

# Déjà-vuTrading

## NEWSLETTER

N° 10 / 2017

November 2017

### The Derivatives Industry

#### **Volumes on volatility contracts continue to grow**

VIX futures and options contracts are seeing continued growth in trading volumes even as the index has dropped to record lows. The lack of volatility is somewhat surprising in light of the Korean situation and the uncertainty surrounding Brexit.

<https://www.thetradenews.com/Trading-Venues/Volatility--To-trade-or-not-to-trade/>

#### **Banks agree to support LIBOR until 2021**

An agreement has been reached between the FCA and the banks on the panels that produce the LIBOR rates that this format will be supported until 2021. However, it seems that the benchmark will move away to either SONIA or another alternative.

<https://uk.reuters.com/article/uk-britain-libor-regulator/uk-watchdog-says-banks-agree-to-back-libor-until-2021-idUKKBN1D00VX>

#### **Dutch Central Bank no April fool's joke: DNB informs Dutch prop trading groups that they will become subject to bonus caps**

The Dutch National Bank has informed the proprietary trading firms that it regulates that, from the 1<sup>st</sup> April 2018, they will be subject to Capital Requirements Regulation. At the same time, they also announced that these firms would lose their exemption from the maximum 20% bonus cap that applies to the rest of the financial industry in The Netherlands.

<https://globalinvestorgroup.com/articles/3689013/dnb-dents-amsterdams-brexithopes>

### Exchanges, MTFs and CCPs

#### **Eurex Clearing signs up major banks to its new partnership programme**

Around 20 market participants have joined Eurex Clearing's programme on interest rate swaps clearing whereby the ten most active companies will take a share of the profits. The system is part of Deutsche Boerse's plan to win business from London following Brexit.

<http://deutsche-boerse.com/dbg-en/about-us/insights/Eric-Mueller---We-expect-exponential-growth-/3242866>

Déjà-vuTrading SAS  
34 Boulevard des Italiens  
75009 Paris- France  
www.dejavutrading.com  
+33 (0) 1 83 64 14 33  
+33 (0) 1 83 62 45 50

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## **Former SEC Regulator astonished that the regulator is not prosecuting Initial Coin Offerings**

Stanford University professor and SEC commissioner in the 1980s cannot understand why the US regulator is allowing ICOs as, in his view, they are in open breach of the securities laws.

<https://www.nytimes.com/2017/11/26/business/initial-coin-offering-critic.html>

## **Regulation**

### **EU to study how blockchain technology can meet regulatory requirements**

The European Commission has announced that they are studying blockchain technology in order to ascertain how it can be competently covered by regulations in the future.

<https://www.thetradenews.com/Regulation/European-Commission-launches-study-on-blockchain-technology/>

### **Credit Suisse agrees \$135 million payment to US regulators**

The Zurich-based bank has agreed to pay \$135 million to New York's Department of Financial Services in relation to its involvement in alleged manipulation of the currency markets.

<https://www.bloomberg.com/news/articles/2017-11-13/credit-suisse-pays-135-million-to-settle-new-york-fx-probe>

### **Who will be the winners and losers from MiFID II?**

Bloomberg has made predictions on which areas of the financial would benefit from the implementation of MiFID II regulation and who is likely to lose out.

<https://www.bloomberg.com/news/articles/2017-11-24/who-wins-who-loses-from-mifid-ii-rules-quicktake-scorecard>

## **BREXIT**

### **European Banking Authority to move to Paris**

Paris has been selected to be the new host for the EBA by the EU. The agency will need to move from London as the UK prepares to leave the union.

<https://www.cnbc.com/2017/11/20/eu-picks-paris-as-new-host-for-european-banking-authority-after-brexit-sources-say.html>

### **Goldman Sachs to develop hubs in Paris and Frankfurt**

Goldman's CEO, Lloyd Blankfein, says that his company will have two centres in the EU, one in Paris the other in Frankfurt and will consequently increase their headcount in both cities.

<https://www.ft.com/content/f7397d3c-ce03-11e7-b781-794ce08b24dc>

## **Industry Events**

6<sup>th</sup> December 2017

FOW Derivatives World London: The Debate

**London**

Déjà-vuTrading SAS  
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<https://globalinvestorgroup.com/event/16/fow-derivatives-world-london-the-debate-2017>

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## Average Daily Volumes per exchange

Euronext	October	0.5 million	(-8.4% y.o.y.)
Eurex	October	5.2 million	(-3.5% y.o.y.)
ICE/LIFFE	October	5.0 million	(-10.4% y.o.y.)
CME	October	14.9 million	(+13.9% y.o.y.)

<https://derivatives.euronext.com/en/reports-statistics/derivatives/monthly-statistics>

[http://www.eurexchange.com/blob/3229402/f7ac813e578f55c2aaf933d3746634d0/data/monthlystat\\_201710.pdf](http://www.eurexchange.com/blob/3229402/f7ac813e578f55c2aaf933d3746634d0/data/monthlystat_201710.pdf)

<http://ir.theice.com/ir-resources/supplemental-information>

[http://www.cmegroup.com/media-room/press-releases/2017/11/02/cme\\_group\\_reachedaveragedailyvolumeof149millioncontractsinoctobe.html](http://www.cmegroup.com/media-room/press-releases/2017/11/02/cme_group_reachedaveragedailyvolumeof149millioncontractsinoctobe.html)

## And finally...

### Myths surrounding the City and Brexit

The Managing Director of the think tank New Financial, looks at the myths emanating from both sides of the debate, concerning the effect of Brexit on the City.

<http://www.cityam.com/275177/brexit-and-city-unpicking-10-myths-refuse-die-city-grapples>

Compiled by: Aline Régnier and Simon Butler, 30 November 2017

### To contact us:

Déjà-vuTrading

34 Bd des Italiens

75009 Paris - France

[contact@dejavutrading.com](mailto:contact@dejavutrading.com)

[www.dejavutrading.com](http://www.dejavutrading.com)

Tel: +33 (0) 1 83 64 14 33 Fax: +33 (0) 1 83 62 45 50



[www.linkedin.com/company/deja-vutrading?trk=company\\_logo](http://www.linkedin.com/company/deja-vutrading?trk=company_logo)



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