

ISDA Insight

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

January 2015
400 respondents

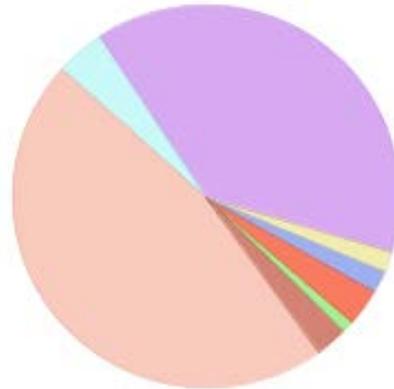
1. How would you describe the organization for which you work?



1 - Non-financial corporate	23.50% (94)	2 - Financial institution (bank end-user, insurer, finance company)	34.25% (137)
3 - Asset manager (institutional investor, mutual fund or alternative investment manager)	22.50% (90)	4 - Government/sovereign	6.00% (24)
5 - Energy company	9.25% (37)	6 - Other (please specify)	4.50% (18)

Response: 400

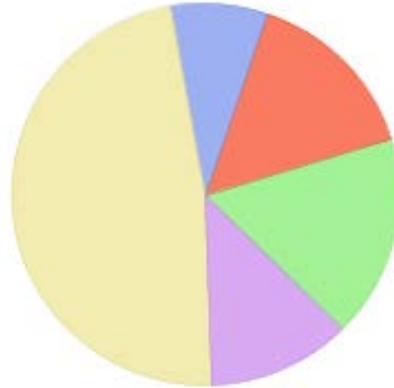
2. Where is the organization for which you work headquartered?



1 - Africa	1.02% (4)	2 - Asia-Pacific	3.31% (13)
3 - Australia	1.78% (7)	4 - Eastern Europe	1.78% (7)
5 - Europe	38.93% (153)	6 - Japan	4.07% (16)
7 - Middle East	0% (0)	8 - North America	46.56% (183)
9 - South America	2.54% (10)		

Response: 393

3. How many OTC derivative transactions does your firm transact each year?



1 - 0-10	17.19% (66)	2 - 11-50	15.10% (58)
3 - 51-100	8.07% (31)	4 - More than 100	47.66% (183)
5 - No opinion/Not sure	11.98% (46)		

Response: 384

4. As an end-user of derivatives, is your firm subject to regulations that mandate the posting of initial margin and variation margin for non-cleared swaps beginning in December 2015?

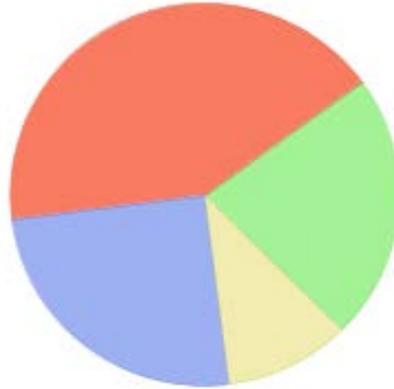


1 - Yes, we are subject to the margin rules	35.83% (134)	2 - No, we are not subject to the margin rules	31.28% (117)
3 - No opinion/Not sure	32.89% (123)		

Response: 374

Note: Question 5 is only for those who answered "Yes" to Question 4

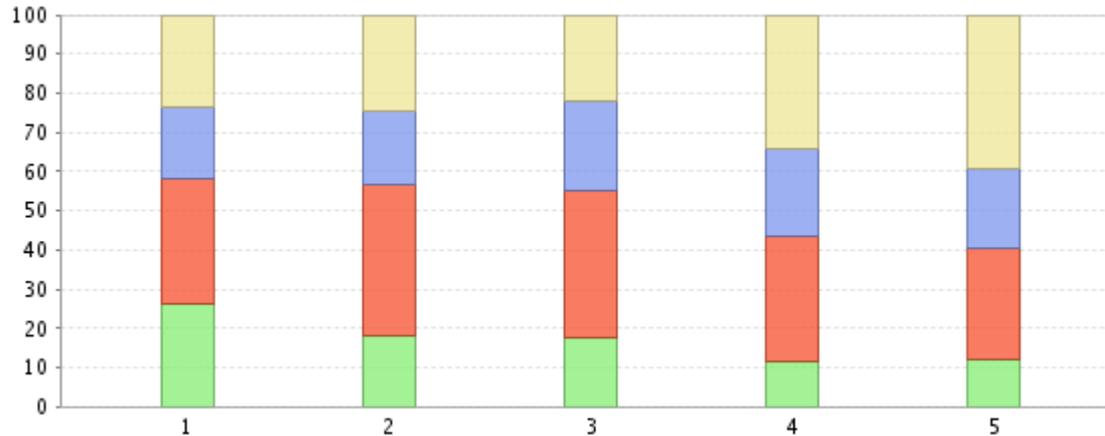
5. If your firm is subject to the margin rules, are you concerned about your ability to comply with the new requirements beginning in December 2015?



1 - Very concerned	22.58% (28)	2 - Somewhat concerned	41.94% (52)
3 - Not at all concerned	25.00% (31)	4 - No opinion/Not sure	10.48% (13)

Response: 124

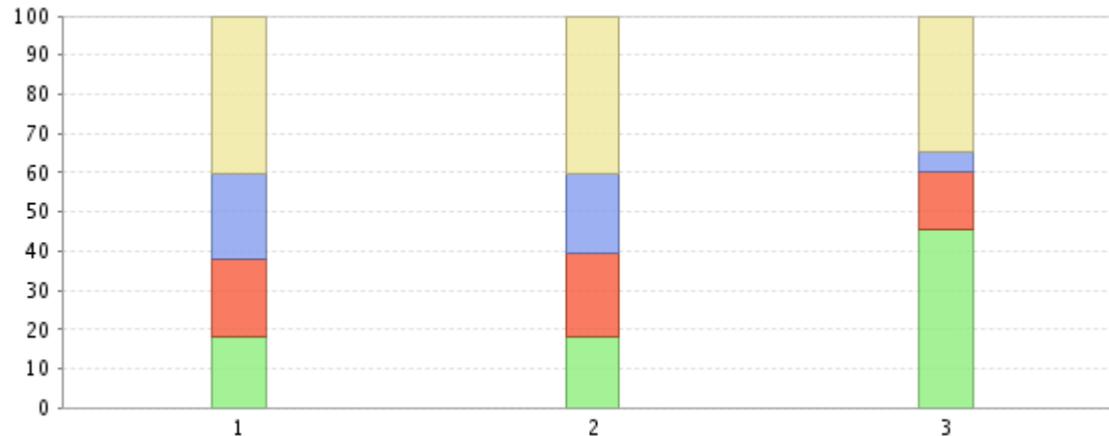
6. What impact is the current state of regulations in the following areas having on your ability to manage risk?



		■ Positive	■ No Impact	■ Negative	■ No opinion/Not sure
1	Clearing	26.38% (86)	31.90% (104)	18.10% (59)	23.62% (77)
2	Trade execution	18.35% (60)	38.23% (125)	18.65% (61)	24.77% (81)
3	Trade reporting	17.65% (57)	37.46% (121)	22.91% (74)	21.98% (71)
4	Margin for non-cleared swaps	11.73% (38)	31.79% (103)	22.22% (72)	34.26% (111)
5	Cross-border harmonization	12.31% (40)	28.00% (91)	20.31% (66)	39.38% (128)

Response: 328

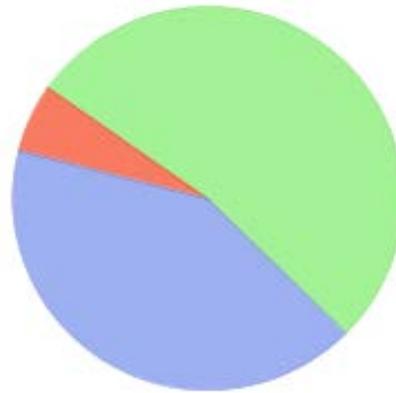
7. What impact will new electronic trade execution requirements for OTC derivatives in the US and Europe have on the following areas?



	Positive ■	No Impact ■	Negative ■	No opinion/Not sure ■
1 Price	18.30% (58)	19.87% (63)	21.45% (68)	40.38% (128)
2 Liquidity	18.35% (58)	20.89% (66)	20.25% (64)	40.51% (128)
3 Transparency	45.37% (142)	14.70% (46)	5.11% (16)	34.82% (109)

Response: 317

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



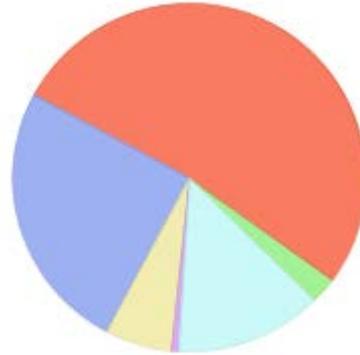
1 - Yes, the market is fragmenting	52.72% (165)	2 - No, the market is not fragmenting	5.75% (18)
3 - No opinion/Not sure	41.53% (130)		

Response: 313

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Note: Question 9 is only for those who answered "Yes" to Question 8

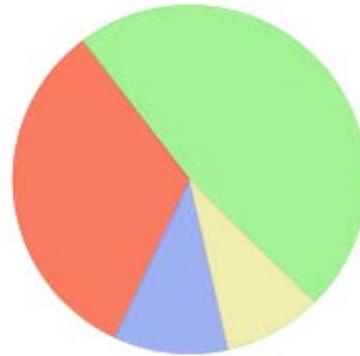
9. If you believe that market fragmentation is occurring, then what impact, if any, is it having on your firm's ability to manage risk?



1 - Strong negative impact	2.45% (4)	2 - Negative impact	52.15% (85)
3 - No impact	25.15% (41)	4 - Positive impact	6.13% (10)
5 - Strong positive impact	0.61% (1)	6 - No opinion/Not sure	13.50% (22)

Response: 163

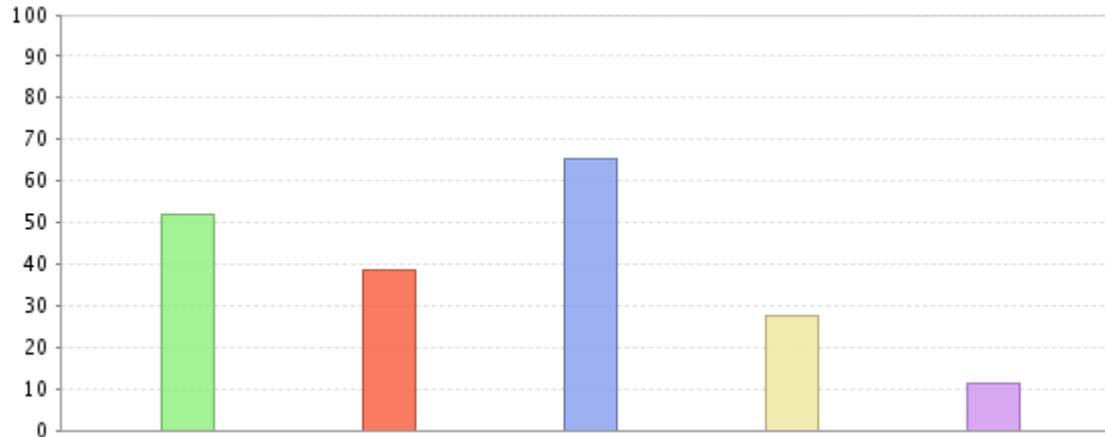
10. How important are OTC derivatives (whether cleared or non-cleared) to your firm's risk management strategy?



1 - Very important	47.92% (150)	2 - Important	32.59% (102)
3 - Not important	10.54% (33)	4 - No opinion/Not sure	8.95% (28)

Response: 313

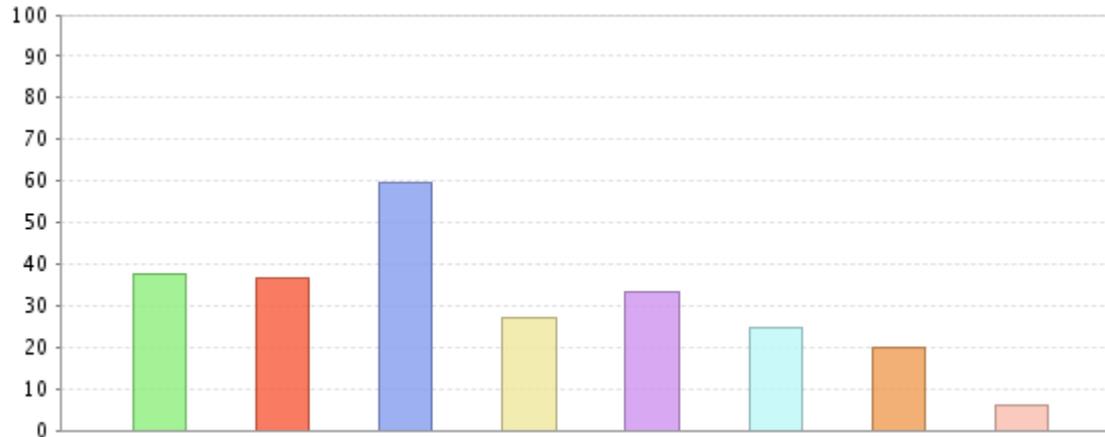
11. In what ways are derivatives important to your firm's business and investment decision-making? (Please check all that apply)



<input type="checkbox"/> 1 - Hedging exposures in international markets to maintain and enhance competitiveness	51.80% (158)	<input type="checkbox"/> 2 - Reducing financing costs and managing the cost of capital that my firm borrows to invest in our business	38.36% (117)
<input type="checkbox"/> 3 - Managing exposures (to currencies, commodities, credit, etc.) so that my firm can maintain and improve pricing, operating expenses and returns	65.25% (199)	<input type="checkbox"/> 4 - Hedging risks of new activities and investments so my firm can effectively invest for growth	27.54% (84)
<input type="checkbox"/> 5 - No opinion/Not sure	11.15% (34)		

Response: 305

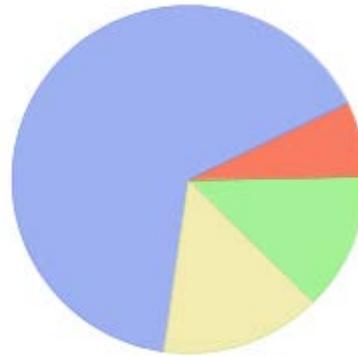
12. What are your biggest concerns regarding your ability to use derivatives to manage risk? (Please check all that apply)



1 - Uncertainty about regulations in my firm's principal business regions	37.70% (115)	2 - Concerns about scope of cross-border derivatives regulations	36.39% (111)
3 - Increased costs of hedging	59.34% (181)	4 - Reduced availability of hedging products	27.21% (83)
5 - Fewer dealers to transact with	33.11% (101)	6 - Not ready or able to handle clearing and/or margining of derivatives trades	24.59% (75)
7 - No opinion/Not sure	20.00% (61)	8 - Other	5.90% (18)

Response: 305

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



1 - Increase	12.79% (39)	2 - Decrease	6.89% (21)
3 - Stay the same	65.57% (200)	4 - No opinion/Not sure	14.75% (45)

Response: 305