

Derivatives and Risk Management in the Petroleum, Natural Gas, and Electricity Industries

Table 13. Trading Activity in Global Over-the-Counter Markets, 1998 and 2001
(Billion U.S. Dollars)

Risk Category and Instrument	Notional Amounts		Gross Market Value	
	June 1998	December 2001	June 1998	December 2001
Total Notional Value	72,144	111,115	2,579	3,788
Foreign Exchange Contracts	18,719	16,748	799	779
Outright Forwards and Forex Swaps	12,149	10,336	476	374
Currency Swaps	1,947	3,942	208	335
Options	4,623	2,470	115	70
Interest Rate Contracts	42,368	77,513	1,159	2,210
Forward Rate Agreements	5,147	7,737	33	19
Interest Rate Swaps	29,363	58,897	1,018	1,969
Options	7,858	10,879	108	222
Equity-Linked Contracts	1,274	1,881	190	205
Forwards and Swaps	154	320	20	58
Options	1,120	1,561	170	147
Commodity Contracts	452	598	38	75
Gold	193	231	10	20
Other Commodities	259	367	28	55
Forwards and Swaps	153	217	—	—
Options	106	150	—	—
Other	9,331	14,375	393	519

Source: Bank for International Settlements.

Table 14. CEA and CFTC Exemptions and Exclusions for OTC Derivative Transactions

Exemption or Exclusion	Type of Exemption or Exclusion	Commodity	Trader	Conditions	Retained Rules
Forward Contract Exclusion: 1a(19) of CEA	Statutory exclusion	All	No restriction	Any sale of any cash commodity for deferred shipment or delivery	None
Exclusion for Hybrid Instruments: 2(f) of CEA	Statutory exclusion	All	No restriction	Hybrid instruments that are predominantly securities as defined in the exclusion	None
Exclusion for Swap Transactions: 2(g) or CEA	Statutory exclusion	All non-agricultural	Eligible contract participants ^a	Transactions subject to individual negotiation and not executed on a trading facility	None
Transactions in Exempt Commodities: 2(h)(1)	Statutory exemption	Exempt commodities ^b	Eligible contract participants	Transactions not executed on a trading facility ^c	Anti-fraud and anti-manipulation
Exempt Commercial Markets: 2(h)(3)	Statutory exemption	Exempt commodities	Eligible commercial entities	Transactions executed on an electronic trading facility ^d	Anti-fraud and anti-manipulation; Rules related to transaction information dissemination as prescribed by the Commission if found to be a price discovery market
Trade Option Exemption: CFTC Part 32.4(a)	Regulatory exemption	All non-enumerated agricultural commodities ^e	Commercial entities ^f	One party must be a commercial entity using the option for purposes related to its business	Anti-fraud
Hybrid Instrument Exemption: CFTC Part 34	Regulatory exemption	All	No restriction	Hybrid must be predominantly a security or banking product as measured by CFTC prescribed predominance test	None (Securities or bank products must be subject to regulation by the SEC or a banking regulator)
Swap Exemption: CFTC Part 35	Regulatory exemption	All	Eligible swap participants ^g	Not part of a fungible class of agreements that are standardized; creditworthiness is a material consideration; not traded on a multilateral transaction execution facility	Anti-fraud and anti-manipulation
Energy Order: 58 FR 21286 (April 20, 1993)	Regulatory exemption	Crude oil, natural gas, natural gas liquids and their derivative products	Commercial participants in the energy markets	Transactions between principals and subject to individual negotiation; no unilateral right of offset	None

^aDefined in §1a(12) of the CEA.

^bDefined in §1a(14) of the CEA.

^cDefined in §1a(33) of the CEA.

^dDefined in §1a(10) of the CEA.

^eThe "enumerated commodities" are listed in §1a(4) of the CEA and generally include the major domestically produced field crops and livestock.

^fPart 32.4 of the CFTC's regulations limits users of trade options to producers, processors, or commercial users of, or merchants handling a commodity, or byproducts of such commodity.

^gDefined in §35.1(b)(2) of the CFTC's regulations.