

## Corporate & Financial Weekly Digest

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### **IOSCO Publishes Report on OTC Derivatives**

The Technical Committee of the International Organization of Securities Commissions published a report on February 18 entitled "Report on Trading of OTC Derivatives." The press release concerning the Report summarizes its substance in the following terms:

The Report concludes that it is appropriate to trade standardized derivatives contracts with a suitable degree of liquidity on organized platforms, and that a flexible approach to defining what constitutes an organized platform for derivatives trading would maximize the number of standardized derivative products that can be appropriately traded on these venues. It identifies characteristics that an organized platform should exhibit in order to fulfill the G-20 Leaders' objectives, as well as the benefits and costs associated with transitioning trading of derivatives from OTC venues onto organized platforms. It also presents a range of actions that regulators may choose to take to increase organized platform trading of OTC derivatives products.

The Report makes some interesting points about the relatively limited liquidity of even the most liquid standardized derivatives. It also provides some helpful terminology for discussing trading platforms by dividing them into the following defined categories: Order Book Systems, Market Maker Systems, Periodic Auction Systems, Bulletin Board Systems and Hybrid Systems.

The report can be accessed [here](#).

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