ISDA, International Swaps and Derivatives Association

NEWS RELEASE  
For Immediate Release

**ISDA Statement on INET Paper**

**NEW YORK, June 19, 2018** – The International Swaps and Derivatives Association, Inc. (ISDA) has published the following statement on a [new paper published by the Institute for New Economic Thinking](https://www.ineteconomics.org/uploads/papers/WP_74.pdf).

“Swaps transacted on a guaranteed or non-guaranteed basis in the US or Europe are subject to clearing, margining, capital and other requirements that increase transparency and mitigate risk. The so-called ‘loophole’ referred to in the paper simply reflects that some European counterparties prefer for their financial transactions to be governed by EU regulations, which are very similar to those in the US.

“The issue raised in the paper is [not new](https://www.isda.org/2015/08/31/summer-reading/) and has been discussed extensively. It seems clear that the paper is designed to rehash old criticisms and ignore the very real progress that has been made in increasing the resilience, transparency and safety of global and US derivatives markets. This includes implementation of clearing mandates (approximately 75% of total interest rate derivatives notional outstanding is now cleared globally, according to the Bank for International Settlements), mandatory reporting obligations, the obligation to post high-quality collateral on non-cleared derivatives and higher capital requirements.

“The claim that ISDA documentation enabled banks to de-guarantee is simply not true. The document referred to was a letter that allowed firms to disclose their legal status to their counterparties, and so establish which rules would apply. The standard letter as published allows firms to disclose their legal status, not change their legal status.”

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**About ISDA**

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient.

Today, ISDA has over 900 member institutions from 68 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers.

Information about ISDA and its activities is available on the Association's website: [www.isda.org](http://www.isda.org). Follow us on Twitter @ISDA.

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