

NEWS RELEASE
For Immediate Release

ISDA Marks First Anniversary of Dodd-Frank Act: Clearing, Transparency Drive Improvements in OTC Derivatives Markets

NEW YORK, Thursday, July 21, 2011 – At the first anniversary of the Dodd-Frank Act, market participants, policymakers and others are assessing the safety of the over-the-counter (OTC) derivatives markets in light of the legislation as well as efforts the industry has undertaken over the past few years in conjunction with global regulators. The International Swaps and Derivatives Association, Inc. (ISDA) believes the markets are safer and more efficient today, as evidenced by the following:

- First, more OTC derivatives are being cleared. As of the end of June 2011, nearly \$300 trillion of interest rate swaps are centrally cleared. This is up from slightly over \$100 trillion at the end of 2007, and now represents well over 50 percent of the global interest rate swap market. Similarly, the volume of uncleared interest rate swaps has fallen from \$201 trillion at the end of 2007 to \$116 trillion at the end of 2010, the most recent date for which data is available. For both eligible interest rate and credit derivatives, over 90 percent of new transactions are currently being cleared.
- Second, the industry continues to reduce the level of notional outstanding through its compression efforts. TriOptima, which conducts the compression cycles, has just reported compression of \$25 trillion of interest rate and credit default swaps in the first half of 2011. In all, over \$200 trillion of interest rate and credit default swaps have been torn up since TriOptima introduced the service.
- Third, ISDA and the industry have selected vendors to act as trade repositories for all the major asset classes to report trade activity to global regulators. Trade repositories are in place for credit and interest rate products although enhanced reporting requirements for interest rates have mandated a change in vendors going forward. Regulators can see activity and they can see positions of the entities they regulate.

"ISDA strongly supports efforts to make the OTC derivatives markets safer and more efficient," said Conrad Voldstad, ISDA Chief Executive Officer. "With regards to Dodd-Frank, we believe its implementation should be centered initially on safety and soundness issues. Let's finalize the clearing rules and get the trade repositories in place."

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ISDA believes that regulations that dramatically change the method of executing business should be done carefully and over time. It is the proposed rules regarding electronic execution and extraterritoriality that most concern users and dealers alike. ISDA is not convinced the costs imposed by the rules and the likely resulting reduction in liquidity are justified at this time, especially since imposition of these requirements will likely drive business to other jurisdictions.

For More Information, Please Contact:

Deirdre Leahy, ISDA New York, +1 212 901 6021, dleahy@isda.org
Rose Millburn, ISDA London, +44 203 088 3526, rmillburn@isda.org
Donna Chan, ISDA Hong Kong, +852 2200 5906, 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 is one of the world's largest global financial trade associations, with over 800 member institutions from 56 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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