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For Immediate Release

OTC Derivatives Markets Poised for Growth in Asia, According to Report Published at ISDA's 28th Annual General Meeting

SINGAPORE, April 23, 2013 – The over-the-counter (OTC) derivatives markets are poised for further growth in Asia, according to a report published today by the International Swaps and Derivatives Association, Inc. (ISDA) at the outset of its 28th Annual General Meeting, which is being held in Singapore. The report, *The Asian OTC Derivatives Markets*, was prepared for ISDA by Celent, a division of Oliver Wyman.

According to the report, 57 percent of Asian end-users believe their use of OTC derivatives will increase in the next couple of years and 36 percent said it will stay the same.

"OTC derivatives are and will remain vital risk management and hedging tools for corporations, investment managers, governments and financial institutions in the region and around the world," said Stephen O'Connor, ISDA Chairman and Managing Director at Morgan Stanley. "ISDA is committed to ensuring market participants continue to realize the benefits of OTC derivatives by working with them and global policyholders to build safe, efficient markets."

Over 700 attendees are expected at ISDA's 28th AGM, drawn from the Association's more than 800 members around the world. This includes members from 12 countries in the Asia-Pacific region: China, Hong Kong, India, Indonesia, Kazakhstan, Korea, Malaysia, Pakistan, Philippines, Singapore, Taiwan and Thailand. In addition, ISDA has offices in Hong Kong, Singapore and Tokyo. This is ISDA's second AGM in Singapore, the first being in 2006. Other recent ISDA AGM venues in the region include Beijing in 2009 and Tokyo in 2003.

"With approximately 10 percent of ISDA's global membership headquartered in the Asia-Pacific region, our presence in Asia is substantial and it continues to grow," said Robert Pickel, ISDA Chief Executive Officer. "Initially, our focus in Asia meant Board representation from Japan, active committees in the region and regulatory outreach. Now, we have had Board members from Hong Kong, Singapore, China and Australia and established offices throughout the region."

The Celent report issued by ISDA at the AGM analyzes the size and scope of the Asia OTC derivatives markets (Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Singapore, South Korea, and Taiwan). The report also discusses the steps taken by these countries to respond to global calls to reform the OTC derivatives segment. Several of its more important conclusions include:

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- In 2012, the overall size of the Asian OTC derivatives market was US\$42.6 trillion in notional outstanding. This figure includes OTC derivatives in foreign exchange (FX), interest rates, equity, commodities and credit default swaps (CDS), but does not account for the impact of portfolio compression. Portfolio compression, or trade tear-ups, reduces notional outstanding.
- After the global financial crisis in 2008, notional declined in 2009 before rising in 2010 and 2011. Notional outstanding spiked in 2012 (over 25 percent from 2011 to 2012), resulting in a five-year CAGR of 3.1 percent.
- Annual turnover in the Asian OTC derivatives markets measured US\$186 trillion in 2012, up sharply from 2009 and 2010. Turnover has increased at a 2.2 percent CAGR from 2008-2012. OTC FX derivatives accounted for over 80 percent of the 2008-2012 growth in turnover in Asia with interest rate derivatives a distant second at 18 percent.
- FX derivatives are by far the most frequently used product in Asia, accounting for 76 percent of the turnover in 2012. Interest rate derivatives are a distant second at 18 percent of the Asian turnover. Shares of other asset classes – including commodity swaps, equity swaps and CDS -- are in the single digits.
- Australia, Hong Kong and Singapore are leaders in OTC derivatives in the region. Australia and Singapore combined account for over two-thirds of the FX activity by turnover, with Singapore by far the biggest market (over 40 percent of the turnover).

The full paper *The Asian OTC Derivatives Markets* is available on the [ISDA website](#).

ISDA's 28th Annual General Meeting: Singapore

With a full agenda for attendees, this year's AGM will include leading industry executives and public policy makers, such as:

- Ng Nam Sin, Assistant Managing Director, Development Group, Monetary Authority of Singapore
- Wilson Ervin, Vice Chairman, Group Executive Office, Credit Suisse Group AG
- William Coen, Deputy Secretary General of the Basel Committee on Banking Supervision, Bank for International Settlements

AGM sessions and panels include:

- Fireside chat on the future of the global OTC derivatives markets led by ISDA Chairman Stephen O'Connor and accompanied by Martin Chavez of Goldman Sachs and Joel Kim of BlackRock Asset Management
- What Can We Learn from the New Transparency?
- The Future of Cleared and Non-Cleared Swaps
- Global Derivatives Business Issues

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- Legal & Documentation: The Role of Derivatives Lawyers in the New World
- The Future of Systemic Issues in the Financial World
- Where Are We on Implementation?
- Specialist Sessions on Regulatory and Documentation Aspects of Business Conduct Requirements, the Growing Importance of Data in the Derivatives World, Risk and Regulatory Capital, and an Update on ISDA Product and Collateral Steering Committees

A full agenda of AGM 2013 is available at: <http://agm.isda.org/>.

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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 has over 800 member institutions from 60 countries. These members include a broad range of OTC 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 including exchanges, clearinghouses 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 web site: www.isda.org.

About Celent

Celent is a research and advisory firm dedicated to helping financial institutions formulate comprehensive business and technology strategies. Celent publishes reports identifying trends and best practices in financial services technology and conducts consulting engagements for financial institutions looking to use technology to enhance existing business processes or launch new business strategies. With a team of internationally experienced analysts, Celent is uniquely positioned to offer strategic advice and market insights on a global basis. Celent is a member of the Oliver Wyman Group, which is part of Marsh & McLennan Companies [NYSE: MMC].

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