RIVERSIDE | Risk Advisors

OTC Swap Market Rulemaking

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Riverside Risk Advisors LLC
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Who is Riverside Risk Advisors?

- Riverside Risk Advisors LLC ("Riverside") was formed in Fall 2009 in response to the demand for independent risk assessment, structuring, pricing and execution advice for derivative and structured product transactions. Riverside levels the playing field by bridging the gap of derivatives expertise between the dealer community and the end-user.

- Riverside's partners have extensive derivatives experience as marketers, structurers and traders at some of the world's leading derivative dealers including Morgan Stanley, Société Générale, Chase and Lehman Brothers.

- Riverside's clients include derivative end-users such as corporations, financial institutions, project sponsors and developers, private equity firms, hedge funds, investors and high net worth individuals.

- Riverside helps clients achieve greater transparency, reduced hedging costs, better commercial terms, and a more informed choice among hedging alternatives.

Customization and Innovation are Critical to Swap Users

- Customized swaps provide both dealers and end-users with more effective hedges. Examples include:
  - Corporate loan issuers fixing borrowing costs
  - Banks hedging default risk in the loan portfolio
- Customized swaps facilitate the distribution of risk to dispersed market participants
- Standardization of OTC derivatives tends to happen as part of the normal product evolution process. But *forcing* standardization will stifle innovation.

Areas for Discussion

- Definition of a Swap
- Definition of Major Swap Participant, potential exposure measurement and consequences
- Capital and margin requirements
- End user exception
- Documentation of valuation methodologies
- Credentials for independent representatives of Special Entities