SCHULTE ROTH + ZABEL

ℕ NEWS & INSIGHTS

PUBLICATIONS

Margin Costs of OTC Swap Clearing Rules

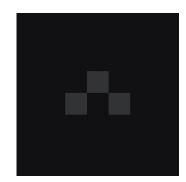
April 2013

Regulators of several countries, including the United States Commodity Futures Trading Commission (CFTC), have introduced or proposed rules requiring clearing of over-the-counter (OTC) derivatives through central counterparties. Clearing requirements in turn affect margin requirements, which are one key mechanism used by parties to mitigate counterparty risk. Although clearing rules help shield collateral from the insolvency of the secured party, they also may substantially increase financial and operational costs for the users of cleared derivatives because of the higher margin delivery requirements applicable to such transactions.

Paul Watterson, Craig Stein & former SRZ attorney Joseph Suh Margin Costs of OTC Swap Clearing Rules, 3 Harv. Bus. L. Rev. Online 152 (2013), http://www.hblr.org/?p=3248.

Related People





Craig Stein Partner New York Paul Watterson, Jr. Of Counsel New York

Practices

STRUCTURED FINANCE

Attachments

 $\stackrel{\scriptstyle{\scriptstyle{\scriptstyle{\scriptstyle{1}}}}}{{\scriptstyle{\scriptstyle{1}}}}$ Download Article