

NEWS RELEASE
For Immediate Release

ISDA AGM to Highlight Economic Value of OTC Derivatives

Survey Finds Derivatives Are Important to Almost 90% of End-Users' Risk Strategy

MUNICH, April 8, 2014 – The International Swaps and Derivatives Association, Inc. (ISDA) today published the results of a survey of end-users on issues and trends in the over-the-counter (OTC) derivatives markets. The release of the survey comes on the eve of ISDA's 29th Annual General Meeting in Munich, which will feature panels of academics, end-users and market leaders discussing the value and uses of these risk management tools.

According to the survey, the demand for OTC derivatives by end-users remains very strong. Eighty-six percent of the survey respondents believe that OTC derivatives are very important or important to their risk management strategy. More than three quarters expect to increase or maintain their current level of derivatives activity during the second quarter of 2014. A small fraction said they expected that their use of OTC derivatives would decrease.

A total of 245 firms responded to the survey. Forty-two percent were non-financial corporates and 49% were financial institutions (insurers, finance companies, asset managers and bank end-users). Forty-five percent were headquartered in Europe and 41% were headquartered in the US.

"As the OTC derivatives market continues to evolve amidst significant changes, it is clear that end-users around the world want and need the ability to use these instruments to manage the risks arising from their business and financing activities," said Stephen O'Connor, ISDA Chairman. "ISDA is committed to ensuring that this most important of constituencies continues to realize the benefits of OTC derivatives by working with them and with global policymakers to build safe, efficient markets."

Among the survey highlights:

- Most end-user respondents (57%) agree that the financial system is safer today than before the financial crisis. The top factor in enhancing safety is tighter credit risk management, which was identified by 86% of respondents as either very important or important. Reduction of leverage (76%) and capital requirements (79%) also rated highly. Central clearing mandates (32%), trade execution requirements (34%) and transaction reporting requirements (30%) were seen as less important.

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- Nearly three quarters (74%) of end-users believe the new electronic trade execution requirements for OTC derivatives in the US and Europe will have a positive effect on transparency. But more end-users believe it will have a negative rather than positive impact in three key areas: price, liquidity and ease of use.
- Sixty-eight percent of end-users believe the new financial landscape is increasing costs related to hedging and 81% believe it is increasing administrative burdens.
- Nearly half (47%) agree that market fragmentation is occurring along geographic lines as a result of the regulatory framework that is being put in place in key jurisdictions. Sixty-one percent of those who believe the market is fragmenting think it is having a negative impact on their firm's ability to manage risk. Eighty-three percent of those who see the market fragmenting believe it is increasing costs of OTC derivatives.

The ISDA survey is the first in what is expected to be an ongoing initiative to research and assess the views of global derivatives end-users. This segment of market participants constitutes approximately 40% of ISDA's membership. The complete survey results are available on [ISDA website's Research section under Surveys](#).

ISDA's 29th Annual General Meeting: Munich

900 attendees are expected at ISDA's 29th AGM, drawn from the Association's more than 800 members around the world. With a full agenda for attendees, this year's AGM will include presentations from ISDA's Board of Directors, as well as other leading industry executives, public policy-makers and academics, including:

- Jean Pierre Mustier, Deputy General Manager, UniCredit, Head of Corporate & Investment Banking
- Dr Elke König, President, Federal Financial Supervisory Authority, BaFin
- Thomas C Deas, Jr, Vice President & Treasurer, FMC Corporation; Chairman, International Group of Treasury Associations
- Ralf Lierow, Senior Financial Manager, Siemens Treasury GmbH
- Prof Dr Ingo Pies, Chair in Economic Ethics, Martin Luther University Halle-Wittenberg
- Dr Betty J Simkins, Professor of Finance and Williams Companies Chair of Business, Oklahoma State University

AGM sessions and panels include:

- The Social and Economic Value of Derivatives and Finance
- End-user Perspectives on Derivatives Growth
- The Many Facets of Capital and its Effect on Derivatives Usage
- Legal & Documentation
- Business Roundtable: Where is the Derivatives Business Headed
- Cornerstones of the New Market Structure: Clearing, Margin, Execution

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- Specialist Sessions on collateral and product steering committees, global regulatory developments, data and reporting, and key legal initiatives

A full agenda of AGM 2014 is available on the [ISDA website](#).

For Press Queries, Please Contact:

Lauren Dobbs, ISDA Munich AGM Office, +49 89 9264 9370, ldobbs@isda.org

Nick Sawyer, ISDA Munich AGM Office, +49 89 9264 9370, nsawyer@isda.org

Donna Chan, ISDA Hong Kong, +852 9312 1311, dchan@isda.org

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 64 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.

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