



INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.

NEWS RELEASE

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ISDA Comments on the EC Communication on Challenges in Commodity Markets and Raw Materials

LONDON, Thursday, March 10, 2011 – The International Swaps and Derivatives Association, Inc. (ISDA) welcomes the efforts of the European Commission and lends its support to reform efforts to improve the regulation, functioning, and transparency of financial and commodity markets whilst preserving the ability of those markets to serve the real economy by allowing commercial participants to hedge risk effectively.

ISDA believes the vital societal role of commodity derivatives markets should be recognized in ongoing regulatory discussions. Producers in commodities markets – such as miners, oil producers and farmers – depend on the existence of commodity derivatives markets in order to manage the risks to which they are exposed. The ability to manage risk is also crucial for developing countries, enabling them to protect the revenues essential to their continuing economic and social development.

ISDA recognizes the importance of examining issues of volatility and high prices in food and energy markets and recognizes the value of greater transparency and the need for regulatory powers that support the orderly functioning of markets – including position management powers.

ISDA believes that any policy proposals need to be based on sound academic research and market data to avoid the risk that new rules could in fact cause volatility to increase.

ISDA believes the European Commission is right to highlight the various legislative and industry-led initiatives that are already underway and that will help to make these markets more transparent for the public and regulators alike.

ISDA welcomes the central clearing of commodity derivatives where this reduces systemic risk and believes that the creation of a trade repository for commodity derivatives, something for

which ISDA is taking a lead, will contribute greatly to supervisory oversight, through access to trade data.

Proposals to revise the scope of the Market Abuse Directive (MAD) and introduce further transparency in physical markets through the Regulation on Energy Market Integrity and Transparency (REMIT) are also welcome.

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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 800 member institutions from 55 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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