

VIDEO

January 2, 2015

Focus on Funds: Regulatory Confusion Impacting Funds' Derivatives Use

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The January 2, 2015, edition of *Focus on Funds* outlines the cross-border conflicts affecting fund complexes and previews the next global regulatory development on the horizon.

Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations and Public Policy

Communications: Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

Funds' use of derivatives is an important issue facing regulators worldwide. And part of the problem is, they're coming to different conclusions. I talked to Jennifer Choi about the latest cross-border regulatory confusion, and what may be being done to address it.

Jennifer, it sounded like people were very concerned today still about the unresolved cross-border issues. That was the hot topic of conversation at your panel.

Jennifer Choi, ICI Senior Associate Counsel: Right, it's cross-border transactions so there are going to be issues with multiple jurisdictions' laws being applied to these transactions and I think that there are still lots of issues to be resolved. What came out of the panel is that regulators are hard at work and we appreciate their effort, but until there's a real solution to those real issues there's going to be some negative effects on funds.

Stephanie Ortvals-Tibbs: Yeah, that was very clear. There's also talk now even while this is still going on and being sorted out, there was talk of the next big thing.

Jennifer Choi: Right, the next big thing in Europe is obviously clearing of derivatives. That mandate will happen either at the end of 2015 or beginning of 2016 but it clearly came out with the panelists that that's not very far away. People need to start preparing now. The sooner the better. There are fewer clearing firms out there which our members can use to clear trades and the queues will be even longer. So people get ready to set up their documentation.

Stephanie Ortals-Tibbs: That's this week in funds. See you next week.

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