

## F.13 Margins on Buying and Selling Transactions



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*Dealers or market makers in financial instruments may charge, in full or part, for their services by having a spread between their buying and selling prices. Generally, margins (spread earnings) are the part of market making activities that represent implicit charges for the provision of services. Although the margins concept is clearly defined in the Balance of Payments and International Investment Position Manual, sixth edition (BPM6), the System of National Accounts 2008 (2008 SNA), and other international standards,<sup>2</sup> its compilation, in general, does not seem very reliable and accurate at present. The methodological framework in the BPM6 and the 2008 SNA remains relevant but could be improved. This Guidance Note explores practical ways to record margins on buying and selling transactions in macroeconomic statistics.*

### SECTION I: THE ISSUE

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#### BACKGROUND

1. **According to the current international standards, “dealers or market-makers in financial instruments may charge, in full or part, for their services by having a spread between their buying and selling prices.** Dealers, market makers, foreign exchange bureaus, and other intermediaries producing this kind of service are distinguished from other traders by their characteristic of generating a buy-sell spread, which shows that they serve the market in a somewhat similar way to a wholesaler, by providing liquidity and inventory.”<sup>3</sup> Generally, margins (spread earnings) represent implicit charges for the provision of services in market making activities.

2. **Given that net spread earnings are strongly connected to the provision of a service, those margins cannot be treated as holding gains and losses (as defined in *BPM6*, paragraph 3.20 (b) and *2008 SNA*, paragraph 3.105).** In theory, all financial instruments may be bought and sold in a way that can generate margins on buying and selling transactions (hereinafter simply margins). In practice, however, there is higher likelihood to generate margins for trading in some instruments than in others.

3. **The current statistical standards lack guidance regarding the fact that a market participant can assume several roles (broker-dealer, broker-trader, trader-dealer, etc.).** In most cases, these roles are not explicitly recognized. In the case of financial institutions that fulfill such roles simultaneously, it is often not possible for the institution itself to identify for which transactions it is acting as a dealer and for which as a broker or trader. As a result, it should not be assumed that all operations of market participants recognized as dealers generate margins.

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<sup>2</sup> *ESA 2010, MSITS 2010.*

<sup>3</sup> Paragraph 10.122 of the *BPM6*. Annex I of this Guidance Note (GN) lists methodological information available in the statistical manuals and compilation guides.

4. **Specific guidance would be necessary to calculate the implicit margins for the most common traded instruments as trading in each of those instruments displays different propensities to generate margins:**

- **Trading in equities does not typically generate margins.** Equities can be purchased either in primary or secondary markets. In both cases, margins are typically not generated as only explicit fees are charged during the transactions. There are, however, secondary market situations in which trading in equities can generate margins.
- **Trading in bonds often generates margins.** For primary bond issuances that work largely as initial public offerings, there is little scope for generation of margins. For secondary markets, government bonds are often traded by a set of recognized dealers or commercial or investment banks. Corporate bonds are also traded over-the-counter (OTC) by dealers (commonly large investment banks). Therefore, it is expected that bonds are traded in a way that can generate margins.
- **Foreign exchange trading usually generates margins.** However, the inter-bank competition is expected to erode the spread earnings.
- **Financial derivatives are traded in a way that generates margins.** Financial derivatives can be traded in organized exchanges or OTC. OTC markets are characterized by dealers acting as market-makers by quoting prices at which they will purchase and sell a financial instrument. Generally, trades are executed between participants without others having information on the actual transaction price.

5. **The bid-ask spread is relevant information for the compilation of margins on buying and selling transactions; however, a one-size-fits-all bid-ask spread does not seem to be an appropriate proxy for estimating margins.** The width of bid-ask spreads is influenced by the number of market participants, the type of relationship between the parties (dealer-dealer typically presents lower spreads whereas dealer-client the opposite), the value of the transactions, negotiating power of clients, etc. The counterpart may also be part of the company with which the transfer takes place and as a result internal transfer prices may apply. Overall, each transaction has its own price and transactions will most likely not be characterized by a one-size-fits-all bid-ask spread. Transaction by transaction bid-ask spreads would be required for an accurate compilation of margins.

6. **The geographical and sectoral breakdown of margins on transactions by dealers is difficult to compile, primarily because it is related to the residency and sector classification of the clients and not the issuer of the traded instrument.** It is, however, possible through “Know Your Customer” regulations to determine the residency of trading partners.<sup>4</sup>

7. **In summary, margins can be very difficult to accurately compile.** This is usually due to the fact that (a) not all instruments are traded in a way that generates margins; (b) not all transactions by dealers generate margins; (c) bid-ask spreads may be very different for each transaction in part; and (d) the geographical and sector allocation of this service is complex to accurately determine.

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<sup>4</sup> This GN addresses the question of how margins should be treated. Compilation issues will need to be addressed in compilation guides, providing guidance on issues such as approaches in jurisdictions where measurement is burdensome or challenging, or where margin volumes are likely to be negligible.

8. **It is worthwhile to reassess in the context of the update of the manuals whether the benefit of developing an estimate in line with the methodological requirements would outweigh its implementation cost and the limited reliability of such estimates (when sufficient resources are not available).** In practice, under the current standards there are many economies for which the cost of estimating this item is prohibitively high relative to the quality or the materiality of the outcome. As a result, many economies (for instance in the European Union) are not estimating margins based on anecdotal evidence that the item is not sufficiently relevant in the corresponding economy or are only providing estimates of low accuracy.

9. **However, the compilation of quality estimates of margins is still possible where sufficient resources are available:**

- **From the side of the provision of services/earnings, a survey with main dealer companies can facilitate a sufficiently accurate compilation of margins, their sectoral counterparts, and their geographical allocation.** However, dealers may not be able to identify the proportion of their transactions that generate margins, or the bid-ask spread. Several estimation methods are available in combination with “Know Your Customer” regulations, **but a sufficiently accurate estimation implies high costs for reporters and compilers.**
- **On the uses/expenditure side, compilation is even more challenging since all institutional sectors can consume and import this service.** An all-encompassing survey covering all institutional sectors would be necessary to identify the level of margins expenditure but could still focus on large financial players. Regardless of the design, size, and population surveyed, it may be useful to benchmark the results against bilateral data from other statistical compilers in order to confirm the results, in particular due to the challenges associated with estimating the expenditure side.

10. **It may however be possible for some statistical compilers to capture only net spread earnings (earnings net of spending), as opposed to gross earnings and spending as described above, due to the existing collection systems or due to the accounting systems of their reporters.** However, this may force a national compiler to include, for instance, net spread earnings only on the export side, likely resulting in asymmetries in bilateral data.

11. **As many economies currently do not estimate margins, a potential methodological change to no longer include this item under services would obviously not result in any revisions to their official data.** This is the case of Luxembourg, where an analysis of STATEC<sup>5</sup> revealed that, on the export side, margins are not relevant for most financial industry players who are actually working based on commission. On the import side, it was not possible to determine the relevance. Dropping this item from the standards would be inconsequential for such economies.

12. **On the other hand, margins are a recognized implicit service charge of high relevance for some countries.** In the case of the United Kingdom, during the period 1991–2020, the share of margins out of the total exports of financial services was estimated to range between 9 percent and 37 percent (with a median of 22 percent). Like the United Kingdom, for economies where this item is relevant (i.e., major financial centers), a discontinuation of the methodological requirement for margins would result in

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<sup>5</sup> Institut national de la statistique et des études économiques du Grand-Duché de Luxembourg.

sizeable revisions and alterations of the services and current account balances. Removing this item from the standards would impact the relevant aggregate for countries for which margins are relevant while not affecting the countries for which it is not.

## ISSUES FOR DISCUSSION

***Issue—How should the guidance provided in the international standards on estimating margins on buying and selling transactions be updated?***

13. **On the provision of service side (earnings), an accurate method to estimate this item is via a direct data collection for the total value of margins and an estimation method for the corresponding counterpart breakdown.** While this approach can prove resource intensive, the method is expected to yield acceptable results.

14. **The compilation on the uses side (spending) may require more complex methods, as all institutional sectors can potentially consume margins.** An all-encompassing survey for all institutional sectors could overburden statistical compilers and respondents; a survey of large financial institutions is then expected to be the path followed by most compilers, even if a direct collection would be the methodologically sound approach. Given the myriad of actors involved on the uses side, this strategy will probably yield a result with unknown quality.

15. **Not devoting sufficient resources may result in a limited quality of the estimates.** But at the same time, due to the significant cost of compiling this item, a balance needs to be struck between the effort and resources employed and the quality of the result.

16. **To the knowledge of the drafting team, there are currently no compilers who use a pure direct data collection strategy.** A mixed approach may be more appropriate (that is, employing data from surveys where available that could be benchmarked and enhanced with additional external data). For example, Annex II provides a description of the UK mixed approach and the US estimation-based strategies.

17. **These approaches may become particularly relevant in the future when the availability of granular/micro data increases for national compilers.** There is a reasonable expectation that these types of data would become more widely used in the compilation of macroeconomic statistics.

18. **The following options are considered:**

**Option A:** There is no need to include changes in the guidance on margins on buying and selling transactions either in the updated manuals or the compilation guides.

**Option B:** Margins on buying and selling transactions should continue to be included as a financial service in the updated manuals with a clearer explanation of the relevant concepts. Also, updated compilation guides should include a recommendation on compilation options (i.e., survey-based, estimation, and/or mixed approach) and a materiality threshold that allows national agencies not to compile this item, so recognizing that this item may not be very relevant in some countries while its compilation could be costly.

## SECTION II: OUTCOMES

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19. **The drafting team recommends Option B.** Current international statistical standards do not represent sufficiently the complexity of the current financial landscape as to what concerns margin generating/consuming behaviors. While the standards clearly explain what margins are, there is a need at least for further explanations and clarifications as detailed above, including compilation guidance. Option A is therefore not recommended.

20. **While the updated manuals should focus more on conceptual issues, it would be useful if the standards make some reference to compilation strategies as well because the compilation of this item would be challenging.** There is therefore a need to follow Option B and update the standards to enhance some of the guidance and provide a clearer path towards estimation, to be further detailed in compilation guides. A compilation method that would yield accurate results should address the following:

- Not all transactions performed by institutions that are classified as dealers generate margins.
- A one-size-fits-all bid-ask spread would not yield accurate results due to unique nature of each transaction.
- There is no mention in the current manuals of the need for disentanglement between the issuer of an instrument and the counterpart in each transaction. It should not be assumed that the issuer of an instrument is the same as the counterpart holding and dealing in that instrument.
- Overall, the manuals should acknowledge that compilation approaches can focus on direct data collection, estimation, or a mixed approach. Survey-based models are expected to be more costly. When it comes to estimation-based models, a list of assumptions that could be used should be made available.
- The experience of European countries as shown by the [ECB quality report](#) has been challenging with an outstanding recommendation to all EU countries to improve the sources and methods for this particular item.
- Notwithstanding the challenges associated with the compilation of this item, it is undeniable that this is a service item. Therefore, there is a need for compilers to attempt to estimate it.
- Given that this item may not be relevant for countries that are not financial centers, Option B should allow for a materiality principle taking into account the following:
  - The materiality threshold could allow to implicitly record this item in the relevant category in the financial account in cases where the relative size of this item in services is small and does not justify the high efforts to properly compile the item.
  - The final report of the ECB's Working Group on External Statistics Virtual Group on the estimation of this item recommended a careful analysis in the context of the update of the manuals in order to establish whether the efforts associated with this item may not in fact outweigh its benefits, already showing that a materiality exemption may be appropriate.
  - Now, some European countries generally do not estimate this item at all or compile with some weaknesses in view of the challenges mentioned above in this note. This, however, reflects the landscape of currently available sources. There is currently a movement towards increasing the

availability of transaction-by-transaction data which may facilitate access to the necessary data required for the estimation of this item. It may be therefore possible at some point in the future to provide more accurate estimates, even if now for a majority for national compilers these data remain inaccessible.

21. **Members of the Financial and Payments Systems Task Team (FITT) showed diverse views as to what would be the most practical approach to record margins.** Nevertheless, nearly all agreed in principle that margins were an implicit service charge. Indeed, some members noted that Option B is consistent with decisions made when the 2008 SNA was finalized and that dropping the treatment of this item as a service item in new manuals would be a step backward. On the other hand, some members suggested dropping this item from the non-financial accounts and recording it implicitly in the financial account, citing compilation challenges and, in some cases, the extremely small quantitative significance of margins in their economies. As a result, the authors decided to include a materiality threshold in Option B allowing compiling agencies not to estimate this item when it is deemed not materially relevant.

#### ***Questions for Discussion***

- 1) *Do you agree with the assessment that currently margins on buying and selling transactions require a significant level of effort to reach a reliable quality of the estimate?*
- 2) *Which one of options (A or B) do you support?*
- 3) *Do you have any other comments on the GN?*



## Annex I. Methodological information Available in the Statistical Manuals and Compilation Guides

### BPM6

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3.90 When securities are quoted on markets with a buy-sell spread, the midpoint should be used to value the instrument. The spread is an implicit service of the dealer, paid by buyers and sellers (see paragraphs 10.122–10.123). Similarly, positions in financial assets and liabilities denominated in foreign currency should be valued using the midpoint at close of business between the buying and selling rates on the reference date.

8.13 The value of financial instruments should be recorded exclusive of any commissions, fees, service charges, regulatory levies, and taxes, whether charged explicitly, included in the purchaser's price, or deducted from the seller's proceeds. Commissions and dealers' margins, as discussed in paragraphs 10.120–10.123, are payable in return for the provision of financial services, so they should be excluded from the instrument price and included in services, where applicable. Therefore, the buyer and seller record financial account transactions, at the same mid-price, that is, the midpoint between the buyer's price and the seller's price

10.122 Dealers or market-makers in financial instruments may charge, in full or part, for their services by having a spread between their buying and selling prices. Dealers, market-makers, foreign exchange bureaus, and other intermediaries producing this kind of service are distinguished from other traders by the existence of a buy-sell spread, which shows that they serve the market in a somewhat similar way to a wholesaler, by providing liquidity and inventory. Foreign exchange, shares, bonds, notes, financial derivatives, and other financial instruments are often bought and sold in this way.

10.123 The dealers' service charges are included indistinguishably in the financial transactions to which they relate. In such cases, the difference between the reference price and the dealer's buying price at the time of purchase represents the service charge to the seller. Similarly, the difference between the reference price and the dealer's selling price at the time of sale represents the value of the service provided to the buyer. The reference price is usually a mid-price between the buying and selling prices; some dealers may have their own internal price for determining their buying and selling prices. In contrast to the reference price, the prices actually paid or received include the financial service component. By using the reference price at the time of purchase or sale, any holding gains or losses on the dealer's trading activity are excluded from services. The service can also be measured by applying the dealers' average margin as a percentage to the value of transactions through dealers.

### BPM6 COMPILATION GUIDE

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12.106 This type of service is often related to the activities of dealers in financial instruments such as foreign exchange, shares, bonds, financial derivatives, and other financial instruments. The dealers' charges often are included indistinguishably in the financial transactions to which they relate—that is, the amounts actually paid or received. The service charge that is to be separated from the actual amount paid for the financial transactions is calculated as the difference (margin) between the reference price and the dealer's buying price at the time of purchase, and the difference between the reference price and the

dealer's selling price at the time of sale. The reference price is usually a mid-price (i.e., an average—see ahead) between the buying and selling prices.

12.107 Debt securities such as bills and bonds are often traded on organized markets (see Chapter 10). A service charge is levied when securities are acquired and sold by brokers/financial institutions. The service charge represents in each case the margin added to the estimated market value of the security that makes up the purchase price (or ask price) or the price offered to the seller (the bid price). Prices of securities may change rapidly, and to avoid including holding gains and losses in the estimation of the service margins, it is important to calculate the margins on sales and purchases in terms of mid-prices. The mid-price of a security is the average at a given point in time between the bid and ask price. Thus, the margin on the purchase of a security is one half of the difference between the bid and ask prices of the security at the time of the purchase, and the margin on the sale is the other half of the difference between the bid and ask prices of the security.

12.108 As stated in Chapter 3 of the *BPM6*, transactions denominated in foreign currencies should be converted at midpoint rates applicable at the times of the transactions. When a transactor sells or buys foreign currency to or from a foreign exchange dealer (or bank), the dealer will buy at the buy rate and sell at the sell rate. Dealers derive income from the difference (or spread) between buy and sell rates. The *BPM6* recommends use of the midpoint rate because the spread reflects the provision of services. If actual buy and sell rates were used to measure transactions, a distortion could be recorded in balance of payments numbers.

12.109 For example, a dealer sells 100 units of foreign currency to importers (to pay for imports) for 101 units of domestic currency, buys 100 units of foreign currency from exporters for 99 units of domestic currency, and thereby makes a profit of 2 units of domestic currency. If importers and exporters converted their international trade transactions by using the relevant sell and buy rates, the following transactions would be recorded in the balance of payments:

	Credit	Debit
Goods	99	101
Net errors and omissions	2	

12.110 In the foregoing example, it is assumed that the dealer converted transactions at the midpoint rate; if the dealer also used the buy and sell rate, the offsetting item would be recorded as a transaction in external financial assets. Nevertheless, an apparent deficit in goods would be recorded in spite of the fact that the economy paid, in foreign currency terms, exactly the same amounts for both imports and exports.

	Credit	Debit
Goods	100	100
Net errors and omissions		

12.112 If foreign exchange dealers and their counterparts are residents of different economies, service transactions equal to differences between actual buy or sell rates and the midpoint rate should be recorded in the balance of payments of transactor economies. For example, if a foreign exchange dealer

in economy A sells 100 units of foreign currency to a resident of economy B for 102 units of domestic currency (financial services exports of 2 units to B), and a dealer in economy A buys 100 units of foreign currency from residents of economy C for 97 units of domestic currency (financial services exports of 3 units to C), the following transactions should be recorded in the balance of payments of economy A:

	Credit	Debit
<b>Financial services</b>		
<i>Provided to economy B</i>	2	
<i>Provided to economy C</i>	3	
	<b>Net acquisition of financial assets</b>	<b>Net incurrence of liabilities</b>
<b>Financial account</b>		
<i>Other investment</i>		
<i>Currency and deposits</i>		
<i>Of economy B*</i>		-102
<i>Of economy C**</i>		97
*It is assumed that economy B purchases the foreign exchange with domestic currency that is held in accounts with banks in economy A.		
**It is assumed that economy C deposits the domestic currency received into accounts with banks in economy A.		

12.114 The direct collection of information on balance of payments transactions attributable to foreign exchange trading may be difficult. Resident consumers of the services are unlikely to know the values of those services implicitly purchased from non-resident dealers, and, in many cases, resident dealers will be unable to supply information on services provided to non-residents. A data model, which would enable the compiler to calculate estimates of foreign exchange services by multiplying the average spread between midpoint and buy/sell rates by the volume of foreign exchange transactions with non-residents, may have to be used. Information on spreads could come from discussions with dealers. Information on volumes of foreign exchange transactions could be obtained either from the institution responsible for supervising and regulating the foreign exchange market or from market participants. The compiler may also consider consulting the statistics collected by the BIS from central banks on the triennial global survey on foreign exchange and derivative market activity. The frequency of the BIS survey is relatively low; however, it could provide useful information as a reference point.

12.115 When a resident dealer transacts with a non-resident other than a dealer, a financial service credit entry should be recorded. When a non-resident dealer transacts with a resident other than a dealer, a financial service debit entry should be recorded. When a foreign exchange transaction occurs between a resident dealer and a non-resident dealer, transactions may occur at the midpoint between buy and sell prices, with neither dealer selling services to the other. At other times, one dealer will act as the price-maker (producer) and the other will be a price-taker (consumer). In economies where such transactions are significant, the compiler should endeavor to identify separately those transactions in which the resident dealer is the price-maker (service credits are recorded) from those in which the dealer is the price-taker (service debits are recorded).

12.116 In practice, many transactions in balance of payments recordings may be reported at buy and sell rates; thus, errors are introduced into the accounts. Such errors may not have a significant impact in the current account unless the economy is a major provider of foreign exchange services to non-residents. However, in the financial account, such errors could have a significant impact in economies where the turnover of transactions is high. Therefore, the compiler should examine reporting practices and make adjustments to the accounts (or publish findings) when serious misreporting occurs.

### **MANUAL ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES 2010 (MSITS 2010)**

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3.195. Dealers or market-makers in financial instruments may charge, in full or part, for their services by having a spread between their buying and selling prices. The dealer and the market-maker are distinguished from other traders by the existence in their case of a buy-sell spread, which shows that they serve the market somewhat like wholesalers by providing liquidity and inventory.

3.196. Foreign exchange, shares, bonds, notes, financial derivatives, and other financial instruments are often bought and sold in this way. For example, the invoiced price of a security may include a charge for the brokerage service provided, as well as charges for the international transfer of foreign currency. Although such services are difficult to record, estimates should be included in financial services, if possible.

3.197. In such cases, the difference between the reference price and the dealer's buying price at the time of purchase represents the service charge to the seller. Similarly, the difference between the reference price and the dealer's selling price at the time of sale represents the service to the buyer.

3.198. The reference price is usually a mid-price between the buying and selling prices; however, some dealers may have their own internal price for determining their buying and selling prices. In contrast with the reference price, the prices actually paid or received include the financial service component. By using the reference price at the time of purchase or sale, any holding gains or losses on the dealer's trading activity are excluded from services. The service can also be measured by applying the dealers' average margin as a percentage to the value of transactions through dealers.

### **MSITS 2010 COMPILERS GUIDE**

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14.149. Among financial services provided without explicit fees, margins on buying and selling are regarded as service charged by securities dealers. In theory, margins are identifiable for each transaction within securities dealers. Thus, one way is to process such micro data if they can be collected. Another way, which appears more realistic, is to estimate margins on an aggregate basis, for example by multiplying their transaction volumes by spread ratio. Transaction volumes can be obtained from financial accounts of balance of payments statistics and spread ratio can be obtained from financial market data providers. *BPM6 CG* Chapter 12 paragraphs 114–116 provide additional detail on the data collection for such services.

## 2008 SNA

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6.174 Although no property income flows are involved, margins between buying and selling prices also apply to purchases of foreign currencies (including transactions denominated in foreign currencies such as payments for imports and exports as well as the acquisition of physical notes and coins of a foreign currency). Again, these margins should be treated as the provision of financial services in a manner similar to that described for securities.

## ESA 2010

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3.73 When a financial institution offers a security (e.g., bill or bond) for sale, a service charge is levied. The purchase price (the ask price) is equal to the estimated market value of the security plus a margin. Another charge is levied when a security is sold, the price offered to the seller (the bid price) being equal to the market value minus a margin. Margins between buying and selling prices apply also to equities, investment fund shares and foreign currencies. These margins are for the provision of financial services.

## Annex II. Country Experiences

### UK Compilation Strategy

1. The Bank of England (BoE) collects aggregate data for trading margins generated by UK monetary financial institutions (MFIs) via a quarterly survey using the Form PL. Form PL collects a breakdown of income and expenditure including both explicit and, in the case of trading margins, implicit fees. Form PL was first introduced in 2004 to meet evolving national accounts and balance of payments requirements. The reporting of trading margins (reported on Form PL as net spread earnings) has improved over the course of time with improvements to both data quality and coverage. A degree of discretion is allowed with firms having a reporting exemption if they believe their aggregate trading margin income amounts to less than £25 million a quarter. In recognition of the challenges firms face when reporting trading margins, the BoE is flexible on how the firms derive their quarterly estimates. The current methodologies for calculating net spread earnings on transactions are:

- (i) The direct capture method: this is the difference between the sale/purchase price and the “mid-market” price for all transactions as it directly captures the spread on all transactions. This margin multiplied by the volume traded gives the net spread earnings on the transaction.
- (ii) It is understood that management records may not collect the mid-market price, but some MFIs do record the price at which their Treasury unit does a deal with their sales unit; in this case this “trader’s price” (the price quoted to the trader by their Treasury unit) is used as an approximation for the mid-market price. This method assumes the price available to the Treasury unit, and thus quoted to the Trader, reflects easier access of the MFI to the markets and is thus an estimate of the “mid-market price” on which a margin may be applied.
- (iii) Finally, where MFIs are unable to determine a mid-market price on the above two bases, they estimate the net spread earnings based on appropriate management information. By this we specifically mean information that aims to measure the contribution of sales activity in the trading business. We accept methods of estimation based on these data provided that MFIs use these figures internally for management accounting purposes—for example sales margin amounts used as a guide for remuneration purposes.

2. Net spread earnings are reported for foreign exchange, securities, and derivatives. The counterparty breakdown for each sub-instrument is estimated by the Bank using sources such as the Bank’s semi-annual survey of turnover in the foreign exchange and over-the-counter derivatives market. The BIS Triennial Survey of Foreign Exchange and Over-The-Counter Derivatives is used to help monitor margin reporting ensuring margin reporting on Form PL is broadly reflective of the turnover in the BIS survey.

### US Compilation Strategy

3. In contrast to the UK, the US estimates margins. Although the U.S. Bureau of Economic Analysis (BEA) conducts extensive surveys of financial services, the US conclusion was that it was unlikely that companies engaging in making markets and earning income from margins would be able to provide usable data on this point.

***More details can be found here:***

[Annual Update of the U.S. International Transactions Accounts, Survey of Current Business, July 2020  
\(bea.gov\)](#)