



NEWS RELEASE
For Immediate Release

25 Investment Management Firms Commit to Single-Name CDS Clearing

NEW YORK, December 16, 2015 – The International Swaps and Derivatives Association, Inc. (ISDA), Managed Funds Association (MFA) and SIFMA’s Asset Management Group today announced that several of the Associations’ collective member firms have pledged to begin voluntarily clearing their single-name credit default swap (CDS) trades through central counterparties (CCPs).

The 25¹ buy-side firms that have committed to single-name CDS clearing are: AB, Anchorage Capital Group, Apollo Global Management, LLC, AQR Capital Management, LLC, BlackRock Inc., BlueMountain Capital Management, LLC, Brigade Capital Management, Citadel LLC, Claren Road Asset Management, LLC, Cyrus Capital Partners, LP, DCI, LLC., DW Partners, LP, Eaton Vance Management, Field Street Capital Management, LLC, Gracie Asset Management, Hutchin Hill Capital LP, Kingdon Capital Management, LLC, Marathon Asset Management, LP, MKP Capital Management, LLC, Och-Ziff Capital Management Group, PIMCO, Pine River Capital Management, Saba Capital Management, L.P., UBS O’Connor LLC, Zais Group, LLC.

The firms’ initiative is intended to enhance the transparency and efficiency of single-name CDS and to promote a robust marketplace that can be accessed to manage credit risk. The 25 firms will focus initially on voluntarily clearing eligible single-name CDS transactions, with the goal of migrating existing positions over time. The firms will work to develop the necessary processes internally to maximize efficiencies in booking, settling and maintaining positions.

While recognizing the need for all market participants to make independent business decisions regarding their activities in the single-name CDS market, the 25 firms are making the following commitments with regards to the voluntary clearing of their single-name CDS trades:

Buy-side Firms’ Statement on Single-Name CDS Clearing:

- We are committed to improving the market structure of fixed income markets and increasing efficiencies where possible.

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¹ Gracie Asset Management was added to the list on December 17, 2015.

- We support clearing more single-name CDS with the goal of improving liquidity, transparency, market efficiency and market efficient pricing and encouraging broader market participation in the single-name CDS market.
- We expect to move most of our future trading of single-name CDS to cleared instruments with a goal of migrating existing positions over time through back loading and rolling.
- We continue to see the need for improvement in margin methodologies and asset protections as well as the need for consistency with other, similar fixed income products (bonds, futures and repo), and we believe moving to clearing is the best method to effect this improvement.
- While we need to undertake additional work to create the right operational efficiencies for booking, settling and maintaining positions, a majority of the firms are targeting the first quarter of 2016 for a transition with the remainder intending to do so as soon as practicable thereafter.

“The single-name CDS market delivers real value by giving market participants a tool to manage and mitigate their credit exposures. Despite this value, single-name CDS liquidity has deteriorated sharply in recent years. The commitment by the major buy-side firms to move to central clearing will create efficiencies and increase transparency in the single-name CDS market, which will encourage more participants to enter this important market,” said Scott O’Malia, ISDA’s Chief Executive.

“MFA has long been a leader in supporting the goal of central clearing as a way to reduce systemic, market and counterparty credit risk. We support the efforts of these firms to improve liquidity and transparency in the single-name CDS market, and look forward to continuing our work with regulators to resolve ongoing cost, margin and asset protection issues currently presenting hurdles to full buy-side participation,” said Richard H. Baker, MFA’s President and CEO.

“Single-name credit default swap transactions provide market participants with an important option for managing credit risk,” said Kenneth E. Bentsen, Jr., SIFMA president and CEO. “SIFMA’s Asset Management Group supports the asset managers’ work to promote the viability of the single-name CDS market by enhancing liquidity, transparency and efficiency that will incentivize investor participation and increase the benefits of these transactions to market participants.”

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About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 850 member institutions from 68 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers.

Information about ISDA and its activities is available on the Association's website:

www.isda.org.

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About MFA

Managed Funds Association (MFA) represents the global alternative investment industry and its investors by advocating for sound industry practices and public policies that foster efficient, transparent, and fair capital markets. MFA, based in Washington, DC, is an advocacy, education, and communications organization established to enable hedge fund and managed futures firms in the alternative investment industry to participate in public policy discourse, share best practices and learn from peers, and communicate the industry's contributions to the global economy. MFA members help pension plans, university endowments, charitable organizations, qualified individuals and other institutional investors to diversify their investments, manage risk, and generate attractive returns. MFA has cultivated a global membership and actively engages with regulators and policy makers in Asia, Europe, the Americas, Australia and all other regions where MFA members are market participants. For more information, please visit:

www.managedfunds.org.

About SIFMA

SIFMA is the voice of the U.S. securities industry, representing the broker-dealers, banks and asset managers whose 889,000 employees provide access to the capital markets, raising over \$2.4 trillion for businesses and municipalities in the U.S., serving clients with over \$16 trillion in assets and managing more than \$62 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

SIFMA's Asset Management Group members represent U.S. asset management firms whose combined assets under management exceed \$30 trillion. The clients of AMG member firms include, among others, registered investment companies, endowments, state and local government pension funds, private sector Employee Retirement Income Security Act of 1974 ("ERISA") pension funds, and private funds such as hedge funds and private equity funds. For more information, visit www.sifma.org and www.sifma.org/amg.

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