



NEWS RELEASE
For Immediate Release

ISDA Comments on EC's Proposal for a Financial Transaction Tax

NEW YORK, Thursday, September 29, 2011 – The International Swaps and Derivatives Association, Inc. (ISDA) today commented on the European Commission's proposal for a financial transaction tax (FTT) in the 27 Member States of the European Union.

ISDA believes that an FTT would be harmful to the financial sector and corporates alike. The derivatives industry provides important risk management tools helping to achieve growth in the economy. It serves a variety of large, medium and small corporations and entities, which use derivatives products to manage interest rate, currency, credit and counterparty risks. ISDA is concerned that the FTT will ultimately increase the costs of hedging those risks. We believe that managing such risks is essential for the long-term economic growth and recovery of European economies.

In addition, introducing new taxes on the financial sector also risks reducing the capital base of financial institutions at a time when regulators are demanding higher capital buffers. If the additional cost is simply passed on to customers, this would act as a barrier to accessing the financial markets, as well as restricting liquidity (and therefore increasing volatility) in those markets.

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About ISDA

Since 1985, ISDA has worked to make the global over-the-counter (OTC) derivatives markets safer and more efficient. Today, ISDA is one of the world's largest global financial trade associations, with over 825 member institutions from 57 countries on six continents. These members include a broad range of OTC derivatives market participants: global, international and regional banks, asset managers, energy and commodities firms, government and supranational entities, insurers and diversified financial institutions, corporations, law firms, exchanges, clearinghouses and other service providers. Information about ISDA and its activities is available on the Association's web site: www.isda.org.

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