

# History of FpML®

## 1. In the Beginning

From the early 1980s when the interest rate swaps market began developing, the privately negotiated derivatives have grown tremendously in volume. According to the report on Derivatives Market Activity from the Bank for International Settlements, the notional principal outstanding of swaps and other over-the-counter (OTC) derivatives, stood at \$197 trillion at the end of December 2003. This is an increase of 16 percent from just six months before.

To lower the cost of processing derivatives and thereby increase the profitability of the business, JP Morgan (now JPMorganChase) in 1997 established a research project to develop the methodology by which these instruments can be traded using e-commerce technologies. PricewaterhouseCoopers was brought on board as a resource, and in 1999 the organizations announced a draft standard for interest rate swaps. At that time, other industry firms were contacted and an independent organization – FpML.org – was formed to develop and promote the Financial products Markup Language as an XML-based “lingua franca” for derivatives trading.

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The FpML standard is freely licensed

## 2. FpML® at ISDA



The FpML standard is freely licensed and is intended to automate the flow of information between derivatives participants, independent of the underlying software or hardware infrastructure, supporting activities related to these transactions. On November 14, 2001 ISDA and FpML.org announced their intention to integrate the development process of the FpML standard into the ISDA organizational structure. This combined the organizational strengths of ISDA with FpML’s technology base and allows the FpML standard to be leveraged using the

<p>FpML Logo</p>	<p>membership base and experience ISDA has built up since its formation in the mid eighties. The change is an indication of the increased importance of operations, automation and straight through processing for the ISDA membership.</p>
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