



INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.

NEWS RELEASE

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ISDA Commends Industry in Achieving Buy-side Access to CDS Clearing

NEW YORK, Monday, December 14, 2009 — The International Swaps and Derivatives Association, Inc. (ISDA) today commended the privately negotiated derivatives industry's success in achieving buy-side access to central clearing of credit default swaps (CDS) by December 15, as stipulated by industry commitments made to regulators.

“Throughout 2009, ISDA has worked with both the buy-side and the sell-side communities to promote industry-wide dialogue and coordinated solutions to facilitate buy-side access to CDS clearing by December 15,” Eraj Shirvani, ISDA Chairman and Head of Fixed Income EMEA at Credit Suisse. “Our active involvement in achieving this goal demonstrates that ISDA and the industry remain committed to increasing operational efficiency and reducing the sources of risk in the privately negotiated derivatives business.”

On June 2, ISDA, through the ISDA Board Oversight Committee (IBOC)* and the Operations Management Group (OMG)*, and in collaboration with other trade associations and market participants, submitted a letter to industry regulatory groups. The letter outlined commitments towards strengthening the resilience and robustness of the OTC infrastructure through changes in risk management, processing and transparency.

Industry commitments in the June 2 letter included increased reporting of trades in centralized repositories, clearing of derivative products, delivery of robust collateral and margining processes, and updates to the industry governance structure. One of the industry's clearing commitments stated the industry's goal to achieve buy-side access to

CDS clearing (through either direct CCP membership or customer clearing) with customer initial margin segregation and portability of customer transactions no later than December 15, 2009.

Buy-side clearing is now active for credit default swaps. For those buy-side firms without direct access to a clearinghouse, CDS clearing is achieved via a clearing member.

ISDA has worked continuously towards achieving buy-side access to central clearing. Notable developments of 2009 include:

- **Report on CCP Buy-Side Access to Centralized CDS Clearing**
On June 30, ISDA jointly submitted a report with market participants and industry associations to industry supervisors and regulators, regarding buy-side access to CCPs. The report was the end product of a working group comprised of eight dealer and eight buy-side representatives and coordinated through IBOC. The “distilled” version of the report set forth a statement of the industry’s analysis of the specific issues of segregation of and the portability of custom CDS positions and related margin in the event of a clearing member default.
- **Common Principles Document for Give-Up Agreements for Central Clearing**
On November 10, ISDA published a set of recommended common principles intended to guide documentation for give-up agreements across CCPs or clearing houses. The principles address the following areas: fallbacks in the event of rejection for clearing, ability to reject trades, reduction of trading limits, and determinations of market decisional bodies in relation to CCPs.

ISDA will continue to review and develop industry wide standards and documentation to further facilitate buy-side access to central clearing.

* As part of the newly developed governance structure for the privately negotiated derivatives industry, IBOC has been replaced by the ISDA Industry Governance Committee (IIGC), and OMG by the Operations Steering Committee (OSC).

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.

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