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PRESS RELEASE

**Statement Regarding Progress in Credit
Derivatives Markets**

September 27, 2006

**Third Industry Meeting Hosted by the Federal Reserve Bank
of New York**

NEW YORK - The Federal Reserve Bank of New York today hosted a third meeting of major derivatives market participants and their domestic and international regulators to review progress in strengthening the infrastructure that supports the credit derivatives market and to discuss additional initiatives in the equity derivatives market.

The New York Fed welcomes the progress achieved over the past twelve months. Since September 2005, the major firms have:

- ▣ ended the market practice of assigning trades without obtaining prior consent of the counterparties,
- ▣ reduced the number of all confirmations outstanding by 70 percent and confirmations outstanding for more than 30 days by 85 percent,
- ▣ doubled the share of trades that are confirmed on an electronic platform to 80 percent of total trade volume, and
- ▣ agreed upon a protocol for the settlement of a credit event.

Going forward, it is important that market participants sustain their progress toward a more automated post-trade processing environment where the vast majority of trades now are processed electronically and where there are strong risk mitigants for more complex trades. We also believe it is important to see the participants' robust adoption of the newly created trade information warehouse.

Finally, we look forward to seeing the industry improve the automation and standardization of over-the-counter equity derivatives trading and reduce the current levels of unconfirmed trades.

We will continue to work closely with other U.S. and international industry supervisors to monitor the credit derivatives markets and the work that is planned in equity derivatives.

[List of attendees](#) [PDF](#)
[March 13, 2006 press release >>](#)

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