SBSBs in a given asset size group that reported net income after tax.

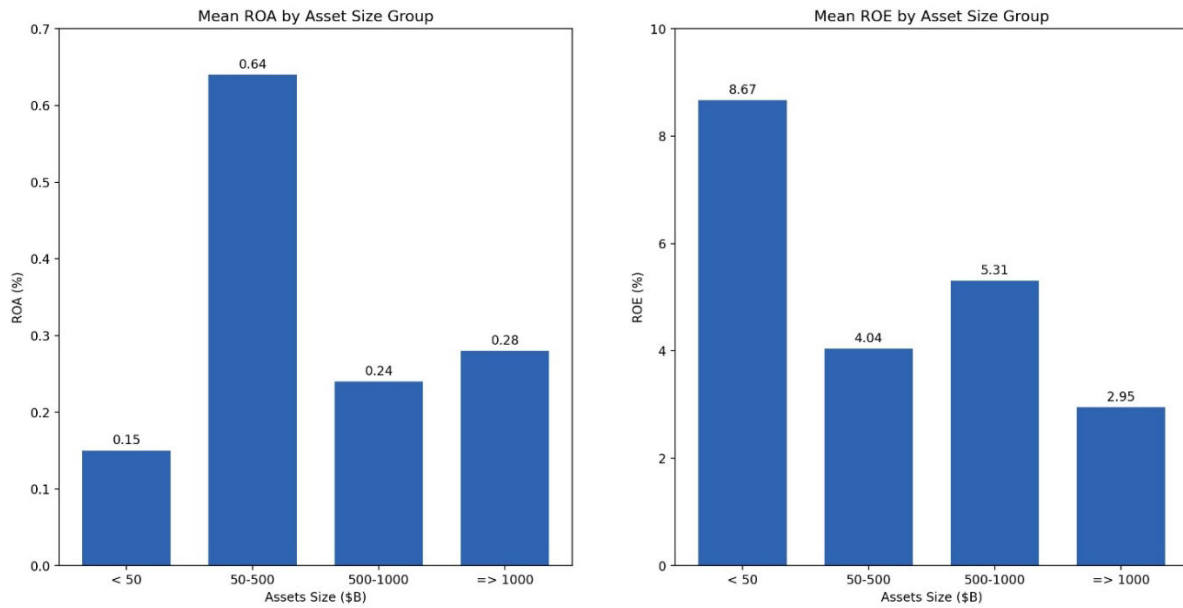
² Mean ROA of a given asset size group.

³ Mean ROE of a given asset size group.

⁴ There were no IFRS SBSBs with assets less than \$50 million.

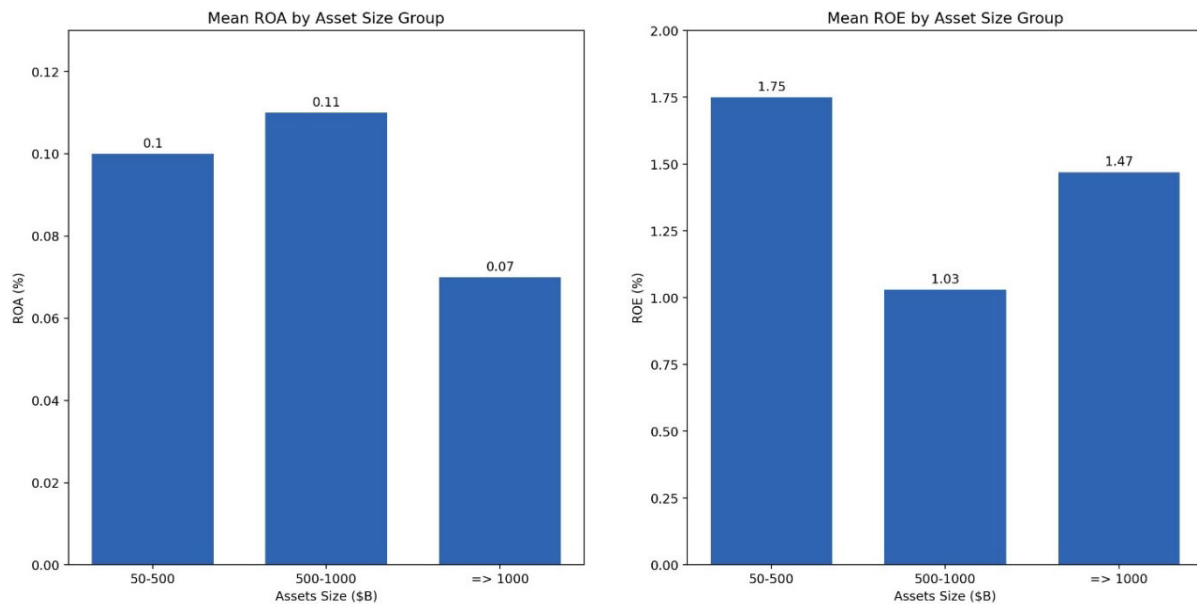
Figure 4.

Panel A. U.S. GAAP SBSDs¹



¹ The vertical axes in both charts have different scales. Left chart: Mean ROA by asset size group. Right chart: Mean ROE by asset size group.

Panel B. IFRS SBSDs^{1,2}



¹ The vertical axes in both charts have different scales. Left chart: Mean ROA by asset size group. Right chart: Mean ROE by asset size group.

² There are no IFRS SBSDs with assets less than \$50 million.

Security-Based Swaps, Swaps, and Mixed Swaps

SBSDs report the gross replacement value of their receivables (“long/bought”) positions and payables (“short/sold”) positions in SBS, swaps, and mixed swaps in Schedule 1 of FOCUS Report Part II or Part IIC, as applicable.⁵⁰ U.S. GAAP and IFRS SBSDs’ positions in SBS, swaps, and mixed swaps as of December 31, 2024 were analyzed separately.⁵¹ Table 9 Panels A and B present summary statistics on the SBS, swaps, and mixed swaps positions of U.S. GAAP and IFRS SBSDs respectively.

Table 9 Panel A shows that, as of December 31, 2024, U.S. GAAP SBSDs collectively held positions across five instrument categories: cleared SBS, non-cleared SBS,⁵² cleared swaps, non-cleared swaps, and non-cleared mixed swaps. All 24 U.S. GAAP SBSDs held long and short positions in non-cleared SBS. Slightly more than one-third of U.S. GAAP SBSDs (9 out of 24 or approximately 38%) also held long and short positions in cleared SBS.⁵³ Turning to swaps, 14 out of 24 U.S. GAAP SBSDs (approximately 58%) held long and short positions in cleared swaps. The number of SBSDs holding long and short positions in non-cleared swaps was 19 and 18, respectively. These results are consistent with the fact that 18 of the 24 U.S. GAAP SBSDs indicated on their registration filings that they were registered or registering with the CFTC as swap dealers.⁵⁴ Turning to mixed swaps, 13 out of 24 U.S. GAAP SBSDs held both long and short positions in non-cleared mixed swaps.⁵⁵ These variations in holding patterns may potentially

⁵⁰ For SBS, mixed swaps, and swaps, SBSDs are required to report the month-end or quarter-end, as applicable, gross replacement value for cleared and non-cleared receivables in the long/bought column in Schedule 1 of FOCUS Part II or Part IIC, as applicable, and report the month-end or quarter-end, as applicable, gross replacement value for cleared and non-cleared payables in the short/sold column in Schedule 1 of FOCUS Part II or Part IIC, as applicable. See FOCUS Report Part II Instructions, *available at* https://www.sec.gov/files/formx-17a-5_22.pdf; and FOCUS Report Part IIC Instructions, *available at* https://www.sec.gov/files/formx-17a-5_2c-instr.pdf. Gross replacement value for receivables is the amount that would need to be paid to enter into identical contracts with respect to derivatives positions that have a positive mark-to-market value to the firm (i.e., are receivable positions of the firm), without applying any netting or collateral. Gross replacement value for payables is the amount that would need to be paid to enter into identical contracts with respect to derivatives positions that have a negative mark-to-market value to the firm (i.e., are payable positions of the firm), without applying any netting or collateral. See FOCUS Report Part II Instructions.

⁵¹ For FOCUS Report Part II data, cleared long SBS position = Line Item 12106; cleared short SBS position = Line Item 12114; non-cleared long SBS position = Line Item 12107; non-cleared short SBS position = Line Item 12115; non-cleared long mixed swaps = Line Item 12109; non-cleared short mixed swaps = 12117; cleared long swaps position = Line Item 12110; cleared short swaps position = Line Item 12118; non-cleared long swaps position = Line Item 12111; and non-cleared short swaps position = 12119. For FOCUS Part IIC data, cleared long SBS position = Line Item 12801; cleared short SBS position = Line Item 12809; non-cleared long SBS position = Line Item 12802; non-cleared short SBS position = Line Item 12810; non-cleared long mixed swaps = Line Item 12804; non-cleared short mixed swaps = 12812; cleared long swaps position = Line Item 12805; cleared short swaps position = Line Item 12813; non-cleared long swaps position = Line Item 12806; and non-cleared short swaps position = 12814. As of December 31, 2024, only two SBSDs held positions in cleared mixed swaps. For purposes of anonymization, cleared mixed swaps were excluded from the analysis. For the six Canadian SBSDs that are the subject of the CBA no-action letter, their reported positions as of October 31, 2024, were used for the analysis. See *supra* note 25.

⁵² A cleared position (e.g., a cleared SBS) is one in which the reporting SBSD faces a central counterparty. A non-cleared position (e.g., a non-cleared SBS) is one in which the reporting SBSD faces a counterparty other than a central counterparty, such as another SBSD or a customer.

⁵³ As of Dec. 29, 2023, all cleared SBS were in the credit asset class, while non-cleared SBS consisted of all SBS in the equity and rates asset classes and a portion of SBS in the credit asset class. See *SBS Report*, pp. 3-4.

⁵⁴ Form SBSE-A and Form SBSE-BD elicit information on whether the applicant is registered with the CFTC as a swap dealer or major swap participant (see Form SBSE-A Question 5A and Form SBSE-BD Question 3A) or is registering with the CFTC as a swap dealer or major swap participant (see Form SBSE-A Question 5B and Form SBSE-BD Question 3B). Form SBSE does not elicit such information. The most recent Form SBSE-A and Form SBSE-BD filings as of December 31, 2024 were examined to arrive at the 18 U.S. GAAP SBSDs. An entity is not deemed to be a swap dealer unless its swap dealing activities exceed an \$8 billion aggregate gross notional amount over a rolling 12-month period. See Commodity Exchange Act Section 1(a)(49) (7 U.S.C. 1(a)(49)) for the definition of “swap dealer.” See also CFTC Rule 1.3 (17 CFR 1.3) for further definition of “swap dealer,” including relevant thresholds.

⁵⁵ See *supra* note 51.

suggest differences in business models across U.S. GAAP SBSDs. Some U.S. GAAP SBSDs focused on providing dealing services for specific instrument categories to the exclusion of others, while other U.S. GAAP SBSDs tended to offer dealing services for a broader selection of instrument categories. For example, while all U.S. GAAP SBSDs held positions in non-cleared SBS, only a little over one-third of them held positions in cleared SBS.

Table 9 Panel A indicates that U.S. GAAP SBSDs held fairly balanced long and short positions in each instrument category as of December 31, 2024. For example, the mean non-cleared long SBS position was about \$4.4 billion, while the mean non-cleared short SBS position was about \$5.0 billion. In addition, certain SBSDs held very large positions in each instrument category, resulting in the mean position being much larger than the median position. For example, the mean non-cleared long SBS position was about \$4.4 billion as discussed, while the median non-cleared long SBS position was only \$0.3 billion.

SBSD participation and position size in an instrument category vary with its clearing status. Table 9 Panel A indicates that fewer SBSDs held positions in instruments that are centrally cleared and the positions held tended to be smaller. Nine out of 24 U.S. GAAP SBSDs held cleared long SBS positions with a mean of about \$0.5 billion, while all of them held non-cleared long SBS positions with a mean of about \$4.4 billion. Fourteen U.S. GAAP SBSDs held cleared long swaps positions with a mean of about \$19.3 billion, while 19 of them held non-cleared long swaps positions with a mean of about \$197.8 billion.

Comparing summary statistics for non-cleared SBS and swaps in Table 9 Panel A reveals that U.S. GAAP SBSDs generally held much larger positions in swaps than in SBS. For example, the mean non-cleared long position in swaps was about \$197.8 billion, while the mean non-cleared long SBS position was about \$4.4 billion. The conclusion also holds when the summary statistics for cleared SBS and swaps are compared. The greater prominence of swaps relative to SBS in these SBSDs' holdings is broadly consistent with the swaps market being much larger than the SBS market.⁵⁶ Table 9 Panel A also indicates that U.S. GAAP SBSDs' positions in non-cleared mixed swaps tended to be smaller than their positions in non-cleared SBS or non-cleared swaps. For example, the mean non-cleared long mixed swaps position was about \$1.6 billion while the mean non-cleared long SBS and swaps positions were about \$4.4 billion and \$197.8 billion, respectively.

IFRS SBSDs' holding patterns (see Table 9 Panel B) are generally similar to the holding patterns of U.S. GAAP SBSDs. As of December 31, 2024, IFRS SBSDs also collectively held positions across five instrument categories: cleared SBS, non-cleared SBS, cleared swaps, non-cleared swaps, and non-cleared mixed swaps. All 18 IFRS SBSDs held long and short positions in non-cleared SBS. More than half of IFRS SBSDs also held positions in cleared SBS. Specifically, 13 SBSDs held long positions in cleared SBS and 15 SBSDs held short positions in cleared SBS. All 18 IFRS SBSDs held long and short positions in non-cleared swaps and 17 of them also held long and short positions in cleared swaps. These results are

⁵⁶ According to data published by the Bank for International Settlements ("BIS"), as of December 2024, the global swaps market (comprising, for purposes of this discussion, interest rate swaps, foreign exchange swaps, multi-name index CDS, and commodity swaps) had a global notional amount outstanding of approximately \$686 trillion, while the global SBS market (comprising, for purposes of this discussion, single-name equity swaps and forwards and single-name CDS) had a global notional amount outstanding of approximately \$9 trillion. See *Global OTC Derivatives Market: Table D5.1 Foreign Exchange, Interest Rate, Equity Linked Contracts*, BIS, available at https://data.bis.org/topics/OTC_DER/tables-and-dashboards/BIS.DER_D5_1.1.0 and *Global OTC Derivatives Market: Table D5.2 Commodity Contracts, Credit Default Swaps*, BIS, available at https://data.bis.org/topics/OTC_DER/tables-and-dashboards/BIS.DER_D5_2.1.0 (last visited Jul. 8, 2025).

consistent with the fact that all 18 IFRS SBSBs indicated on their registration filing that they were registered or registering with the CFTC as swap dealers.⁵⁷ Twelve IFRS SBSBs held long positions in non-cleared mixed swaps, while eleven held short positions in non-cleared mixed swaps. These variations in holding patterns may potentially suggest differences in business models across IFRS SBSBs, albeit to a lesser degree than U.S. GAAP SBSBs.⁵⁸

Table 9 Panel B also indicates that (1) IFRS SBSBs held fairly balanced long and short positions in each instrument category; (2) certain IFRS SBSBs held very large positions in each instrument category, resulting in the mean position being much larger than the median position; (3) fewer IFRS SBSBs held positions in instruments that are centrally cleared and the positions held tended to be smaller; (4) IFRS SBSBs generally held much larger positions in swaps than in SBS; and (5) IFRS SBSBs' positions in non-cleared mixed swaps tended to be smaller than their positions in non-cleared SBS or non-cleared swaps. These findings are consistent with those drawn from the sample of U.S. GAAP SBSBs.

SBSBs' participation in the five instrument categories differed along geographical lines. Table 9 Panel A shows that U.S. GAAP SBSBs domiciled in the U.S. exhibited much greater variation in holding patterns across the five instrument categories than U.S. GAAP SBSBs domiciled outside the U.S. Specifically, participation by U.S.-domiciled SBSBs ranged from a low of six SBSBs (30% of U.S.-domiciled SBSBs) in cleared SBS to a high of 20 SBSBs (100% of U.S.-domiciled SBSBs) in non-cleared SBS and non-cleared swaps. In contrast, three non-U.S.-domiciled SBSBs (75% of non-U.S.-domiciled SBSBs) participated in four instrument categories and all four SBSBs participated in the remaining instrument category. The variations in holding patterns of U.S. GAAP SBSBs discussed earlier were driven primarily by U.S.-domiciled SBSBs. If such variations were borne out of differences in business models, then U.S.-domiciled SBSBs primarily were the ones implementing different business models.

IFRS SBSBs also exhibited variations in holding patterns across the five instrument categories, albeit to a lesser degree than U.S. GAAP SBSBs as noted earlier. Table 9 Panel B shows that SBSBs domiciled in Canada were primarily driving such variations. Specifically, participation by SBSBs domiciled in Canada ranged from a low of two SBSBs (approximately 33% of Canadian-domiciled SBSBs) in cleared long SBS and non-cleared mixed swaps to a high of six SBSBs (100% of Canadian-domiciled SBSBs) in non-cleared SBS, cleared swaps, and non-cleared swaps. In contrast, the vast majority of SBSBs domiciled in Europe participated in all instrument categories.

⁵⁷ The most recent Form SBSE-A and Form SBSE-BD filings as of December 31, 2024 were examined to arrive at the 18 IFRS SBSBs. See also *supra* note 54.

⁵⁸ All U.S. GAAP SBSBs held positions in non-cleared SBS, but not all of them held positions in other instrument categories. Participation in the other instrument categories ranges from 9 (approximately 38%) to 19 (approximately 79%) out of 24 U.S. GAAP SBSBs (see Table 9 Panel A). All IFRS SBSBs also held positions in non-cleared SBS and in addition all of them also held positions in non-cleared swaps. Of the other instrument categories, participation ranges from 11 (approximately 61%) to 17 (approximately 94%) out of 18 IFRS SBSBs (see Table 9 Panel B).

Table 9. SBS, Swaps, and Mixed Swaps Positions: Summary Statistics

Panel A. U.S. GAAP SBSDs

		Num ¹	U.S.	Non-U.S.	Mean (\$B) ²	Median (\$B) ³	P15 (\$B) ⁴	P85 (\$B) ⁵
Cleared SBS	Long/ Bought	9 ⁷	6	3	0.5	---	---	---
	Short/ Sold	9 ⁷	6	3	0.6	---	---	---
Non-cleared SBS	Long/ Bought	24	20	4	4.4	0.3	0.1	8.9
	Short/ Sold	24	20	4	5.0	0.9	0.1	11.5
Cleared Swaps	Long/ Bought	14	11	3	19.3	0.5	0.0 ⁶	1.3
	Short/ Sold	14	11	3	20.3	0.6	0.0 ⁶	2.5
Non-cleared Swaps	Long/ Bought	19	16	3	197.8	40.0	1.3	502.9
	Short/ Sold	18	15	3	202.7	59.8	2.4	509.5
Non-cleared mixed swaps	Long/ Bought	13	10	3	1.6	1.0	0.1	3.9
	Short/ Sold	13	10	3	1.5	1.0	0.1	3.6

Panel B. IFRS SBSDs

		Num ¹	Canada	Europe	Mean (\$B) ²	Median (\$B) ³	P15 (\$B) ⁴	P85 (\$B) ⁵
Cleared SBS	Long/ Bought	13	2	11	1.2	0.0 ⁶	0.0 ⁶	1.1
	Short/ Sold	15	3	12	1.0	0.0 ⁶	0.0 ⁶	0.8
Non-cleared SBS	Long/ Bought	18	6	12	3.4	0.8	0.5	6.7
	Short/ Sold	18	6	12	2.5	0.9	0.2	6.9
Cleared Swaps	Long/ Bought	17	6	11	31.8	8.0	0.1	55.2
	Short/ Sold	17	6	11	31.3	8.0	0.1	55.3
Non-cleared Swaps	Long/ Bought	18	6	12	98.7	64.3	21.5	206.3
	Short/ Sold	18	6	12	96.5	59.6	21.4	198.9
Non-cleared mixed swaps	Long/ Bought	12	2	10	1.2	0.4	0.1	2.8
	Short/ Sold	11	2	9	1.3	1.0 ⁷	0.0 ⁶	2.9

¹ Number of SBSDs that used U.S. GAAP or IFRS to file FOCUS Report Part II or Part IIC for the fourth quarter of 2024 ending on December 31, 2024, from a total of 53 conditionally registered SBSDs and reported SBS, swaps, or mixed swaps position data, as applicable.

² Mean position in USD billions.

³ Median position in USD billions.

⁴ Position at 15th percentile in USD billions.

⁵ Position at 85th percentile in USD billions.

⁶ This value is less than \$500 million so when stated in USD billions it shows up as 0.0 because of rounding as part of the calculation process.

⁷ The nine SBSDs reporting cleared SBS positions have been aggregated for anonymization purposes. Further, due to limited sample size, median, and percentile statistics are not reported.

An SBSB’s net position in cleared SBS is calculated as the absolute value of the difference between its reported long and short positions⁵⁹ in cleared SBS. Net positions in other instrument categories are calculated analogously. Further, the net position for a given instrument category is calculated only if an SBSB reported both long and short positions for that instrument category.⁶⁰ Because certain SBSBs reported either the long or the short position for a given instrument category, but not both, such SBSBs were excluded from the net positions analyses. Table 10 Panel A presents summary statistics on net positions across all U.S. GAAP SBSBs with available data. As of December 31, 2024, for each instrument category, net positions were smaller than both long and short positions, consistent with U.S. GAAP SBSBs holding generally offsetting long and short positions in each instrument category.⁶¹ In addition, net positions in non-cleared swaps were larger than net positions in non-cleared SBS and mixed swaps. For example, the mean net positions in non-cleared swaps, SBS, and mixed swaps were approximately \$6.3 billion, \$0.9 billion, and \$0.2 billion, respectively. Further, net positions in cleared swaps were larger than net positions in cleared SBS. For example, the mean net positions in cleared swaps and SBS were approximately \$1.2 billion and \$0.1 billion, respectively. Table 10 Panel B report summary statistics for IFRS SBSBs. Findings for IFRS SBSBs are similar to those of U.S. GAAP SBSBs.

Table 10. Net Positions: Summary Statistics

Panel A. U.S. GAAP SBSBs

	Num ¹	U.S.	Non-U.S.	Mean (\$B) ²	Median (\$B) ³	P15 (\$B) ⁴	P85 (\$B) ⁵
Cleared SBS	8 ⁷	5	3	0.1	---	---	---
Non-cleared SBS	24	20	4	0.9	0.3	0.0 ⁶	1.8
Cleared swaps	14	11	3	1.2	0.1	0.0 ⁶	0.3
Non-cleared swaps	18	15	3	6.3	2.0	0.2	15.0
Non-cleared mixed swaps	13	10	3	0.2	0.1	0.0 ⁶	0.5

⁵⁹ As discussed earlier, an SBSB’s long (short) positions in SBS, swaps, and mixed swaps refer to the SBSB’s receivables (payables) positions in SBS, swaps, and mixed swaps respectively for which the SBSB reports the gross replacement value in Schedule 1 of FOCUS Report Part II or Part IIC, as applicable. Long and short positions as used in this discussion do not indicate an SBSB’s net economic exposure to a given instrument category.

⁶⁰ A positive net position indicates that the SBSB has a long SBS exposure, while a negative net position indicates a short SBS exposure. Neither a long nor short net SBS exposure necessarily indicates that the SBSB is not hedged as the SBSB may be able to net out the exposure using underlying reference assets or other financial instruments.

⁶¹ For a given instrument category, the mean net position reported in Table 10 Panel A is not exactly equal to the difference of the mean long and short positions of that instrument category reported in Table 9 Panel A for several reasons. First, the mean net position for a given instrument category is only calculated for those SBSBs that reported both long and short positions in that category. However, the mean long position in the instrument category is calculated for all SBSBs that reported long positions in that category (regardless of whether they reported short positions in that category). Likewise, the mean short position in the instrument category is calculated for all SBSBs that reported short positions in that category (regardless of whether they reported long positions in that category). In short, due to the requirement that the net position for a given instrument category is calculated only if an SBSB reported both long and short positions for that instrument category, the set of SBSBs on which Table 10 Panel A is based need not be identical to the set of SBSBs on which Table 9 Panel A is based. Second, even when the same set of SBSBs reported both long and short positions in an instrument category, rounding errors in the calculation of mean values can produce an outcome in which the mean net position for a given instrument category reported in Table 10 Panel A is not exactly equal to the difference of the mean long and short positions of that instrument category reported in Table 9 Panel A.

Panel B. IFRS SBSDs

	Num ¹	Canada	Europe	Mean (\$B) ²	Median (\$B) ³	P15 (\$B) ⁴	P85 (\$B) ⁵
Cleared SBS	13	2	11	0.1	0.0 ⁶	0.0 ⁶	0.2
Non-cleared SBS	18	6	12	1.2	0.3	0.0 ⁶	0.9
Cleared swaps	17	6	11	0.7	0.3	0.0 ⁶	0.9
Non-cleared swaps	18	6	12	3.8	3.2	0.3	6.0
Non-cleared mixed swaps	11	2	9	0.7	0.3	0.0 ⁶	1.5

¹ Number of SBSDs that used U.S. GAAP or IFRS to file FOCUS Report Part II or Part IIC for the fourth quarter of 2024 ending on December 31, 2024, from a total of 53 conditionally registered SBSDs and reported both long and short position data in a given instrument category.

² Mean position in USD billions.

³ Median position in USD billions.

⁴ Position at 15th percentile in USD billions.

⁵ Position at 85th percentile in USD billions.

⁶ This value is less than \$500 million so when stated in USD billions it shows up as 0.0 because of rounding as part of the calculation process.

⁷ The eight SBSDs with net positions in cleared SBS have been aggregated for anonymization purposes. Further, due to limited sample size, median, and percentile statistics are not reported.