

# Competing for a Share of Global Derivatives Markets: Trends and Policy Choices for the United States

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June 3, 2008

## **Abstract:**

This is a preliminary study on the status of the U.S. in the global market for derivatives-related services. We include some of the policy choices available to enhance this status. We begin with a review of the importance of active and efficient derivatives markets for the U.S. economy. We then analyze the status of U.S. derivatives-market service providers in both over-the-counter and exchange-based markets. We then discuss factors that play a role in determining where a provider of derivatives services is located.

By far the dominant factors are the regional concentration of customers and overall financial market activities. We also consider regulatory and legal factors, and access to specialized human resources, among other factors. We recommend the development and maintenance of a dataset bearing on the co-location advantages of financial services firms within the U.S., particularly in and near New York City, along with data pertinent to related human resources.

Our analysis departs from the view expressed in some 'competitiveness' circles as to a presumed wholesale migration of financial activity from New York and London and as to the dominant role of regulatory differences in such migration.

**Keywords:** Chicago, co-location, competition, competitiveness, dataset, derivatives, derivatives dealers, derivatives regulation, exchanges, financial institutions, financial markets, financial services, futures, human resources, labor, law, location, London, migration, New York, options, securities regulation