



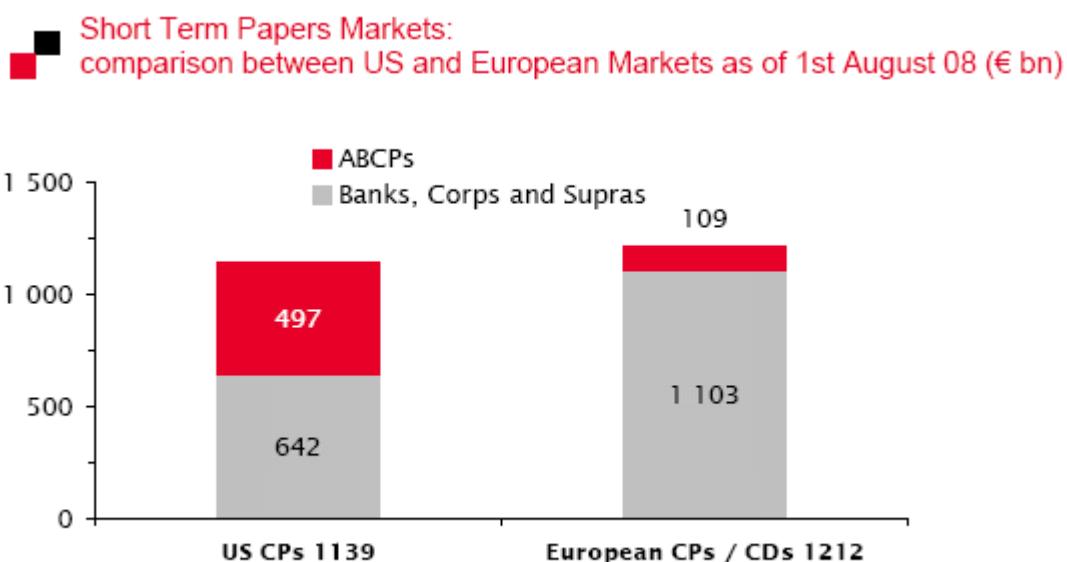
155. Specific events and factors were of particular importance in the decline of ABCPs. Firstly, some conduits had large ABS holdings that experienced huge declines. When investors stopped rolling over ABCPs, these conduits had to rely on guarantees provided by banks which were too large for the banks providing them. While these banks received support to meet their obligations, investor confidence was nonetheless damaged. Secondly, structures in other ABCP markets around the world unsettled investors, including different guarantee agreements and single-seller extendible mortgage conduits. Thirdly, general concerns about the banking sector have caused investors to buy less bank related product.

Table 3 - European ABCP issuance

| | Q1 | Q2 | Q3 | Q4 | Total |
|-------------|-------|-------|-------|-------|-------|
| 2004 | 34.7 | 36.2 | 44.5 | 51.3 | 166.7 |
| 2005 | 58.1 | 63.4 | 61.6 | 55.2 | 238.4 |
| 2006 | 74.7 | 84.1 | 96.5 | 111.8 | 367.1 |
| 2007 | 148.8 | 142.3 | 156.7 | 186.1 | 633.9 |
| 2008 | 120.9 | 106 | | | 226.8 |

Source: Moody's, Dealogic, ESF

Chart 5



Source: Société Générale Corporate & Investment Banking (market overview, 19 September, 2008)

Credit Derivatives Markets

156. The credit derivatives markets comprise a number of instruments. Credit default swaps represent, by far, the single most significant credit derivative instrument in terms of volume. Other credit derivative instruments are not covered in this consultation paper⁴³.

⁴³ Examples of credit derivatives not included in the scope of this consultation paper are total return swaps and credit linked notes.