



NEWS RELEASE
For Immediate Release

ISDA Publishes OTC Derivatives Market Analysis

NEW YORK, Thursday, May 26, 2011 – The International Swaps and Derivatives Association, Inc. (ISDA) published today a new analysis of the over-the-counter (OTC) derivatives market based on year-end statistics published by the Bank for International Settlements (BIS) and LCH.Clearnet’s SwapClear.

According to the analysis, the level of cleared interest rate swaps exceeded 50 percent of interest rate swap notional outstanding at the end of 2010, up from 21 percent at year-end 2007. Over the same time frame, the volume of uncleared interest rate swaps outstanding declined from \$201 trillion to \$116 trillion, a decrease of \$85 trillion or 42 percent.

“The strong commitment of ISDA and market participants to make the OTC derivatives markets safe and efficient is evidenced by the increased use of central counterparty clearing and the continuing reduction in uncleared volumes,” said Conrad Voldstad, ISDA CEO. “Further progress in this area lies ahead as we look to expand central clearing while ensuring that the financial strength, risk standards and governance of clearinghouses remain extremely strong.”

The ISDA analysis also revealed that the level of OTC derivatives notional outstanding, excluding FX derivatives, and adjusting for the impact of clearing, declined by 12 percent from \$475 trillion at year-end 2007 to \$419 trillion at year-end 2010. The decline reflects the impact of the industry’s portfolio compression efforts, which has reduced notional outstanding by approximately \$137 trillion during the three-year time span. The decline in notional amount outstanding does not necessarily indicate a change in new OTC derivatives market activity. In addition, netting and collateral reduce the gross market value of OTC derivatives transactions by 95 percent. Expressed as a percentage of notional outstanding, gross credit exposure after netting and adjusted for collateral is approximately 0.2 percent.

“Portfolio compression (or tear-ups) has had a significant impact on outstanding volumes as market participants look to reduce credit risk,” said Mr. Voldstad. “The industry’s collaborative work on documentation, netting and collateral is also having a major impact in reducing risk in our markets.”

The full ISDA OTC Derivatives Market Analysis is available on ISDA's website [here](#).

-more-

For More Information, Please Contact:

Deirdre Leahy, ISDA New York, +1 212 901 6021, dleahy@isda.org

Donna Chan, ISDA Hong Kong, +852 2200 5906, dchan@isda.org

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 800 member institutions from 56 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.

ISDA® is a registered trademark of the International Swaps and Derivatives Association, Inc.