



International Swaps and Derivatives Association, Inc.

ISDA 2016 VARIATION MARGIN PROTOCOL SUPPLEMENTAL RULES EXHIBIT FOR NON-NETTING COUNTERPARTIES

published on January 20, 2017

by the International Swaps and Derivatives Association, Inc.

The International Swaps and Derivatives Association, Inc. (“**ISDA**”) has published this ISDA 2016 Variation Margin Protocol Supplemental Rules Exhibit for Non-Netting Counterparties (this “**Supplemental Rules Exhibit**”) for use in connection with the ISDA 2016 Variation Margin Protocol published on August 16, 2016 by ISDA (the “**Protocol**”). If Protocol participants enter into a New CSA under the general terms of the Protocol, variation margin is calculated for each party thereunder on a net basis. This Supplemental Rules Exhibit enables Protocol participants to amend the terms of their New CSAs to provide that variation margin will be calculated on a gross basis for at least one of the parties.

This Supplemental Rules Exhibit is a “Supplemental Rules Exhibit” under the terms of the Protocol. Capitalized terms used but not otherwise defined in this Supplemental Rules Exhibit shall have the meanings assigned to such terms in the Protocol.

1. Use of Protocol

An Adhering Party may use a supplemental questionnaire in substantially the form of Exhibit A to this Supplemental Rules Exhibit or in such other form as is designated by ISDA (on ISDA Amend or otherwise) as the “ISDA 2016 Variation Margin Protocol Questionnaire for Non-Netting Counterparties” (a “**Supplemental Questionnaire**”) together with this Supplemental Rules Exhibit and the terms of the Protocol to amend New CSAs where the Agreed Method is the “New CSA Method” or where the parties have agreed to enter into a Protocol Master Agreement. A Supplemental Questionnaire is a “Supplemental Questionnaire” for purposes of the Protocol. In the event that the form of the Supplemental Questionnaire as provided on ISDA Amend is integrated with the form of the Questionnaire as provided on ISDA Amend, execution and delivery of a Questionnaire on ISDA Amend will also be execution and delivery of a Supplemental Questionnaire for purposes of the Protocol and this Supplemental Rules Exhibit.

2. Matching and Effectiveness of Supplemental Questionnaires

When two Adhering Parties have executed and delivered Supplemental Questionnaires to each other as provided in the Protocol, as between those two Exchanging Parties and their respective Delivering PCA Principals, such parties will be deemed “**Additionally Matched Parties**” and their respective Supplemental Questionnaires will be deemed “**Matched Supplemental Questionnaires**” for purposes of the Protocol and this Supplemental Rules Exhibit provided each of the following conditions is met, to the extent applicable:

- (a) the Delivering PCA Principal identified in each such Exchanged Supplemental Questionnaire must be a Receiving PCA Principal with respect to the other such Exchanged Supplemental Questionnaire;
- (b) the two Exchanging Parties and their respective Delivering PCA Principals must be Matched Parties with respect to Matched Questionnaires;
- (c) the Agreed Method of the Exchanging Parties and their respective Delivering PCA Principals must be New CSA Method;

- (d) at least one Exchanging Party must have selected “Collect Gross VM” under “Gross Collection Party Designation?” in its Exchanged Supplemental Questionnaire, and the other Exchanging Party must have selected “Post Gross VM” under “Gross Collection Party Designation?” in its Exchanged Supplemental Questionnaire;
- (e) if one Exchanging Party has selected both “Collect Gross VM” and “Post Gross VM” in its Exchanged Supplemental Questionnaire, the other Exchanging Party must also have selected both “Collect Gross VM” and “Post Gross VM” in its Exchanged Supplemental Questionnaire;
- (f) neither Exchanging Party has selected both (i) “Collect Gross VM” and “Collect Net VM,” (ii) “Post Gross VM” and “Post Net VM” or (iii) “Collect Net VM” and “Post Net VM” in its Exchanged Supplemental Questionnaire; and
- (g) if (i) the Designated Regime Combination for the Exchanging Parties and their respective Delivering PCA Principals does not include any of CFTC Rules, OSFI Rules, or PR Rules and (ii) one Exchanging Party has selected “Collect Net VM” in its Exchanged Supplemental Questionnaire, the other Exchanging Party must have selected “Post Net VM” in its Exchanged Supplemental Questionnaire.

3. Applicable Amendments

- (a) New CSA Method: As between two Additionally Matched Parties hereunder and their respective Delivering PCA Principals, if the parties have added a New CSA:
 - (i) in the form of Exhibit NY-NEW, such New CSA is amended by the terms of Exhibit NY-SUPP 4 NEW; or
 - (ii) in the form of Exhibit En-NEW, such New CSA is amended by the terms of Exhibit En-SUPP 4 NEW.

4. Miscellaneous

- (a) Headings and Footnotes. The headings and footnotes used in this Supplemental Rules Exhibit are for informational purposes and convenience of reference only, and are not to affect the construction of or to be taken into consideration in interpreting this Supplemental Rules Exhibit.
- (b) Applicability of Protocol Provisions. Except as otherwise specified in this Supplemental Rules Exhibit, the provisions of the Protocol shall apply to this Supplemental Rules Exhibit and to any amendments made in accordance with the terms hereof to each New CSA, Protocol Covered Agreement and Protocol Master Agreement.

EXHIBIT A
to Supplemental Rules Exhibit

[Form of Supplemental Questionnaire for Non-Netting Counterparties (non-ISDA Amend)]