



## **About The Wholesale Markets Brokers' Association, Americas**

The Wholesale Markets Brokers' Association, Americas (WMBAA) is an independent industry body representing the largest inter-dealer brokers operating in the North American wholesale markets across a broad range of financial products. The association seeks to promote the quality and standards of the industry and the critical role played by wholesale brokers in the efficient functioning of financial markets. The WMBAA and its member firms have developed a set of principles for enhancing the safety and soundness of the wholesale, over-the-counter (OTC) markets. These principles were developed by the Association in coordination with its member firms, all of which operate as inter-dealer brokers in the North American wholesale markets.

Using these principles as a guide, the association seeks to work with Congress, regulators and key policymakers on future regulation and oversight of the OTC markets and their participants. By working with regulators to make OTC markets more efficient, robust and transparent, the association sees a major opportunity to assist in the monitoring and consequent reduction of systemic risk in the country's capital markets.

Wholesale brokers are neutral intermediaries that facilitate access to OTC and exchange traded pools of liquidity across a full range of asset classes and their associated derivatives. Wholesale brokers can provide a great deal of transparency to the OTC markets. Such transparency helps preserve market integrity and prevent systemic risk. We support efforts to enhance the stability of the U.S. OTC markets by ensuring that regulators have an accurate picture of market conditions and the activity of all participants in the wholesale markets.

Copies of the WMBAA's *Principles for Enhancing the Safety and Soundness of the Wholesale, Over-the-Counter Markets*, a *Discussion Draft of Model Core Principles for Swap Execution Facilities* submitted to the CFTC and the SEC, as well as comment letters to the FRBNY and legislators, can be found at the SEFCON I Registration desk or at [www.wmbaa.org](http://www.wmbaa.org).

WMBAA and its members look forward to working with U.S. policy makers, legislators and regulators in developing criteria and other regulatory standards while continuing to serve their customers in the U.S. financial markets for decades to come.

For more information, please go to [www.wmbaa.org](http://www.wmbaa.org)

The five founding members of the WMBAA are: BGC Partners; GFI Group; ICAP; Tradition; and Tullett Prebon. See below for additional information on these member firms.



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## The Wholesale Markets Brokers' Association, Americas Founding Members



voice + electronic brokerage

### **BGC Partners**

BGC Partners is a leading global intermediary to the wholesale financial markets, specializing in the brokering of a broad range of financial products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures, structured products and other instruments. BGC Partners provides a full range of services, including trade execution, broker-dealer services, clearing, processing, information and other back office services to a broad range of financial and non-financial institutions. BGC Partners' customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments and investment firms. BGC is headquartered in New York City. For more information, visit <http://www.bgcpartners.com>.



### **GFI Group Inc.**

GFI Group is a leading provider of wholesale brokerage, electronic execution and trading support products for global financial markets. GFI provides brokerage services, market data, trading platform and analytics software products to worldwide institutional clients for a range of credit, financial, equity and commodity instruments. GFI provides competitive inter-dealer brokerage services in a wide range of global over-the-counter cash and derivatives markets, including credit derivatives and fixed income, financial derivatives, cash equities and equity derivatives, energy and commodities. The company provides services and products to over 2,400 institutional clients, including leading investment and commercial banks, corporations, insurance companies and hedge funds. GFI Group is headquartered in New York City. For more information, visit <http://www.gfigroup.com>



#### **ICAP Plc.**

ICAP is the world's largest voice and electronic interdealer broker with an average daily transaction volume in excess of \$1.5 trillion. ICAP is active in the wholesale markets for over-the-counter derivatives, fixed income securities, money market products, foreign exchange, energy, credit and equity derivatives. The company produces an extensive Global Market Data inventory, which contains a broad array of prices and information covering many OTC financial markets. ICAP distributes its Global Market Data and Information mainly through professional data vendors including Reuters, Bloomberg, QUICK and Thomson. ICAP also provides a range of post-trade risk services to help its customers reduce operational and systemic risk in their markets. ICAP is headquartered in London. For more information, visit <http://www.icap.com>



#### **Tradition (North America) Inc.**

Tradition is one of the world's largest interdealer brokers in over-the-counter financial and commodity related products. Acting as a marketplace and an intermediary, CFT facilitates transactions between financial institutions and other professional traders in the capital markets. Tradition provides brokerage services in a comprehensive range of financial and commodity-related markets. The company provides coverage for money markets, interest rate and currency derivatives, equities and equity derivatives, bonds and repurchase agreements, and credit derivatives. Commodity-related markets include derivatives in oil, natural gas, power, coal, weather, emissions, precious metals, pulp and paper, and property. Tradition North America is headquartered in New York City. For more information, visit <http://www.tradition.com>



#### **Tullett Prebon Ltd**

Tullett Prebon is one of the world's largest inter-dealer brokers and operates as an intermediary in wholesale financial markets facilitating the trading activities of its clients, in particular commercial and investment banks. The business now covers seven major product groups: Volatility, Rates, Deposits & Non Banking, Treasury products, Energy, Credit and Equities. Tullett Prebon's brokering division offers electronic solutions to many of these products. In addition to its brokerage services, Tullett Prebon offers a variety of market information services through its IDB Market Data division. Tullett Prebon is headquartered in London. For more information, visit <http://www.tullib.com/>



## About Wholesale Markets Brokers' Association (WMBA)

WMBA is an independent industry body representing the world's largest inter-dealer brokers (IDBs) based in London, operating in wholesale financial markets including interest rates, credit, foreign exchange and equity derivatives. Its members cover markets in excess of 100 countries around the world and facilitate the overwhelming majority of transaction volumes in the over the counter (OTC) markets.

The Wholesale Markets Brokers' Association was established in its current form in August 1994, with the merger of the Sterling Brokers Association and the Foreign Exchange and Currency Deposit Brokers Association (FECDBA). In 2003, the London Energy Brokers Association was formed as IDBs began to offer services in energy markets as well as the traditional treasury products.

FECDBA had its roots in the 1960s when the Bank of England asked the brokers in London to form a group with which they could discuss market developments and issues in the fast growing FX and Eurodollar markets. This also facilitated the establishment of a Bank of England Standing Committee bringing together the major banks and brokers. The authorities and the Bank of England saw the brokers' role as governing market order, liquidity and innovation together with regulatory reporting.

Until the foundation of the Financial Services Authority in 1997, London brokers were subject to supervision and regulation by the Bank, and a close relationship has always existed between the brokers' association and the authorities. Today, this extends not only to the FSA, Bank of England and Her Majesty's Treasury but the equivalent entities across Europe.

The Associations' roles include:

- representing the views and interests of their members to central banks, regulators and policymakers; as well as other industry bodies and interested parties;
- educating external audiences on the role and value of the interdealer broker to the efficient functioning of the worldwide OTC markets;
- demonstrating the crucial importance of the OTC markets to the efficacy of the global economy;
- producing and distributing independent aggregated transaction based data which form the settlement basis to OTC swaps contracts; including SONIA, EURONIA and many energy and emissions indices.

The WMBA is delighted at the foundation and success of the WMBAA and looks forward to close relationships for many years to come. <http://www.wmba.org.uk>

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## Definition of terms

### *Inter-dealer Brokers*

An inter-dealer broker is an agent that facilitates access to over-the counter (OTC) and exchange traded pools of liquidity across a full range of asset classes and their associated derivatives. Inter-dealer brokers are independent agents, not principals to a trade.

In addition to enabling transactions in often illiquid products, IDB's are also non-partisan transporters of price information. Neutral information on OTC volumes and independent price marks are used by regulators, central banks, investment banks and other financial and non-financial institutions to accurately evaluate risk, mark to market, increase fiscal transparency and improve the audit process.

### *OTC markets*

The over-the-counter (OTC) markets offer trading venues for wholesale market participants to execute transactions which are bespoke in nature, where the key terms may be individually negotiated. This contrasts to the standardized terms of exchange traded products. This enables the users of OTC markets such as financial institutions, corporates, asset managers, governments and local authorities to hedge complex or non-standardized risk and to transfer the risk precisely to professional OTC counterparties.

The flexible nature of OTC markets offers wholesale market participants opportunities to innovate and so better manage their financial risks.

After 25 years of growth, it is estimated that, on average, about 2 million OTC trades (involving 4 million counterparty transactions ) corresponding to about \$5 trillion in size occur daily across the range of FX, interest rate, credit, equity and commodity asset classes in both cash and derivative forms.