



NEWS RELEASE
For Immediate Release

**ISDA Publishes Mid-Year 2012 Market Analysis:
Compression Continues to Impact Notional Amounts Outstanding;
FRA Clearing Increases Significantly**

NEW YORK, December 20, 2012 – The International Swaps and Derivatives Association, Inc. (ISDA) published today its analysis of the over-the-counter (OTC) derivatives market based on June 30, 2012 statistics.

According to the ISDA analysis:

- Adjusted volumes of OTC derivatives declined by 5.3 percent from \$440.1 trillion at year-end 2011 to \$416.9 trillion at June 30, 2012. The adjustment takes into account double-counting of cleared transactions and excludes the volume of foreign exchange (FX) contracts.
- Adjusted volumes for interest rate derivatives products – which includes interest rate swaps (IRS), forward rate agreements (FRAs), and interest rate options – fell 5.8 percent from December 2011 to \$341.2 trillion. Adjusted volumes for IRS alone fell 6.2 percent during this time period.
- Compression continues to impact the level of OTC derivatives outstanding. During the first half of 2012, \$25.7 trillion (net) of interest rate swaps and \$2.5 trillion (net) of CDS were compressed. Cumulative compression activity in the IRS and credit default swap (CDS) markets has reduced notionals by just under \$230 trillion (net).
- About 54.2 percent of the adjusted IRS volume was centrally cleared as of June 30, 2012. Compression impacted the percentage of cleared IRS outstanding, reducing the ratio of cleared IRS to total IRS from 63.7 percent.
- During the first half of 2012, clearinghouses began to clear significant volumes of FRAs. At June 30, 2012, there were \$64.3 trillion of FRAs outstanding and 43.2 percent of the FRA market was cleared, up from 2.8 percent at year-end 2011.

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“Outstanding OTC derivatives volumes continue to be impacted by two key industry initiatives: compression, which reduces notional amounts outstanding, and clearing, which increases outstanding volumes,” said Robert Pickel, ISDA Chief Executive Officer. “In addition, as the Market Analysis demonstrates, OTC derivatives credit exposure continues to be reduced significantly – by over 99% of notional – through netting and collateralization.”

ISDA’s Market Analysis helps market participants and others gain better insight into underlying market activity and trends by integrating market data to show the impact of clearing, netting, compression and collateral on notional amounts and risk exposures in the over-the-counter (OTC) derivatives markets. The full ISDA OTC Derivatives Market Analysis is available on the [ISDA website’s Research section, under Studies](#).

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About the ISDA OTC Derivatives Market Analysis

ISDA produces its Market Analysis to correspond with the release of the Bank for International Settlement’s (BIS) semi-annual statistical release. The BIS’s most recent release covered the period ending June 30, 2012.

ISDA’s reporting aims to integrate market data to show the impact of clearing, netting, compression and collateral on notional amounts and risk exposures in the over-the-counter (OTC) derivatives markets. Counterparty credit losses from the Office of the Comptroller of the Currency (OCC) report are also presented.

The Market Analysis draws on information sources including LCH.Clearnet’s SwapClear, TriOptima, the DTCC Trade Information Warehouse, Markit, ICE, CME, ISDA’s 2012 Margin Survey and other clearinghouses and trade vendors.

About ISDA

Since 1985, ISDA has worked to make the global over-the-counter (OTC) derivatives markets safer and more efficient. Today, ISDA is one of the world’s largest global financial trade associations, with over 840 member institutions from 59 countries on six continents. These members include a broad range of OTC derivatives market participants: global, international and regional banks, asset managers, energy and commodities firms, government and supranational entities, insurers and diversified financial institutions, corporations, law firms, exchanges, clearinghouses and other service providers. Information about ISDA and its activities is available on the Association's web site: www.isda.org.

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