

# ISDA Insight

A survey of issues and trends for the derivatives end-user community.

April 2015  
376 respondents

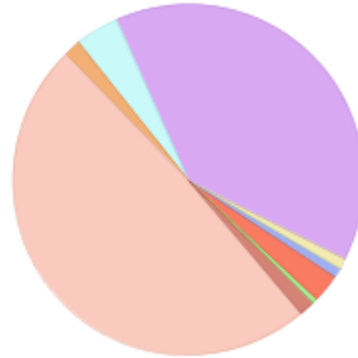
# 1. How would you describe the organization for which you work?



1 - Non-financial corporate	22.07% (83)	2 - Financial institution (bank end-user, insurer, finance company)	31.38% (118)
3 - Asset manager (institutional investor, mutual fund or alternative investment manager)	23.94% (90)	4 - Government/sovereign	6.12% (23)
5 - Energy company	5.85% (22)	6 - Other (please specify)	10.64% (40)

Response: 376

## 2. Where is the organization for which you work headquartered?



1 - Africa	0.54% (2)	2 - Asia-Pacific	2.7% (10)
3 - Australia	0.81% (3)	4 - Eastern Europe	1.08% (4)
5 - Europe	39.08% (145)	6 - Japan	4.04% (15)
7 - Middle East	1.62% (6)	8 - North America	48.79% (181)
9 - South America	1.35% (5)		

Response: 371

### 3. How many derivatives transactions does your firm transact each year?



1 - 0-100	32.15% (118)	2 - 101-500	22.62% (83)
3 - More than 500	36.24% (133)	4 - No opinion/Not sure	8.99% (33)

Response: 367

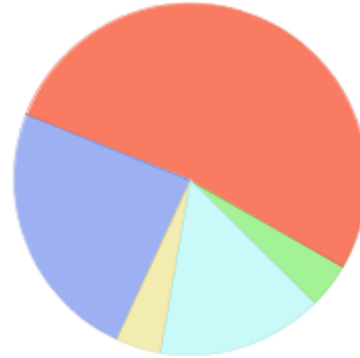
#### 4. Do you agree or disagree that market fragmentation is occurring along geographic lines as a result of the regulatory framework that is being put into place in key jurisdictions?



1 - Yes, the market is fragmenting	54.49% (194)	2 - No, the market is not fragmenting	7.87% (28)
3 - No opinion/Not sure	37.64% (134)		

Response: 356

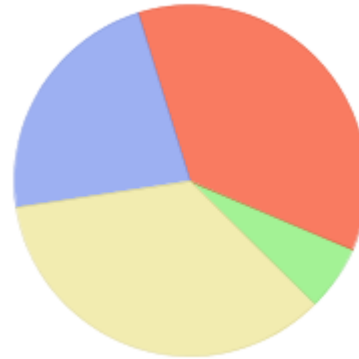
## 5. If you believe that market fragmentation is occurring, then what impact, if any, is it having on your firm’s ability to manage risk?



1 - Strong negative impact	4.19% (8)	2 - Negative impact	52.36% (100)
3 - No impact	24.08% (46)	4 - Positive impact	4.19% (8)
5 - Strong positive impact	0% (0)	6 - No opinion/Not sure	15.18% (29)

Response: 191

**6. Have you noticed any change in derivatives market liquidity over the past year (i.e. number of dealers willing to offer a price, change in bid/offer spreads, or availability of certain products)?**



1 - Liquidity has improved	6.09% (21)	2 - Liquidity has deteriorated	36.23% (125)
3 - Liquidity seems unchanged	22.61% (78)	4 - No opinion/Not sure	35.07% (121)

Response: 345

## 7. How has the cost of hedging via derivatives changed over the past year?



1 - Increased substantially	12.61% (43)	2 - Increased a little	40.47% (138)
3 - No change	15.25% (52)	4 - Decreased substantially	0.29% (1)
5 - Decreased a little	3.52% (12)	6 - No opinion/Not sure	27.86% (95)

Response: 341



## 8. How has the number of derivatives dealers willing to offer a price on your firm's derivatives transactions changed over the past year?

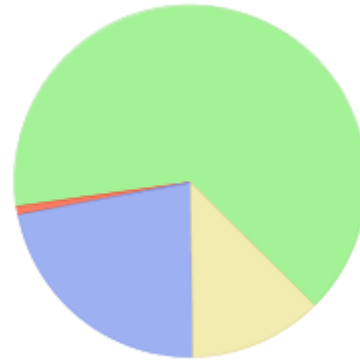


1 - More dealers are willing to offer a price	5.39% (18)	2 - Fewer dealers are willing to offer a price	34.43% (115)
3 - No change in number of dealers willing to offer a price	30.54% (102)	4 - No opinion/Not sure	29.64% (99)

Response: 334

Note: Question 9 is only for those who answered “Liquidity has Deteriorated” to Question 6

### 9. If you believe that liquidity has deteriorated, then what impact, if any, is it having on your firm’s ability to manage risk?



1 - Negative impact	64.75% (79)	2 - Positive impact	0.82% (1)
3 - No impact	22.13% (27)	4 - No opinion/Not sure	12.3% (15)

Response: 122

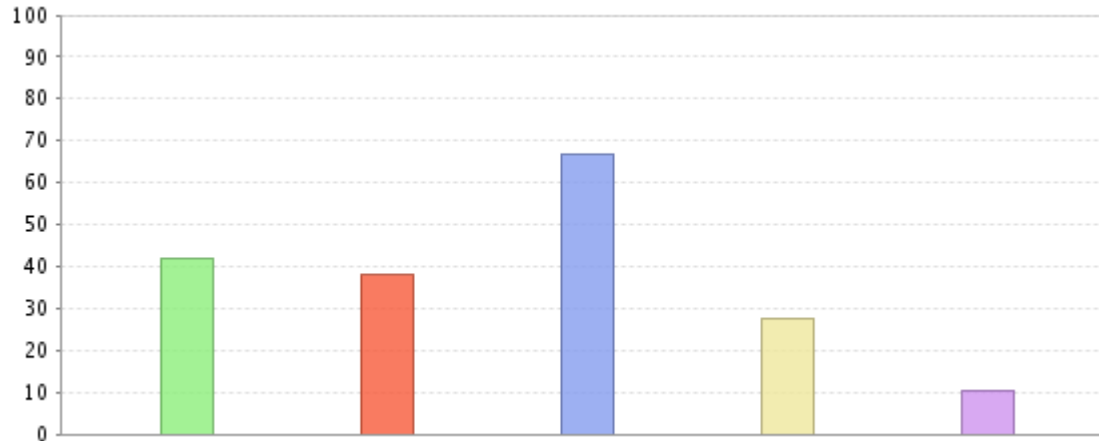
## 10. How important are derivatives (whether cleared or non-cleared) to your firm's risk management strategy?



1 - Very important	53.89% (180)	2 - Important	35.93% (120)
3 - Not important	5.69% (19)	4 - No opinion/Not sure	4.49% (15)

Response: 334

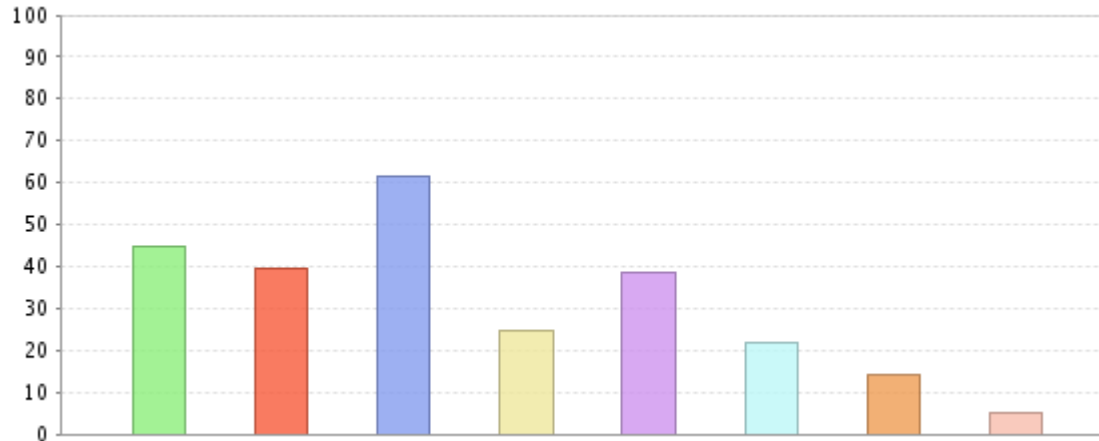
## 11. In what ways are derivatives important to your firm's business and investment decision-making? (Please check all that apply)



<input type="checkbox"/> 1 - Hedging exposures in international markets to maintain and enhance our competitiveness	41.74% (139)	<input type="checkbox"/> 2 - Reducing financing costs and managing the cost of capital that my firm borrows to invest in our business	37.84% (126)
<input type="checkbox"/> 3 - Managing exposures (to currencies, commodities, credit, etc.) so that my firm can maintain and improve pricing, operating expenses and returns	66.67% (222)	<input type="checkbox"/> 4 - Hedging risks of new activities and investments so my firm can effectively invest for growth	27.63% (92)
<input type="checkbox"/> 5 - No opinion/Not sure	10.51% (35)		

Response: 333

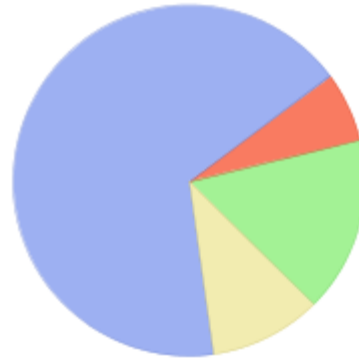
## 12. What are your biggest concerns regarding your ability to use derivatives to manage risk? (Please check all that apply)



1 - Uncertainty about regulations in my firm's principal business regions	44.85% (148)	2 - Concerns about scope of cross-border derivatives regulations	39.7% (131)
3 - Increased costs of hedging	61.52% (203)	4 - Reduced availability of hedging products	24.85% (82)
5 - Fewer dealers to transact with	38.48% (127)	6 - Not ready or able to handle clearing and/or margining of derivatives trades	21.82% (72)
7 - No opinion/Not sure	13.94% (46)	8 - Other (please specify)	5.15% (17)

Response: 330

**13. Looking at the second quarter of 2015, do you expect that your firm's use of derivatives (whether cleared or non-cleared) will increase, decrease or stay the same compared to the previous three months?**



1 - Increase	16.31% (54)	2 - Decrease	6.34% (21)
3 - Stay the same	67.07% (222)	4 - No opinion/Not sure	10.27% (34)

Response: 331