
President's Working Group Takes Lead on CDS Regulation, NY Insurance Department Steps Aside

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It has been widely asserted by the financial community, regulators and politicians that credit default swaps ("CDSs") have played a significant role in the financial meltdown that has befallen the financial system. However, despite the financial harm some have attributed to these instruments, it is also widely acknowledged that CDSs can provide value to the financial system as risk transfer devices and by enhancing the market liquidity of financial instruments. As a result, in the past several months there have been calls for a new and comprehensive regulatory structure for the CDS market.

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