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ISDA - INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.

**NEWS RELEASE**

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**ISDA Develops Three-Layered Governance Structure for Derivatives Industry Market Practice and Post-trade Activities**

**NEW YORK, Tuesday, December 1, 2009** – The International Swaps and Derivatives Association, Inc. (ISDA) today announced that it has developed a governance structure for the privately negotiated derivatives industry’s market practice and post-trade activities. The industry’s governance structure determines its relationships with other stakeholders, including regulators and vendors, as well as other infrastructure providers.

Two underlying and fundamental principles of the governance structure relate to where responsibility and ownership lie for the strategic direction of market practice and post-trade activities, and which groups are responsible for liaising with regulators, and at what levels.

“The magnitude and pace of change and re-engineering in the market practice and post-trade arenas have precipitated the need for ISDA to form a governance structure that provides oversight to the agenda of work and development,” said Robert Pickel, Executive Vice Chairman, ISDA. “By emphasizing such a structure, the industry believes it can represent both sell- and buy-side interests in a cohesive and comprehensive manner to the regulatory community.”

The industry governance structure is a three-layered structure comprising of the following:

* Layer 1: The ISDA Industry Governance Committee (IIGC). While many of the industry commitments are operational in nature, many have significance beyond the operations discipline, and this has led to the formation of the IIGC. The IIGC is at the head of the governance structure and will oversee all strategic market practice and post-trade issues in the privately negotiated derivatives market. The Committee will have strong buy-side representation.

* Layer 2: The Steering Committees (SCs).  The SCs consist of four committees related to individual asset classes, specifically, rates, equities, credit and commodities, and two which operate at the cross-product level, specifically; operations and collateral. These groups draw authority and receive strategic direction and guidance from the IIGC regarding all issues that cannot be resolved at this level.  Each of the product-related SCs brings senior business management representation at the asset class level focusing on business and market practice issues. The Operations and Collateral SCs are made up of senior figures from those fields.

* Layer 3: The Implementation layer. The Implementation layer is comprised of the Implementation Groups (IGs) and the Working Groups (WGs).  These groups are responsible for the tactical implementation and delivery of the agenda determined for the industry by the IIGC and the SCs.

In addition to the discussion on the various dimensions of each governance layer, the document includes decision-making provisions relating to voting, chairships, record-keeping and de-selection.

ISDA published the OTC Derivatives Industry Governance document after extensive consultations with its members and industry constituents, such as the Securities Industry and Financial Markets Association (SIFMA) and the Managed Funds Association (MFA). ISDA will update this document as changes occur in the market place that impact industry governance.

The document, as well as accompanying organizational charts, is available on ISDA’s website: [www.isda.org](http://www.isda.org/).

**About ISDA**

ISDA, which represents participants in the privately negotiated derivatives industry, is among the world’s largest global financial trade associations as measured by number of member firms. ISDA was chartered in 1985, and today has over 830 member institutions from 58 countries on six continents. These members include most of the world’s major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities.  Information about ISDA and its activities is available on the Association's web site: [www.isda.org](http://www.isda.org/).

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