

NEWS RELEASE
For Immediate Release

ISDA Publishes Principles for US/EU Trading Platform Recognition

LONDON, February 24, 2016 – The International Swaps and Derivatives Association, Inc. (ISDA) today published a set of principles for achieving comparability determinations between US and European Union (EU) trading platforms.

The paper analyzes the regulatory frameworks in the US and EU, with the aim of determining whether EU trading platforms should be deemed comparable with those in the US. Underpinning the analysis is the principle that regulators should focus on broad outcomes and similarities, rather than conduct a granular, rule-by-rule comparison of the two frameworks.

In the EU, the revised Markets in Financial Instruments Directive and associated regulation (MIFID II/MIFIR) will introduce a requirement for certain derivatives to be traded on EU trading venues. In comparison, trade execution rules are already in place in the US, following the introduction of the swap execution facility (SEF) regime in October 2013. Under current rules, US persons can only trade on platforms that have registered as SEFs, subject to Commodity Futures Trading Commission (CFTC) oversight.

“Both the US and the EU have developed comprehensive regulations on trade execution and trading platforms. Our analysis shows there are many similarities between the SEF rules in the US and MIFID II/MIFIR in the EU, which will hopefully pave the way for the recognition of EU platforms. However, a lack of recognition could lead to fragmentation between US and European markets,” said Scott O’Malia, ISDA’s Chief Executive.

The paper argues that the CFTC should follow the principles outlined in a cross-border report published by the International Organization of Securities Commissions, and focus on similarities when making comparability determinations. If EU trading venues are determined to achieve the same objectives and protections set out in core principles for SEFs established by the US Congress, then the CFTC should allow those venues to be exempt from SEF registration and compliance with the SEF rules. Once deemed to be comparable, swap counterparties should be able to trade products subject to the US trading mandate on an EU trading venue, regardless of their US-person status.

A full version of the paper is available on the [‘Functional Areas’ section of the ISDA website under ‘Public Policy’](#).

For Press Queries, Please Contact:

Nick Sawyer, ISDA London, +44 203 088 3586, nsawyer@isda.org

Lauren Dobbs, ISDA New York, +1 212 901 6019, ldobbs@isda.org

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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 850 member institutions from 67 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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