ISDA® Safe, Efficient Markets

28th Annual General Meeting
April 23-25, 2013
Singapore

Derivatives In Asia: Poised for Growth

Robert Pickel
Chief Executive Officer
ISDA

9:15 AM, Thursday, April 25, 2013

The Asian OTC Derivatives Market

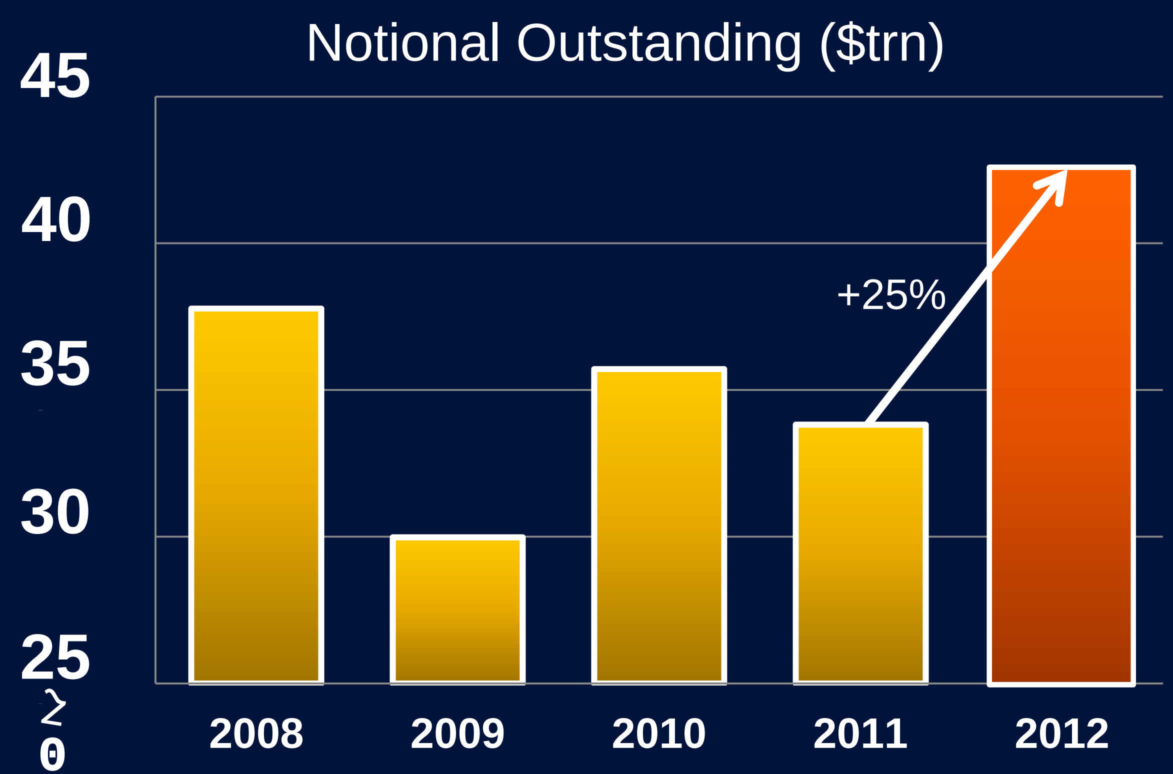
- Report prepared by Oliver Wyman's Celent division, commissioned by ISDA
- Analyzes the size and characteristics of the region's OTC derivatives markets, based on data and a survey of participants
- The analysis and conclusions are Celent's alone; ISDA had no editorial control over the report contents.

Market size

In 2012 there was

$42.6 trillion

notional outstanding in Asian OTC derivatives in FX, Interest Rates, Equity Linked, Commodities and CDS (ex-portfolio compression)



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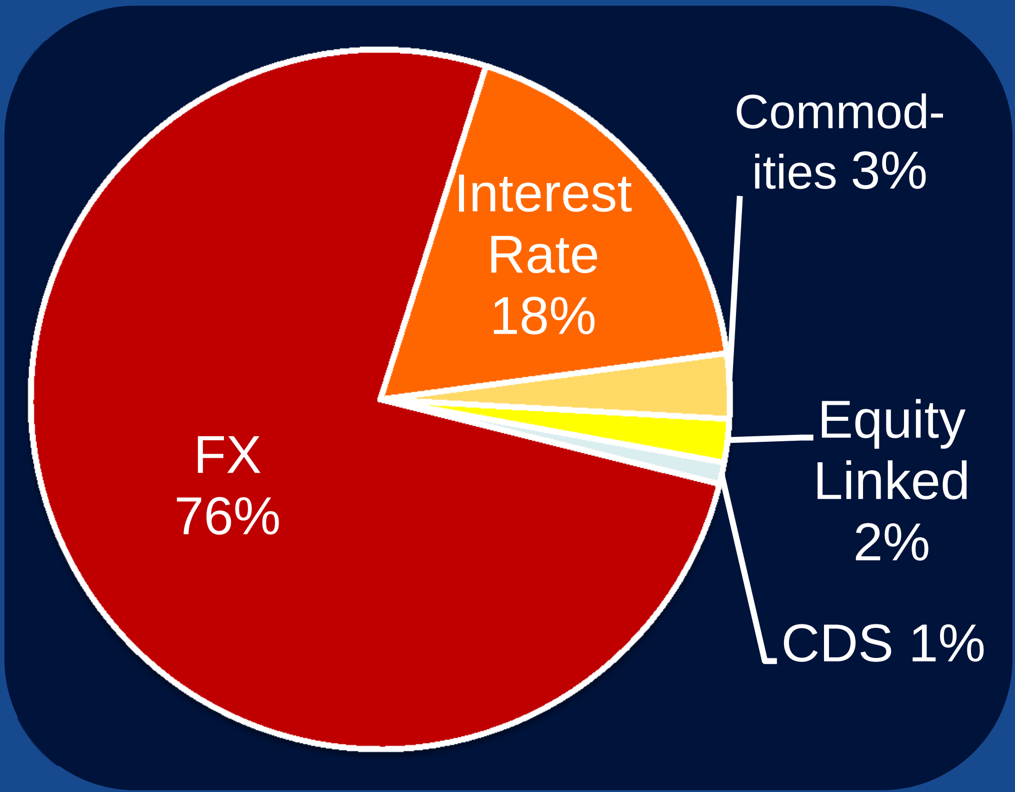
Dominance of FX

Share of turnover



- FX commands three-quarters of the market; why such dominance?
- Each country has its own currency regimes, capital controls and currency management regulations, driving the need for hedging currency exposure.
- Global and regional firms in Asia have operations in and financing needs from other countries
- Repatriation of funds from offshore bond issues

Product leaders

Share of product turnover

	FX	IRD	Equity-Linked	Commodities	CDS
Singapore	43%	32%	33%	60%	56%
Australia	24%	44%	26%	38%	20%
Hong Kong	15%	5%	34%	1%	24%
total	**82%**	**81%**	**93%**	**99%**	**100%**

China, India, Indonesia, Malaysia, New Zealand, South Korea, Taiwan each account for no more than 6% of product turnover in any given asset class

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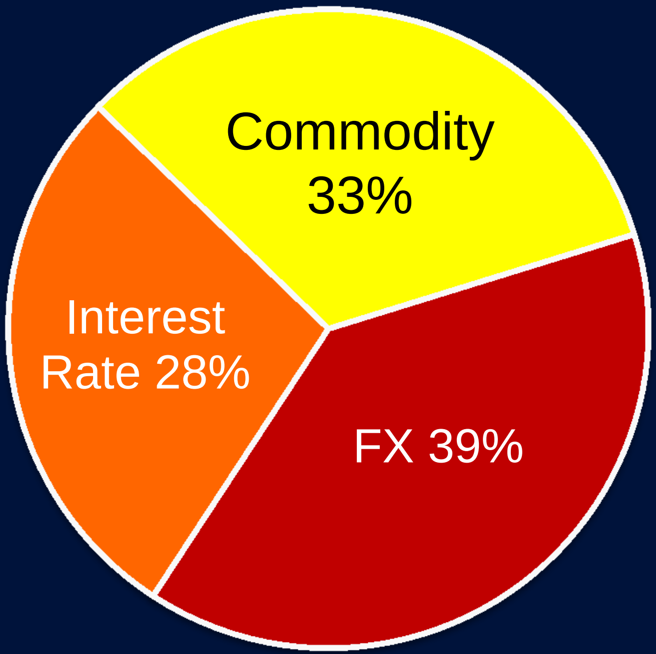
Top 25 Asian Corporates, FY2012

- Fair value holdings shows a more equitable split between top three asset classes, which more closely reflects the real Asian economy
- Increased importance of commodity derivatives: energy and manufacturing sectors are key
- IRD important to telecoms and other services
- CDS and Equity-linked usage is minimal



Excludes banks in Australia, China and India

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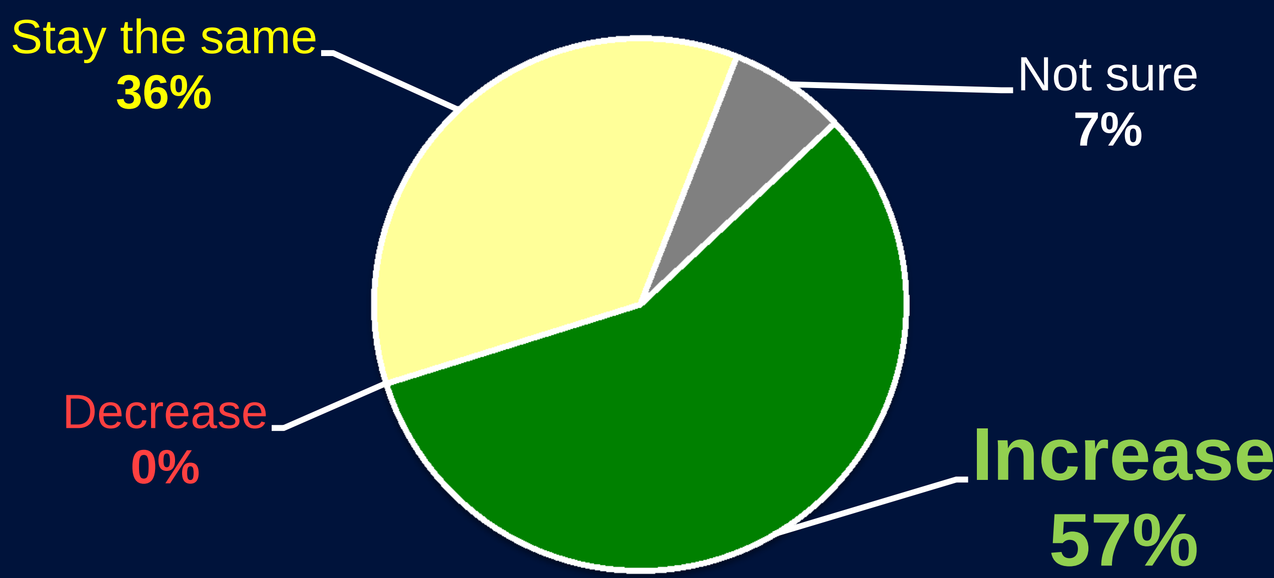
More usage going forward

Over the next few years, do you expect that your use of OTC derivatives will stay the same, increase or decrease?



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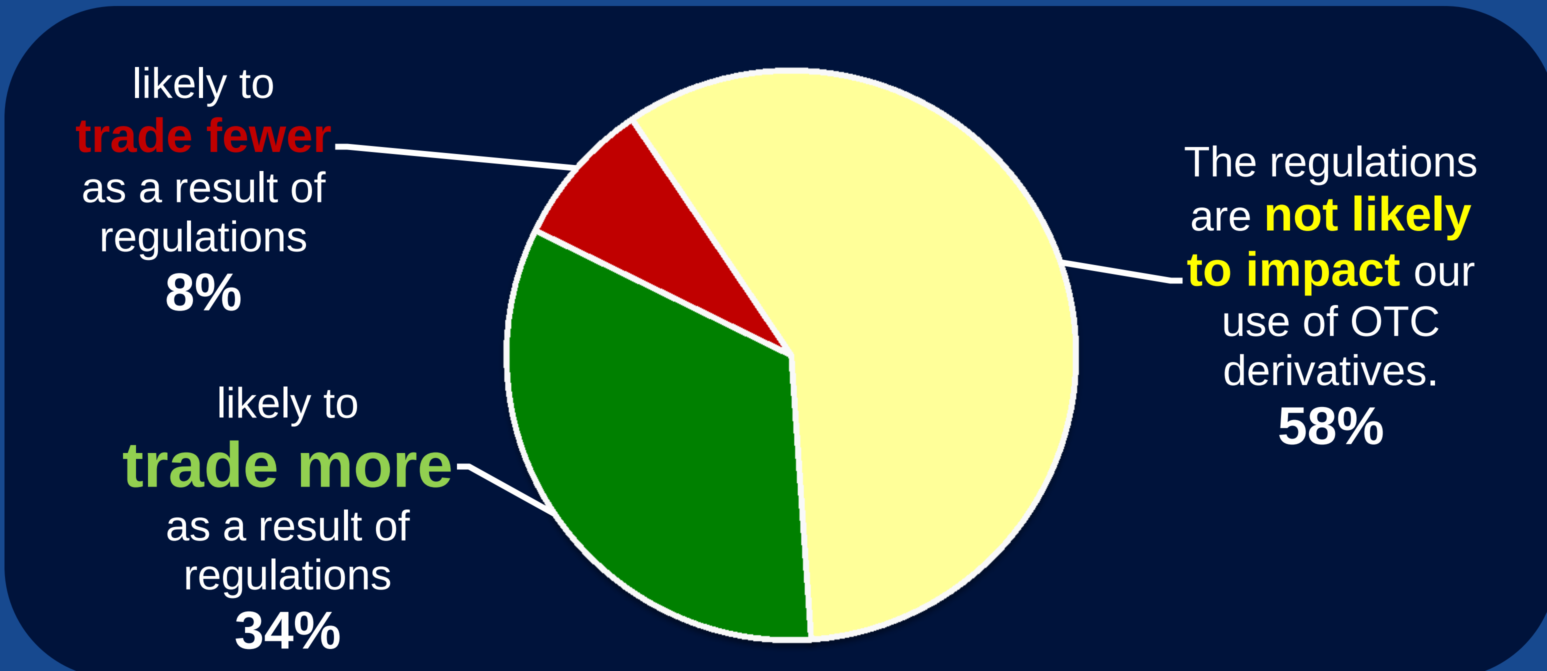
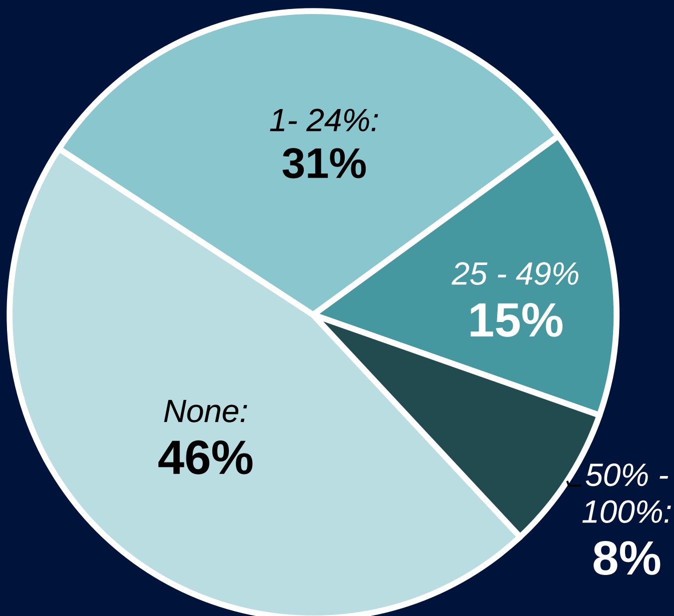
Regulatory impact

How will new regulations globally (mandated CCP clearing etc.) impact your use of OTC derivatives and trading volumes?

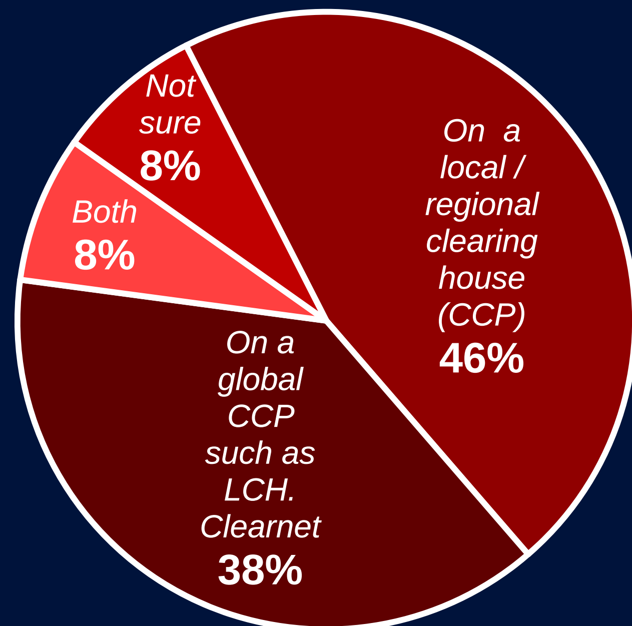


Central clearing: current and expected

What percentage of your transactions are centrally cleared at the present time?



As you use central clearing, where do you expect to clear?



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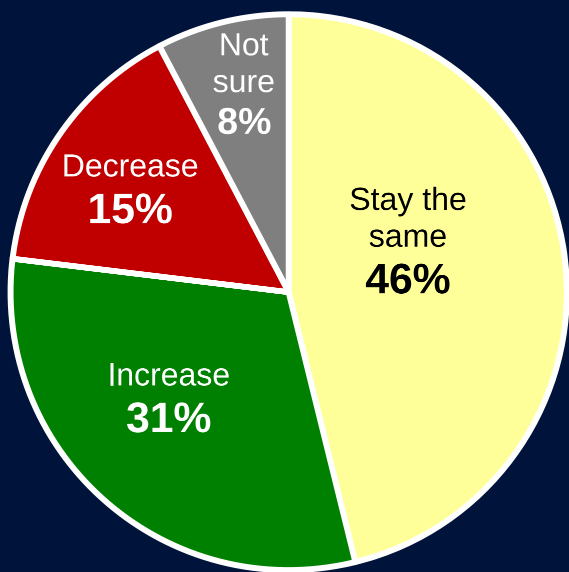
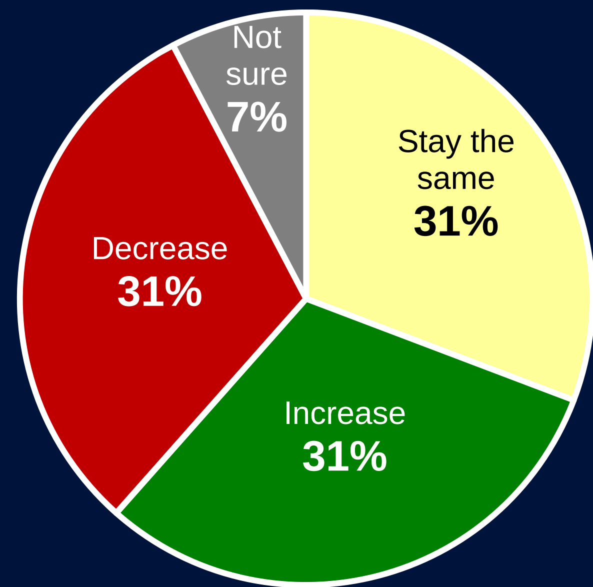
Use of cleared and non-cleared

Over the next few years, do you expect that your use of centrally cleared OTC derivatives will stay the same, increase or decrease?



Do you expect that your use of non-centrally cleared OTC derivatives will stay the same, increase or decrease?



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