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NEWS RELEASE
For Immediate Release

GFMA, IIF and ISDA Statement on the Fundamental Review of the Trading Book (FRTB) Framework issued today by the Basel Committee on Banking Supervision

WASHINGTON, January 14, 2016 – The Global Financial Markets Association (GFMA), the Institute of International Finance (IIF) and the International Swaps and Derivatives Association (ISDA) have issued the following statement on the Fundamental Review of the Trading Book (FRTB) framework issued today by the Basel Committee on Banking Supervision (BCBS):

“GFMA, IIF and ISDA share the Basel Committee’s goal of ensuring the safety and soundness of the global financial system, which is critical to enhancing investor and consumer confidence, and economic growth. We have remained supportive of BCBS’s work throughout the G20-mandated post-crisis programme and have continued to do so during the Fundamental Review of the Trading Book.

“In our preliminary review, we appreciate the technical revisions that have been made to the framework and also commend the BCBS for its commitment to review the rules over time, incorporating outputs from other important regulatory initiatives, such as treatment of sovereigns and simple, transparent and comparable securitizations.

“Overall, we are concerned that despite the BCBS’s reiteration not to significantly increase overall capital requirements, trading book capital will increase by 40% under the new rules based on the BCBS’s impact assessment. We worry that the rules may have a negative effect on banks’ capital markets activities and reduce market liquidity.

“Further impact assessment needs to be run to assess if the gap between the standard and internal models based capital outcomes is reasonable, considering the BCBS’s future work on standardized floors.

“We will be reviewing the rules in depth with our members and look forward to continued discussion with the BCBS to ensure the FRTB meets its original goals.”

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About GFMA

The Global Financial Markets Association (GFMA) brings together three of the world's leading financial trade associations to address the increasingly important global regulatory agenda and to promote coordinated advocacy efforts. The Association for Financial Markets in Europe (AFME) in London and Brussels, the Asia Securities Industry & Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in New York and Washington are, respectively, the European, Asian and North American members of GFMA. For more information, visit <http://www.gfma.org>.

About IIF

The Institute of International Finance is the global association of the financial industry, with close to 500 members from 70 countries. Its mission is to support the financial industry in the prudent management of risks; to develop sound industry practices; and to advocate for regulatory, financial and economic policies that are in the broad interests of its members and foster global financial stability and sustainable economic growth. Within its membership IIF counts commercial and investment banks, asset managers, insurance companies, sovereign wealth funds, hedge funds, central banks and development banks. For more information visit www.iif.com.

About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 850 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.

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