



INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.

NEWS RELEASE

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ISDA Comments on Progress Toward Central Clearing of CDS in Europe

NEW YORK, Friday July 31, 2009 – Robert Pickel, Executive Director and Chief Executive Officer of the International Swaps and Derivatives Association, today made the following statement in respect of industry progress on commitments made to the European Commission by major market participants toward central clearing of credit default swaps (CDS) in Europe:

"In the past few weeks and months, ISDA and the industry have successfully implemented a series of highly significant measures to standardize the way in which credit default swaps are traded and settled. These changes have increased market transparency, robustness and confidence and are key to the success of central clearing in Europe within the deadline set for dealers. We would like to take this opportunity to applaud the rapid and significant progress made by all parties in meeting these targets."

"ISDA and its members understand, however, that additional work remains to be done. The industry is engaged in ongoing efforts toward clearing all eligible CDS contracts through a central counterparty. Our membership continues to devote the greatest number of resources possible to meet these challenges and, with our help, is striving to build on the many improvements to the mechanics and infrastructure for these important risk management instruments. We look forward to continuing to work with the European Commission and regulators globally in these efforts."

The major market changes ISDA has introduced over the past several months range

from the standardization of trading conventions, such as coupons and effective dates, to the treatment of restructuring as a credit event in certain key markets, to changes in the way transactions are handled post-trade and the incorporation of a global market-standard settlement mechanism into standard CDS trades.

Parallel efforts to reduce the body of existing transactions, increase the use of electronic processing and tighten up collateral practices have had a major impact on the ability of firms to service their outstanding trade populations and better manage their risks. As a corollary to these initiatives, ISDA has made freely available a standard pricing model for CDS transactions. All of these measures have facilitated the greater standardization of trade terms and processes without sacrificing the flexibility and utility of the bilateral CDS contract.

About ISDA

ISDA, which represents participants in the privately negotiated derivatives industry, is among the world's largest global financial trade associations as measured by number of member firms. ISDA was chartered in 1985, and today has over 830 member institutions from 58 countries on six continents. These members include most of the world's major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities. Information about ISDA and its activities is available on the Association's web site: www.isda.org.

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