NEWS RELEASE
For Immediate Release

Major Banks Agree to Sign ISDA Resolution Stay Protocol

WASHINGTON, DC, October 11, 2014 – The International Swaps and Derivatives Association, Inc. (ISDA) today announced that 18 major global banks (G-18) have agreed to sign a new ISDA Resolution Stay Protocol, which has been developed in coordination with the Financial Stability Board to support cross-border resolution and reduce systemic risk. This represents a major step in strengthening systemic stability and reducing the risk that banks are considered 'too big to fail'.

The Protocol will impose a stay on cross-default and early termination rights within standard ISDA derivatives contracts between G-18 firms in the event one of them is subject to resolution action in its jurisdiction. The stay is intended to give regulators time to facilitate an orderly resolution of a troubled bank.

"This is a major industry initiative to address the too-big-to-fail issue and reduce systemic risk, while also incorporating important creditor safeguards. The ISDA Resolution Stay Protocol has been developed in close coordination with regulators to facilitate cross-border resolution efforts and reduce the risk of a disorderly unwind of derivatives portfolios," said Scott O'Malia, ISDA Chief Executive.

The Protocol essentially enables adhering counterparties to opt into certain overseas resolution regimes via a change to their derivatives contracts. While many existing national resolution frameworks impose stays on early termination rights following the start of resolution proceedings, these stays might only apply to domestic counterparties trading under domestic law agreements, and so might not capture cross-border trades.

Regulators have committed to develop new regulations in their jurisdictions in 2015 that will promote broader adoption of the stay provisions beyond the G-18 banks. Banks have also committed through the Protocol to expand coverage once such regulations are enacted to include a stay that could be used when a US financial holding company becomes subject to proceedings under the US Bankruptcy Code. Those regulations will be made under the rule-making process in each jurisdiction.

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The contractual approach is meant to support current statutory regimes and ensure wider, more consistent application. By adhering to the Protocol, the G-18 banks will extend the coverage of stays to more than 90% of their outstanding derivatives notional, and that proportion will increase as other firms sign the Protocol.

The terms of the Protocol have been agreed in principle, and it is scheduled for implementation in early November. The Protocol will take effect from January 1, 2015, and will govern both new and existing trades between adhering parties.

The first wave of adhering firms consists of the following banks and certain of their subsidiaries: Bank of America Merrill Lynch, Bank of Tokyo-Mitsubishi UFJ, Barclays, BNP Paribas, Citigroup, Crédit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase, Mizuho Financial Group, Morgan Stanley, Nomura, Royal Bank of Scotland, Société Générale, Sumitomo Mitsui Financial Group and UBS.

A backgrounder on the ISDA Resolution Stay Protocol is available on the ISDA website.

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About ISDA
Since 1985, ISDA has worked to make the global over-the-counter (OTC) derivatives markets safer and more efficient. Today, ISDA has over 800 member institutions from 64 countries. These members include a broad range of OTC 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 including exchanges, clearinghouses 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 web site: www.isda.org.