

## **CENTRE FOR BANKING AND FINANCE LAW**

### **Seminar cum Dialogue: The Trajectory of the International Regulation of the Derivatives Markets**

*by Dr Daniel Awery*

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21 August 2013, Wednesday ◆ 3:00pm to 5:00pm ◆ Monetary Authority of Singapore

#### **About the Seminar**

One of the centrepieces of the G20's post-crisis reform agenda has been to extend the perimeter of financial regulation to include over-the-counter (OTC) derivatives markets. This aspect of the G20's agenda is being driven by two principal observations. First, in the midst of the crisis, the size, opacity and interconnectedness of OTC derivatives markets undermined the ability of both the marketplace and regulators to evaluate the location, nature and extent of potential counterparty credit risks. Second, and contrary to the then prevailing view, bilateral mechanisms for managing counterparty credit risk – e.g. privately negotiated collateral and netting arrangements – were not altogether fit for purpose.

G20 members are thus currently engaged in the complex process of designing and implementing reforms which will ultimately see 'standardized' OTC derivatives cleared and settled through clearinghouses; non-standardized, bilaterally cleared derivatives subject to higher capital and margin requirements, and enhanced regulatory reporting and post-trade transparency requirements. At present, the projected timeframes for full implementation of these reforms in the U.S., U.K. and elsewhere – originally slated for December 2012 – are far from clear.

Against this backdrop, the University of Oxford Law & Finance Programme and Columbia University Law & Economics of Capital Markets Program held a conference on June 21-22, 2013 to take stock of these regulatory developments and evaluate their likely impact going forward. The conference attracted leading academics working in this field, along with senior regulators from the U.S., U.K. and Europe. Key themes explored at the conference included:

- the economics of central clearing and the governance of clearing houses;
- the functional equivalence of the Dodd-Frank Act and the European Market Infrastructure Regulation (EMIR);
- the extra-territorial application of the Dodd-Frank Act and EMIR; and
- recent developments in derivatives market infrastructure (e.g. auction hardwiring and ISDA determination committees).

This closed-door seminar cum dialogue by Dan Awrey, the organiser of the Oxford conference, seeks to share with MAS regulators some of the key insights obtained from the scholars and regulators present at conference, and to commence a dialogue on what these developments might portend for Singapore as an international financial centre.

#### **About the Speaker**

Dan Awrey is a University Lecturer in Law and Finance at Oxford University, where he is also a Fellow of Linacre College. Dan's teaching and research interests reside in the area of financial regulation and, more specifically, the financial markets, institutions and instruments which together comprise the shadow banking system. His research has appeared in publications including the Harvard Business Law Review and been featured in media including The Financial Times and Wall Street Journal. In addition to his posts at Oxford, Dan is currently a Senior Visiting Fellow at the National University of Singapore (Semester 1, AY 2013-2014) and Co-Principal Researcher at the Global Law in Finance Initiative funded by the Institute for New Economic Thinking. Before entering academia, Dan served as legal counsel to a global investment management firm and, prior to that, as an associate practicing corporate finance and securities law with a major Canadian law firm. Dan holds degrees from Queen's University (B.A., LL.B.), the University of Toronto (LL.M.) and Oxford University (D.Phil.).

#### **About Centre for Banking & Finance Law (CBFL)**

The Centre for Banking and Finance Law (CBFL) is a new centre at the Faculty of Law, National University of Singapore. The Centre focuses broadly on legal and regulatory issues relating to banking and financial services. It aims to produce research and host events of scholarly value to academics as well as of policy relevance to the banking and financial services community. In particular, CBFL seeks to engage local and international banks, lawyers, regulators and academics in a regular exchange of ideas and knowledge so as to contribute towards the development of law and regulation in this area, as well as to promote a robust and stable financial sector in Singapore, the region and globally.