

# **Future Prospects for OTC Derivative markets: An FSA Perspective**

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- **What are the problems we are trying to fix?**
- **What should be priorities for reform?**
- **What are the key questions that we face at an international level?**
- **What have we learnt today?**

# What are the problems we are trying to fix?



- **Counterparty risk: acute sensitivity and exposure to the risk of a default of a counterparty**
- **Absence of transparency: information on positions to regulators; information on traded prices to the market**

# What are FSA priorities for reform?



- **Better counterparty risk management**
- **Effective and risk-based capital charges**
- **Better information provided to regulators**
- **Better information provided to the market**

# CCP clearing

- **Which products should be cleared?**
  - How much should be cleared?
- **Who should participate?**
- **Who should decide what products are cleared?**
- **Who should oversee CCPs?**
  - To what standards?

# Better counterparty risk management

- **What is the right approach for non-cleared trades?**
- **How can this be effectively implemented?**

# Trade repositories

- **What information should they contain?**
- **Who should report to them?**
- **What are the key issues?**

# Trade transparency

- **Is more post-trade information needed?**
- **What should this look like?**
- **What are the risks?**

# Transaction reporting

- **Should transaction reporting regimes be expanded?**
- **What should this look like?**

# International agenda

- **What are the key areas in which consistency is needed internationally?**
- **What is the time frame?**
- **What are the risks?**