

## Margin for Non-cleared Derivatives: ISDA Initiatives

The introduction of new margin requirements for non-cleared derivatives will transform how firms use derivatives, and will require significant changes to infrastructure, processes, models and documentation. ISDA has been working on a number of initiatives to help firms meet the rules, which are set out below.

More information on ISDA's margin for non-cleared derivatives project is available at:  
<http://www2.isda.org/functional-areas/wgmr-implementation/>.

### ISDA SIMM<sup>™</sup>

ISDA's Standard Initial Margin Model, or ISDA SIMM<sup>™</sup>, is a common, transparent and flexible model, developed to ensure consistency in initial margin calculations across the industry.

TITLE / DESCRIPTION	DOCUMENT
<b>ISDA SIMM<sup>™</sup> Methodology</b> Describes the methodology for calculating initial margin for non-cleared derivatives under the ISDA SIMM <sup>™</sup> .	(Draft: August 31, 2016) <a href="http://isda.link/simmmethodology">http://isda.link/simmmethodology</a>
<b>ISDA SIMM<sup>™</sup> Methodology: Risk Data Standards</b> Sets standards for the details of risk calculation and data exchange, and gives additional descriptions and clarifications of the risk factors.	(Draft: August 24, 2016) <a href="http://isda.link/simmriskdatastandards">http://isda.link/simmriskdatastandards</a>
<b>ISDA SIMM<sup>™</sup> Governance Framework</b> Sets out the principles under which the ISDA SIMM <sup>™</sup> will operate and a transparent, consistent process for reviewing and updating the methodology.	(Draft: July 25, 2016) <a href="http://isda.link/simmgovernance">http://isda.link/simmgovernance</a>
<b>ISDA SIMM<sup>™</sup> FAQ</b>	(Draft: July 27, 2016) <a href="http://isda.link/simmmaq">http://isda.link/simmmaq</a>
<b>ISDA SIMM<sup>™</sup> Cross-Currency Swap Treatment</b> Summarizes industry best-practice recommendations for the treatment of cross-currency swaps in the ISDA SIMM <sup>™</sup> .	(Draft: May 2016) <a href="http://isda.link/simmcrosscurrency">http://isda.link/simmcrosscurrency</a>
<b>ISDA SIMM<sup>™</sup>: From Principles to Model Specification, Counting Down to the Effective Date of the Rules</b> Provides the context and rationale for the ISDA SIMM <sup>™</sup> specification.	(Draft: March 3, 2016) <a href="http://isda.link/isdasimmspecification">http://isda.link/isdasimmspecification</a>
<b>ISDA SIMM<sup>™</sup> Crowdsourcing Utility User Guidelines – Data Submission, Determination and Output of Results</b> The crowdsourcing utility, operated by ICE Benchmark Administration Ltd, will aggregate and compile risk data to enable market participants to implement the ISDA SIMM <sup>™</sup> consistently.	(Draft: August 24, 2016) <a href="http://isda.link/crowdsourcingutility">http://isda.link/crowdsourcingutility</a>  Press Release: <a href="http://isda.link/iba">http://isda.link/iba</a>
<b>ISDA SIMM<sup>™</sup> Licensing Program</b> Any market participant will be able to license the ISDA SIMM <sup>™</sup> to calculate initial margin for its own or its clients' non-cleared derivatives transactions. Third-party vendors will also be able to license the ISDA SIMM <sup>™</sup> for proprietary services or products.	<a href="http://isda.link/simmlicensing">http://isda.link/simmlicensing</a>

## ISDA Credit Support Documentation

ISDA has published a series of documents to help market participants comply with the new margining requirements for non-cleared derivatives.

TITLE / DESCRIPTION	DOCUMENT
<p><b>ISDA 2016 Variation Margin Protocol</b></p> <p>The Protocol enables counterparties to quickly and efficiently put contractual documentation in place with multiple counterparties in order to implement new variation margin requirements, or to make changes to existing collateral agreements to bring them into compliance. An FAQ is also available.</p>	<p><a href="http://isda.link/isdavmprotocol">http://isda.link/isdavmprotocol</a></p> <p>FAQ: <a href="http://isda.link/vmprotocolfaq">http://isda.link/vmprotocolfaq</a></p>
<p><b>ISDA Regulatory Margin Self-Disclosure Letter</b></p> <p>The ISDA Regulatory Margin Self-Disclosure Letter is intended to assist market participants with the exchange of the necessary information to determine if, and when, their trading relationship will become subject to regulatory margin requirements for non-cleared derivatives. The June 30, 2016 version covers Canada, the European Union, Japan, Switzerland and the US.</p>	<p><a href="http://isda.link/selfdisclosureletter">http://isda.link/selfdisclosureletter</a></p>
<p><b>ISDA Credit Support Documentation for VM and IM</b></p> <p>ISDA has published multiple new credit support documents for variation and initial margin.</p> <ul style="list-style-type: none"> <li>• ISDA 2016 Phase One Credit Support Annex for Initial Margin (New York Law)</li> <li>• ISDA 2016 Phase One Initial Margin Credit Support Deed (English Law)</li> <li>• 2016 Phase One Credit Support Annex for Initial Margin (Japanese Law) and Trust Scheme Addendum</li> <li>• ISDA 2016 Credit Support Annex for Variation Margin (New York Law)</li> <li>• ISDA 2016 Credit Support Annex for Variation Margin (English Law)</li> <li>• ISDA 2016 Credit Support Annex for Variation Margin (Japanese Law)</li> <li>• Recommended Amendment Provisions for the ISDA New York Law 2016 Phase One Credit Support Annex for Initial Margin with respect to Japanese Securities</li> <li>• Recommended Amendment Provisions for New York Law and English Law Credit Support Annexes for Variation Margin with respect to a Japanese Party</li> </ul>	<p><a href="http://isda.link/creditsupportdocs">http://isda.link/creditsupportdocs</a></p>
<p><b>ISDA Legal Opinions</b></p> <p>ISDA is updating its library of legal opinions to reflect new regulatory requirements and the newly published ISDA documents.</p>	<p><a href="http://www2.isda.org/functional-areas/legal-and-documentation/opinions/">http://www2.isda.org/functional-areas/legal-and-documentation/opinions/</a></p>

## About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 850 member institutions from 67 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional

banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: [www.isda.org](http://www.isda.org).