



NEWS RELEASE

For Immediate Release

Associations Warn of Harmful Effects of Extra-territoriality

Wednesday July 6, 2011 – Eight global and regional trade associations today called on regulators to intensify cooperation to prevent, alleviate or limit the harmful effect of overlap, inconsistency and ambiguity resulting from extra-territoriality in regulatory efforts to implement G20 commitments.

Extra-territoriality is a fundamental concern in derivatives business, where it is common for counterparties based in different parts of the world to transact with each other.

The associations urge policymakers to consult with each other in formation of legislation, and to resolve differences in the course of implementation of legislation. They further ask regulators to ensure that reform of the international financial regulatory system is based on consistency of approach and on mutual recognition.

Harmful effects of a failure to address this concern, cited by the associations, include

- A more fragmented view of financial market activity making it difficult for regulators to prevent build-up and concentration of systemic risk.
- Legal uncertainty for internationally-active firms, giving rise to further risk.
- Greater costs for internationally-active firms and their clients, making for higher financing costs for the wider economy.
- Negative impacts on investment and employment levels.

The eight associations signing the letter are: the Alternative Investment Management Association (AIMA), the European Banking Association (EBF), the Futures and Options Association (FOA), the Global Financial Markets Association (GFMA), the Investment Management Association (IMA), the International Swaps and Derivatives Association (ISDA), the London Energy Brokers' Association (LEBA) and the Wholesale Market Brokers' Association (WMBA).

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The letter cites examples of extra-territoriality concerns, such as:

- Licensing, authorisation or registration rules;
- Potential overlap and conflict in regulation of derivatives market participants in foreign jurisdictions;
- Discrimination in dealing with sovereigns;
- Rules for CCPs;
- Trade repositories.

The full text of the letter is available on the Associations' websites.

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Information on each of the signatory associations is available via the links below:

www.aima.org

www.ebf-fbe.eu

www.foa.co.uk

www.gfma.org

www.isda.org

www.investmentfunds.org.uk

www.leba.org.uk

www.wmba.org.uk

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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