



# Launch of the Variation Margin Protocol

ISDA Amend Webcast  
December 1<sup>st</sup> 2016

## Speakers

- Katherine Tew Darras, General Counsel, ISDA
  - Douglas J. Donahue, Partner, Mayer Brown LLP
  - Darren Thomas, Managing Director, IHS Markit
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## Agenda

- Working Group on Margin Requirements: Initiative Overview
- Variation Margin Protocol (VMP)
  - > Regulatory context and ISDA design
  - > ISDA Amend VMP walk-through
- CSA Generate Function
- Questions



# Working Group on Margin Requirements: Initiative Overview

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## Introduction

- Margin regulations for uncleared derivatives have been adopted in the United States, Canada, Switzerland and Japan. The general market compliance date for the Variation Margin (VM) requirements of these margin regulations is March 1, 2017 (September 1, 2017 for Switzerland)
- The European regulations are expected to be finalized imminently with the same general March 1, 2017 compliance date for variation margin
- Australia adopted margin regulations in October (although the effective date has not yet been set). Hong Kong and Singapore are moving forward with the adoption of margin regulations.
- Compliance with the relevant margin regulations will, in many cases, require parties to update their existing ISDA collateral documentation or put in place new ISDA collateral documentation
- ISDA has developed industry tools for market participants to use when updating their documentation in response to the margin regulations for uncleared derivatives. These tools are available on ISDA Amend

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## Ongoing ISDA Documentation Efforts

- ISDA published the Self-Disclosure Letter (SDL) on June 30<sup>th</sup> for US, EU, Japan, Canada and Switzerland. The ISDA Amend SDL tool has been available on the IHS Markit site since October 28<sup>th</sup>
  - ISDA published a Self-Disclosure Letter Module for Australia on November 29<sup>th</sup>
  - Additional Self-Disclosure Letter Modules are in preparation for Singapore and Hong Kong
- ISDA published the Variation Margin Protocol on August 16<sup>th</sup>, and supplemental terms for EU rules on November 17<sup>th</sup>. The ISDA Amend Variation Margin Protocol tool was launched on the IHS Markit site on November 25<sup>th</sup>
  - Protocol supplements are in development for Australia and Switzerland margin rules, and for voluntary segregation terms for funds that are required to segregate VM
- Bilateral CSA template solutions for AEJ region



# Margin Regulations for Uncleared Derivatives: Variation Margin Protocol (“VMP”)

## ISDA Variation Margin Protocol: Overview

- The VMP is currently designed to assist market participants comply with the PR, CFTC, OSFI, Japanese and European margin regulations. The VMP will be supplemented to assist market participants to comply with the Swiss and Australian margin regulations and potentially others
- The VMP only addresses Variation Margin
- The VMP provides for three different “methods” for creating or upgrading CSAs and different versions of each method for different regulatory regimes or combinations of regulatory regimes
- The VMP covers NY-Law CSAs, English-Law CSAs and Japanese-Law CSAs
- The VMP allows parties to enter into a new 2002 ISDA Master Agreement (a “Protocol Master Agreement” or “PMA”), with a new VM CSA
- “Protocol Covered Agreements” are ISDA Master Agreements and non-ISDA Masters that use an ISDA CSA
  - Does not include: (1) master agreements limited to single-transaction only and (2) master agreements that already includes multiple CSAs governing VM
- The VMP is a questionnaire style protocol



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## What is a Questionnaire Style Protocol?

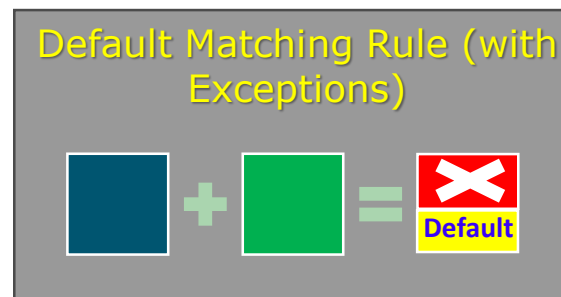
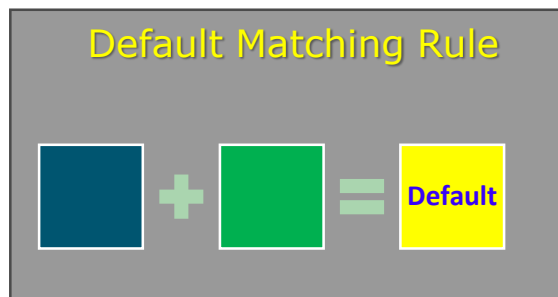
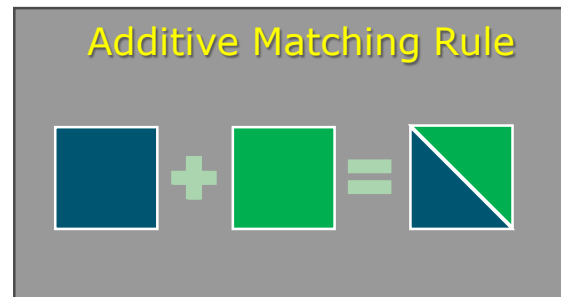
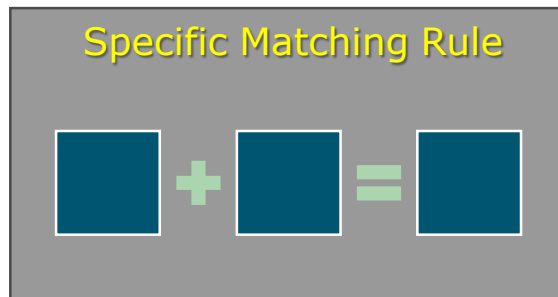
- A questionnaire style protocol is a protocol that requires market participants to both adhere and exchange protocol questionnaires in order to form an agreement
- Protocol questionnaires contain elections that enable protocol participants to customize their agreements with other protocol participants with whom they exchange questionnaires
- Questionnaires are designed to elicit specific pieces of information and guide participants through a series of possible representations and elections that produce a contractual result
- Questionnaire style protocols allow market participants to:
  - > Control other adhering parties with whom they form an agreement via the Protocol;
  - > Differentiate the information provided to other adhering parties;
  - > Choose and vary the package of options/contractual terms offered to other adhering parties
- Questionnaire style protocols require market participants to “match” questionnaires to form an agreement via the protocol

## Questionnaire Matching

- Matching occurs through the exchange of questionnaires
- The protocol agreement provides specific procedures for exchanging questionnaires and allows market participants to specify how they would like to receive questionnaires
- Questionnaire matching is the process of comparing the elections in a pair of exchanged Questionnaires and determining what result, if any, such elections produce based on matching “rules” in the VMP
- The VMP contains different types of matching rules, which produce different results
- Questionnaire matching increases the functionality of an ISDA Protocol, but it also increases its complexity
- VMP questionnaires contain elections that are conditions precedent to producing “matched questionnaires” (i.e. forming an agreement via the VMP)
  - > These are the so called “required-to-match” elections. If parties do NOT have “matched questionnaires” they have NOT updated their documentation via the ISDA VMP. Parties may continue to update and exchange their questionnaires until they have “matched questionnaires.”

## Types of Matching

The following matching rules are used to determine what result a specific pair of Questionnaire elections produce:

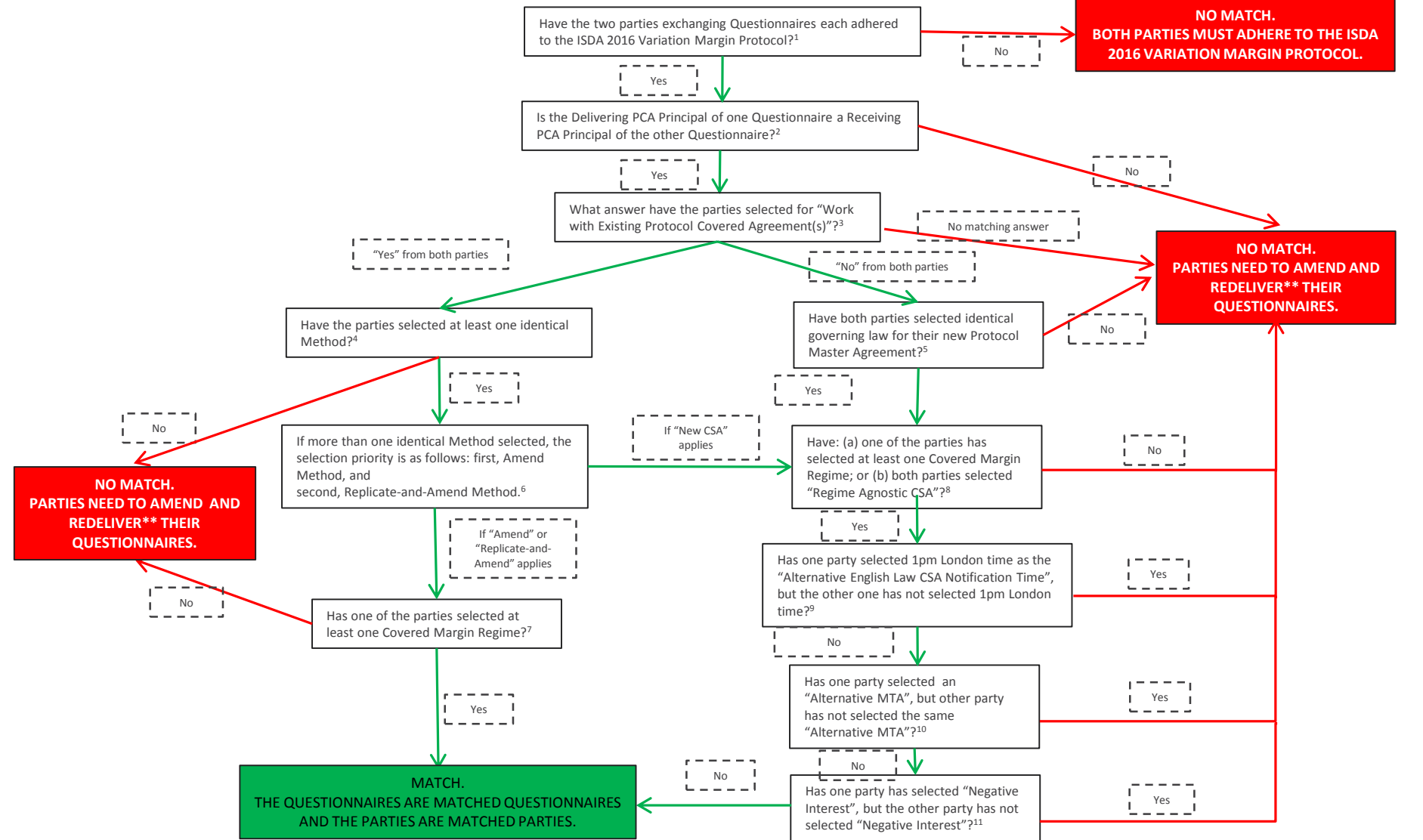


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## Variation Margin Protocol Process

- In order for any pair of market participants to update their documents using the VMP, the following must occur:
  - > First, each market participant must have delivered an adherence letter to ISDA in the manner prescribed in the VMP
  - > Second, the pair must have exchanged Questionnaires in the manner prescribed in the VMP
  - > Third, the pair must have matched on all of the “required-to-match” elections

Do we have ISDA 2016 Variation Margin Protocol Matched Questionnaires?\*



Footnotes

- ¹ – Para 1(a) Protocol.
- ² – Para 4(b)(i) Protocol; Parts I and II Questionnaire.
- ³ – Para 4(b)(ii) Protocol; Question 1, Part III Questionnaire.
- ⁴ – Para 4(b)(iii) Protocol; Part IV Questionnaire.
- ⁵ – Para 4(b)(v) Protocol; Question 2, Part III Questionnaire.
- ⁶ – Para 4(a) Protocol; Part IV Questionnaire.
- ⁷ – Para 4(b)(iv) and 7(b)(iv) Protocol; Part V Questionnaire.
- ⁸ – Para 4(b)(vii) and 7(b)(iv) Protocol; Parts V and VI Questionnaire.
- ⁹ – Para 4(b)(ix) Protocol; Question 2, Part VII Questionnaire.
- ¹⁰ – Para 4(b)(viii) Protocol; Question 4, Part XI Questionnaire.
- ¹¹ – Para 4(b)(vi) Protocol; Question 11, Part XI Questionnaire.

\* – This diagram is based on the ISDA 2016 Variation Margin Protocol published on August 16 August 2016.

\*\* – Both parties are not required to redeliver.

## Role of ISDA Amend

- Protocol questionnaires may be, and are expected to be predominantly, exchanged via ISDA Amend. There are over 60,000 LEIs on ISDA Amend
- The ISDA Amend questionnaires on a counterparty by counterparty basis;
  - > Use the embedded logic engine to determine election results;
  - > Identify failures to match on “required-to-match” elections;
  - > Download their matching election results; and
  - > Manage the inflow of information, including ongoing updates thereto
- ISDA Amend is a powerful tool to assist market participants with the exchange and reconciliation of a potentially large data set

# Exchange of Draft Terms vs. Exchange of Questionnaires

- **Draft Terms:**

- > The VMP tool on ISDA Amend allows users to deliver “draft terms” (i.e. draft responses to the questions in the questionnaire) to their counterparties. The purpose of this functionality is to provide ISDA Amend users with the ability to preview the terms that its counterparties are offering and use the ISDA Amend logic engine to determine the terms of the agreement that would be formed based on its and its counterparties draft terms
- > **THE DELIVERY OF DRAFT TERMS DOES NOT CONSTITUTE THE DELIVERY OF A QUESTIONNAIRE UNDER THE VMP**
- > ISDA Amend users may deliver draft terms to a counterparty by completing each of the following steps:
  - Submit its draft terms on ISDA Amend
  - Apply such draft terms to the counterparty relationship
- > An ISDA Amend user may deliver its draft terms to its counterparties via ISDA Amend without adding its Protocol Adherence Letter ID to ISDA Amend
- > Draft terms will be delivered without an Authorized Signatory (i.e. the draft terms are not executed)

# Exchange of Draft Terms vs. Exchange of Questionnaires

- **Questionnaire:**

- > ISDA Amend users may deliver a questionnaire to a counterparty by completing each of the following steps:
  - Submit its questionnaire terms (i.e. its responses to the questions in the questionnaire) on ISDA Amend;
  - Add its Protocol Adherence Letter ID to ISDA Amend;
  - Add an authorized signatory to the questionnaire, and
  - Apply such questionnaire to the counterparty relationship

- **Please note that:**

- > 1. The exchange of draft terms will not form an agreement under the VMP. An agreement will only be formed under the VMP once the relevant parties have exchanged questionnaires that are deemed matched questionnaires under the terms of the VMP
- > 2. The exchange of draft terms via ISDA Amend does not require the parties to exchange questionnaires via ISDA Amend at a later date



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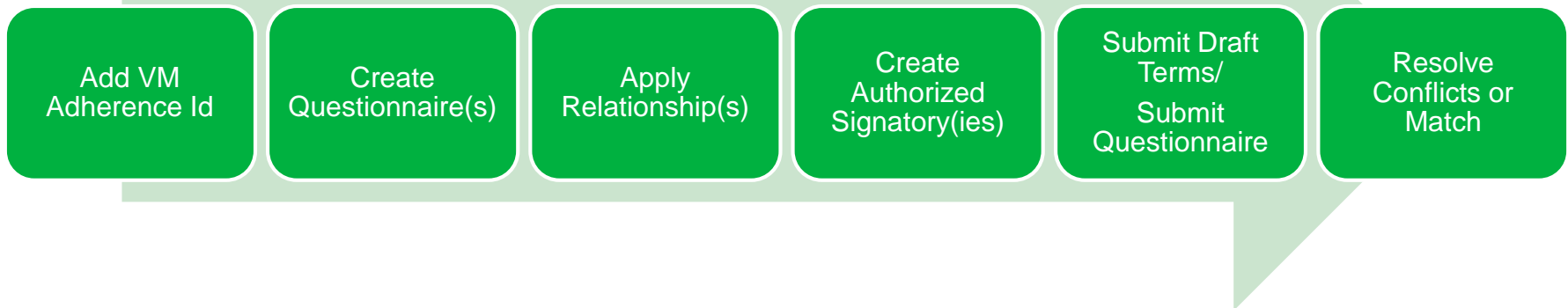
## ISDA Amend 2.0: Product Delivery to Date

- Jurisdictional Modular Protocol
  - > UK (May 16, 2016)
  - > Germany (September 2, 2016)
- Self-Disclosure Letter (October 28, 2016)
  - > Canada, EU, Japan, Switzerland, US (CFTC, PR)
  - > Authorised Signatories
  - > On request SDL receiver data
- Variation Margin Protocol (November 25, 2016)
  - > Canada, EU, Japan, US margin rules
  - > English, Japanese, and NY-law CSA

## Variation Margin Release (“Draft” Mode) – Nov 25<sup>th</sup>



## Variation Margin Release (“Draft” or “Final” Mode) – Mid-Dec



# Navigation: VM Dashboard



**Dashboard** Questionnaire Library Authorised Signatory Tools Training Counterparty Manager Counterparty Manager

## Variation Margin Protocol

**ANNOUNCEMENT**

This is the Phase 1 launch of the Variation Margin Protocol tool on ISDA Amend. During this phase you will only be able to exchange Draft Terms with your counterparties. The Phase 2 launch of the Variation Margin Protocol tool on ISDA Amend will occur in mid-December. Once the Phase 2 launch has occurred, you will be able to exchange Draft Terms and Variation Margin Protocol Questionnaires.

PLEASE NOTE THAT THE DELIVERY AND/OR EXCHANGE OF DRAFT TERMS DOES NOT CONSTITUTE THE DELIVERY AND/OR EXCHANGE OF QUESTIONNAIRES UNDER THE VARIATION MARGIN PROTOCOL.

**SENT / RECEIVED STATUS**

■ Exchanged  
■ Received but not sent  
■ Sent but not received

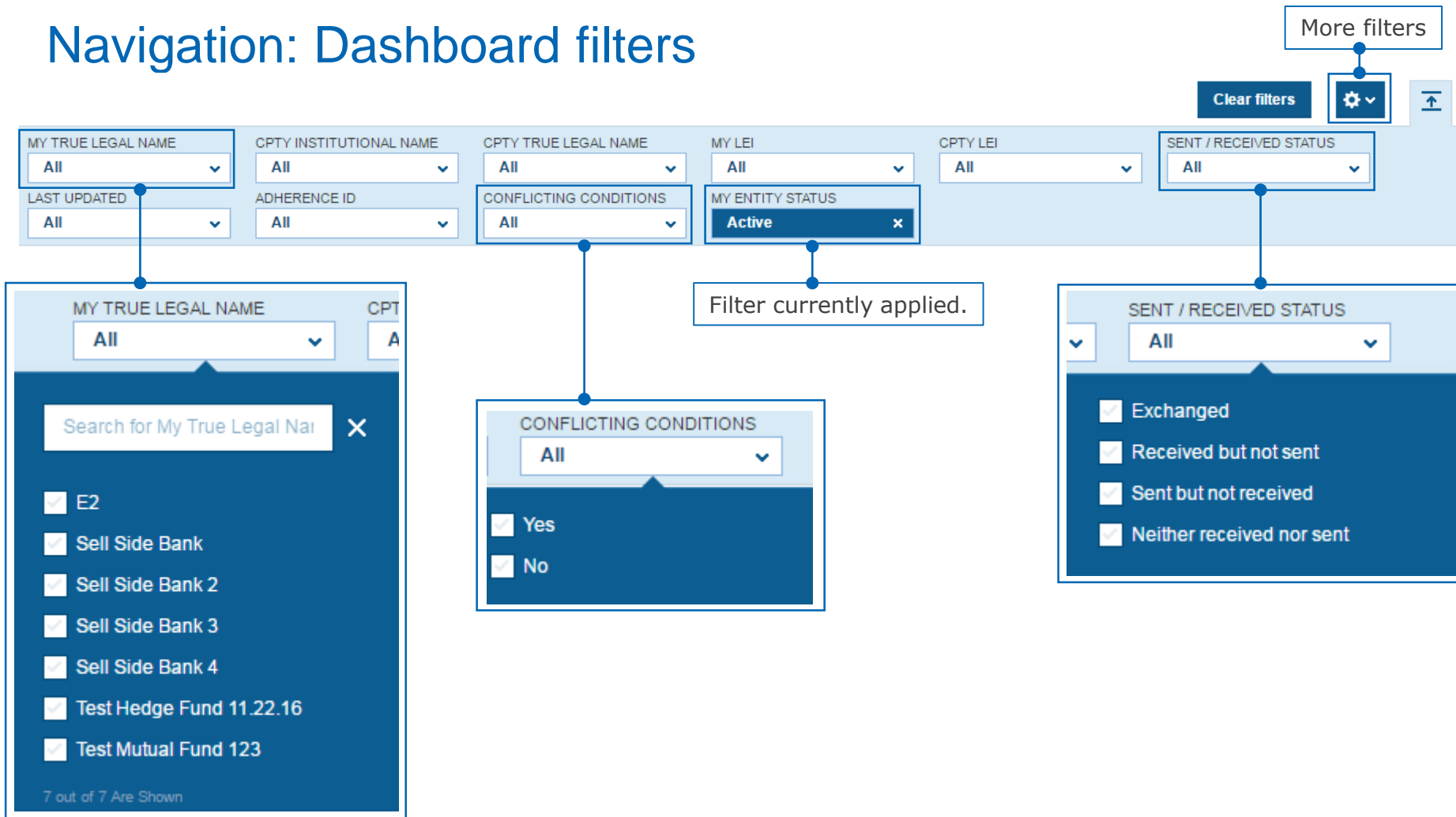
**QUICK LINKS**

- [Add Questionnaire](#)
- [Add Authorised Signatory](#)
- [Bulk Upload Adherence ID](#)
- [VM User Guide](#)

**Filters:** Clear filters [Settings] [Refresh]

MY TRUE LEGAL NAME	CPTY INSTITUTIONAL NAME	CPTY TRUE LEGAL NAME	MY LEI	CPTY LEI	SENT / RECEIVED STATUS
All	All	All	All	All	All
LAST UPDATED	ADHERENCE ID	CONFLICTING CONDITIONS	MY ENTITY STATUS		
All	All	All	All		

## Navigation: Dashboard filters

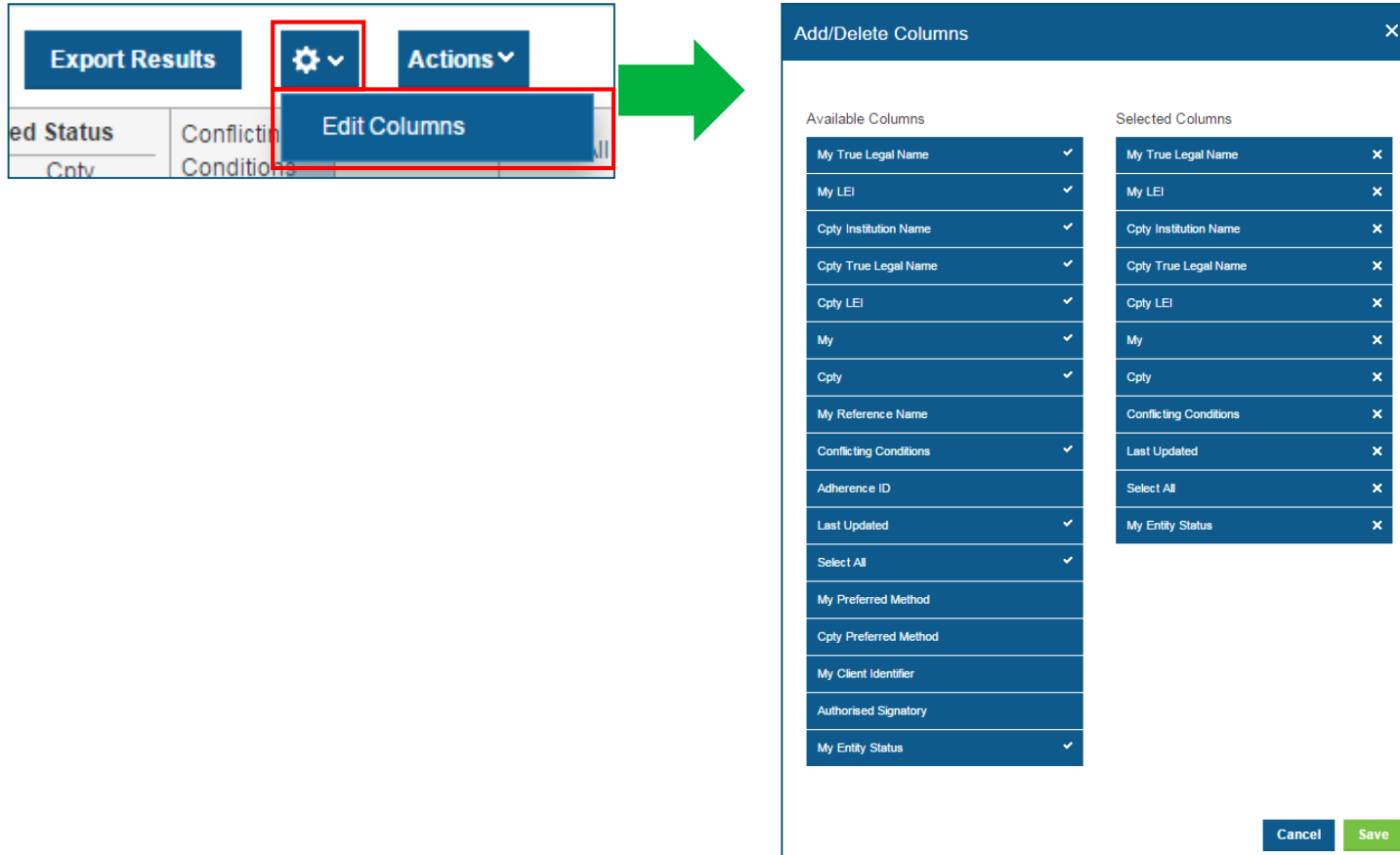


The dashboard features a horizontal bar of filters. Callouts show the expanded views for three of these filters:

- MY TRUE LEGAL NAME:** A search bar with the text "Search for My True Legal Nai" and a close button. Below is a list of 7 items, all checked: E2, Sell Side Bank, Sell Side Bank 2, Sell Side Bank 3, Sell Side Bank 4, Test Hedge Fund 11.22.16, and Test Mutual Fund 123. A footer note says "7 out of 7 Are Shown".
- CONFLICTING CONDITIONS:** A dropdown menu currently set to "All". The expanded view shows two options: "Yes" and "No", both of which are checked.
- SENT / RECEIVED STATUS:** A dropdown menu currently set to "All". The expanded view shows four options, all of which are checked: "Exchanged", "Received but not sent", "Sent but not received", and "Neither received nor sent".

Other visible filters in the bar include: CPTY INSTITUTIONAL NAME (All), CPTY TRUE LEGAL NAME (All), MY LEI (All), CPTY LEI (All), LAST UPDATED (All), ADHERENCE ID (All), and MY ENTITY STATUS (Active). A "Clear filters" button and a "More filters" button are also present.

## Navigation: Customize Columns in Dashboard



The diagram illustrates the process to customize dashboard columns. On the left, a dashboard header shows buttons for 'Export Results', a settings icon (gear), and 'Actions'. A red box highlights the settings icon, and a green arrow points to a modal window titled 'Add/Delete Columns'.

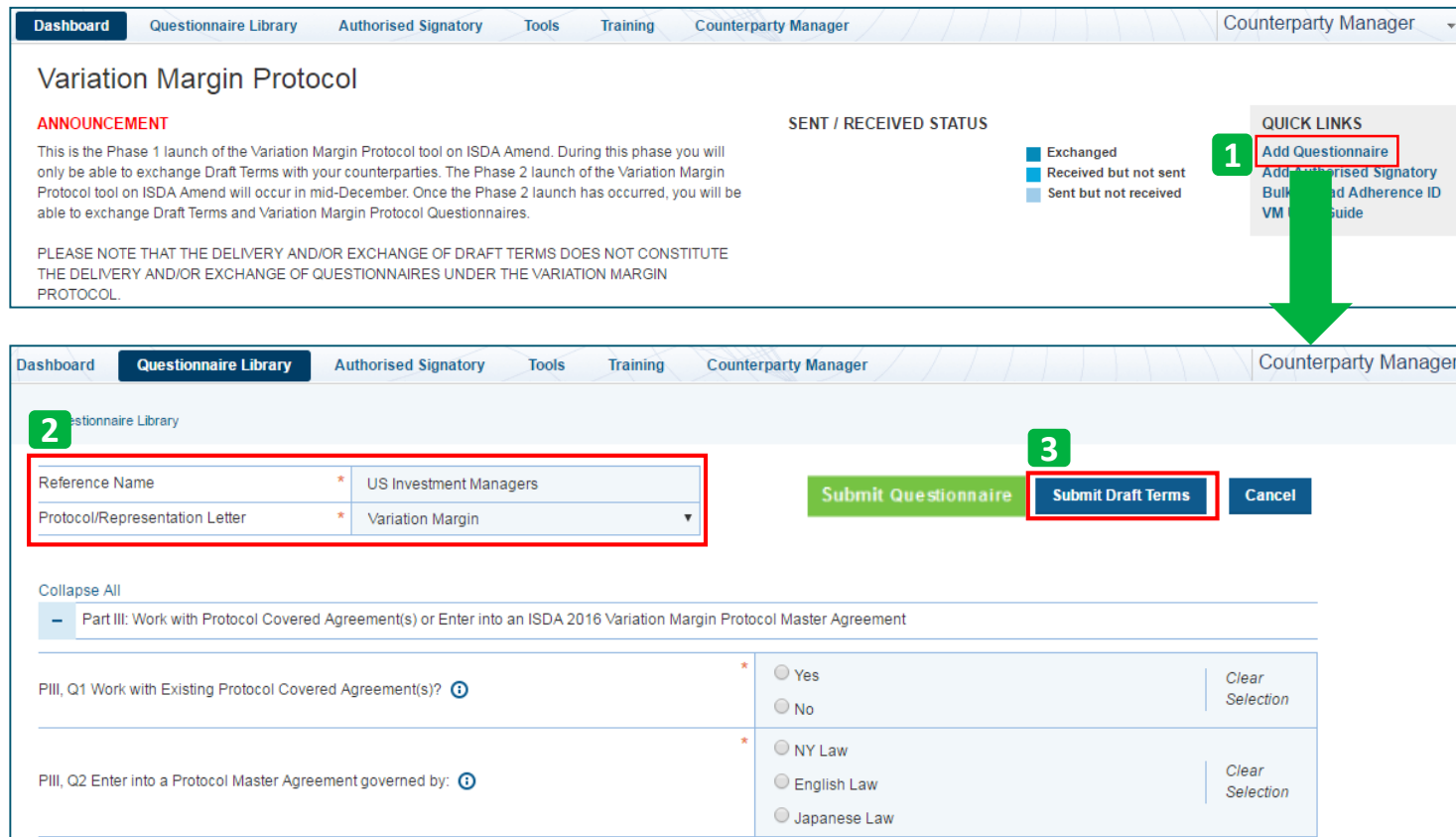
The modal window displays two columns: 'Available Columns' and 'Selected Columns'.

Available Columns	Selected Columns
My True Legal Name ✓	My True Legal Name ✕
My LEI ✓	My LEI ✕
Cpty Institution Name ✓	Cpty Institution Name ✕
Cpty True Legal Name ✓	Cpty True Legal Name ✕
Cpty LEI ✓	Cpty LEI ✕
My ✓	My ✕
Cpty ✓	Cpty ✕
My Reference Name	Conflicting Conditions ✕
Conflicting Conditions ✓	Last Updated ✕
Adherence ID	Select All ✕
Last Updated ✓	My Entity Status ✕
Select All ✓	
My Preferred Method	
Cpty Preferred Method	
My Client Identifier	
Authorized Signatory	
My Entity Status ✓	

At the bottom right of the modal are 'Cancel' and 'Save' buttons.

- Within the Dashboard users can create a personalized view

# Create New Questionnaire



The screenshot shows the ISDA Variation Margin Protocol tool interface. The top navigation bar includes 'Dashboard', 'Questionnaire Library', 'Authorised Signatory', 'Tools', 'Training', and 'Counterparty Manager'. The 'Counterparty Manager' dropdown is open, showing 'Add Questionnaire' as the first option, highlighted with a red box and a green arrow pointing to it. Below the navigation bar, the 'Variation Margin Protocol' section contains an 'ANNOUNCEMENT' and a 'SENT / RECEIVED STATUS' section. The 'Quick Links' section on the right also highlights 'Add Questionnaire'. The 'Questionnaire Library' section shows a table with 'Reference Name' and 'Protocol/Representation Letter' columns. The 'Reference Name' column contains 'US Investment Managers' and the 'Protocol/Representation Letter' column contains 'Variation Margin'. Below the table, there are two sections: 'Part III: Work with Protocol Covered Agreement(s) or Enter into an ISDA 2016 Variation Margin Protocol Master Agreement' and 'Part III: Q1 Work with Existing Protocol Covered Agreement(s)?'. The 'Part III: Q1' section has radio buttons for 'Yes' and 'No'. The 'Part III: Q2' section has radio buttons for 'NY Law', 'English Law', and 'Japanese Law'. The 'Submit Questionnaire' and 'Submit Draft Terms' buttons are highlighted with red boxes and green arrows. The 'Submit Draft Terms' button is also highlighted with a green box and a green arrow.

Dashboard Questionnaire Library Authorised Signatory Tools Training Counterparty Manager Counterparty Manager

### Variation Margin Protocol

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**SENT / RECEIVED STATUS**

- Exchanged
- Received but not sent
- Sent but not received

**QUICK LINKS**

- Add Questionnaire**
- Add Authorised Signatory
- Bulk Add Adherence ID
- VM Guide

**2** Questionnaire Library

Reference Name *	US Investment Managers
Protocol/Representation Letter *	Variation Margin

**3** Submit Questionnaire Submit Draft Terms Cancel

Collapse All

Part III: Work with Protocol Covered Agreement(s) or Enter into an ISDA 2016 Variation Margin Protocol Master Agreement

PIII, Q1 Work with Existing Protocol Covered Agreement(s)? ⓘ

- Yes
- No

Clear Selection

PIII, Q2 Enter into a Protocol Master Agreement governed by: ⓘ

- NY Law
- English Law
- Japanese Law

Clear Selection

1. Click the **Add Questionnaire** button in the Quick Links section of the dashboard
2. Provide Questionnaire **Reference Name** and **Protocol** to view the list of relevant questions.
3. Click on **Submit Draft Terms** once complete

**Note:** The **Submit Questionnaire** button refers to a final submission and will be available in mid-December 2016

# Completing the Questionnaire

Reference Name *	
Protocol/Representation Letter *	Variation Margin ▼

**Submit Draft Terms****Cancel**

Collapse All

**–** Part III: Work with Protocol Covered Agreement(s) or Enter into an ISDA 2016 Variation Margin Protocol Master Agreement

PIII, Q1 Work with Existing Protocol Covered Agreement(s)? ⓘ	* <input type="radio"/> Yes <input type="radio"/> No	<a href="#">Clear Selection</a>
PIII, Q2 Enter into a Protocol Master Agreement governed by: ⓘ	* <input type="radio"/> NY Law <input type="radio"/> English Law <input type="radio"/> Japanese Law	<a href="#">Clear Selection</a>

**–** Part IV: Method Elections

PIV, Q1 Preferred Method(s)? ⓘ	* <input type="checkbox"/> Amend Method <input type="checkbox"/> Replicate-and-Amend Method <input type="checkbox"/> New CSA Method
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**–** Part V: Covered Margin Regime Election

PV, Q1 Covered Margin Regimes? ⓘ	* <input type="checkbox"/> CFTC Rules <input type="checkbox"/> EMIR Rules <input type="checkbox"/> Japan Rules <input type="checkbox"/> None of the Above <input type="checkbox"/> OSFI Rules <input type="checkbox"/> PR Rules
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**Draft Mode****Create  
Questionnaire(s)****Apply  
Relationship(s)****Submit Draft  
Terms****Resolve  
Conflicts**

## Completing the Questionnaire

– Part XI: Elections and Variables ♦ New CSAs Only

PXI, Q1 Alternative Base Currency Election ⓘ	<div><input type="radio"/> EUR Base Currency</div> <div><input type="radio"/> GBP Base Currency</div> <div><input type="radio"/> JPY Base Currency</div> <div><input type="radio"/> USD Base Currency</div> <div>Clear Selection</div>
PXI, Q3 Eligible Sovereign Debt Collateral? ⓘ	<div><input type="checkbox"/> United States Treasuries (UST)</div> <div><input type="checkbox"/> European Central Bank Debt (ECB) <input type="checkbox"/> United Kingdom Debt (UKT)</div> <div><input type="checkbox"/> French Republic Debt (OAT)</div> <div><input type="checkbox"/> Federal Republic of Germany Debt (BUND)</div> <div><input type="checkbox"/> Federal Government of Canada Debt (CB)</div> <div><input type="checkbox"/> Japanese Government Debt (JGB)</div> <div><input type="checkbox"/> Commonwealth of Australia Debt (AUT)</div>
PXI, Q11 Negative Interest Election? ⓘ	<div><input type="radio"/> Negative Interest</div> <div><input type="radio"/> No</div> <div>Clear Selection</div>

- Some of the questions will be greyed out and available to answer depending on elections made in previous questions



## Information Icons in the Questionnaire

PXI, Q10 Interest Adjustment? 	<input type="radio"/> Yes <input type="radio"/> No	<a href="#">Clear Selection</a>
---	---	---------------------------------



*For purposes of New CSAs, the Protocol provides that "Interest Transfer" is applicable and "Interest Adjustment" is not applicable, unless each party selects "Interest Adjustment" in its Matched Questionnaire.*

***Please Note: The default election that Interest Transfer is applicable is only replaced with Interest Adjustment being applicable if both Matched Parties elect Interest Adjustment in their Matched Questionnaires.***

*Specifying "Yes" indicates that Delivering Party wants "Interest Adjustment" (and not "Interest Transfer") to apply for purposes of relevant New CSA(s). Specifying "No" indicates that Delivering Party does not want "Interest Adjustment" to apply for purposes of such New CSA(s).*

***See Original Paper Questionnaire Part XI, Q10.***

### Helpful Hints:

1. If both parties select "Yes" in response to this Question, the "Interest Adjustment" provisions rather than the "Interest Transfer" provisions will apply for the purposes of the New CSA.
2. If either: (a) both parties select "No", or (b) one party selects "Yes" and the other party selects "No", the "Interest Transfer" provisions will apply for the purposes of the New CSA.

# Clone a Questionnaire

Dashboard **Questionnaire Library** Authorised Signatory Tools Training Counterparty Manager Counterparty Manager

## Questionnaire Library

[+ Add Questionnaire](#) [Clear filters](#) [Settings](#) [Refresh](#)

REFERENCE NAME: All JURISDICTION: All PROTOCOL/REPRESENTATION LETTER: All ASSOCIATED RELATIONSHIPS: All QUESTIONNAIRE STATUS: All LAST MODIFIED BY: All

LAST MODIFIED ON: All

5 Questionnaires [Export Results](#) [Settings](#) **Actions**

Reference Name	Jurisdiction	Associated Relationships	Questionnaire Status	Last Modified By	Last Modified On	Actions
UK Investment Managers			Draft Terms	brittany.garland@ihsmarkit.com		
US Investment Managers			Draft Terms	brittany.garland@ihsmarkit.com		
Sherry Test 11/28		1	Draft Terms	Sherry.Kurisinkal@ihsmarkit.com		
Test_Inv Man 1		2	Draft Terms	brittany.garland@ihsmarkit.com	28-Nov-2016	

Individual Options:

- Clone Questionnaire**
- Edit Questionnaire

Bulk Options:

- Delete Questionnaire

- In the Questionnaire Library, select the questionnaire you wish to clone, click Actions, then Clone Questionnaire
- Input new Questionnaire Reference Name
- Adjust the answers as necessary and Submit
- **Note:** The newly created questionnaire will need to be applied to relationships separately

# Apply Questionnaires to Relationships

**1**

MY TRUE LEGAL NAME: All  
CPTY INSTITUTIONAL NAME: **BS RFA Company 001**  
CPTY TRUE LEGAL NAME: All  
MY LEI: All  
CPTY LEI: All  
SENT / RECEIVED STATUS: All

LAST UPDATED: All  
CONFLICTING CONDITIONS: All  
MY ENTITY STATUS: All

12 Relationships/ 0 Matches

Draft Terms: Not Applied | Draft Shared  
Adherence ID / Authorised Sig: Not Applied | Not Applied (Optional)

Export Results | Settings | **Actions**

My True Legal Name	My LEI	Cpty Institution Name	Cpty True Legal Name	Cpty LEI	My Entity Status	Sent / Received Status		Conflicting Conditions	Last Updated	Select All
						My	Cpty			
Sell Side Bank 4	ALSKDFJSADLKJ5468763	BS RFA Company 001	Buyside Mutual Fund 1	SADFLSKDJ32131232131	Active			0	28-Nov-2016	<input checked="" type="checkbox"/>
Sell Side Bank 2	SALDKFJS546876352135	BS RFA Company 001	Buyside Mutual Fund 1	SADFLSKDJ32131232131	Active			0	28-Nov-2016	<input checked="" type="checkbox"/>
Sell Side Bank 4	ALSKDFJSADLKJ5468763	BS RFA Company 001	Buyside Hedge Fund	SADLKJFJSDLKJ6549876	Active				23-Nov-2016	<input checked="" type="checkbox"/>

**3**

Apply Questionnaire

Please select only one questionnaire

Questionnaire Name	Last Modified	Last Modified By	
UK Investment Managers	29-Nov-2016	brittany.garland@ihsmar...	<input checked="" type="radio"/>
US Investment Managers	29-Nov-2016	brittany.garland@ihsmar...	<input type="radio"/>

1 of 1

Cancel Apply

**2**

Export Results | Settings | **Actions**

Bulk Options

- Apply Questionnaire**
- Remove Questionnaire
- Print CSA

1. Select the relationships you wish to apply a questionnaire to (use filters for ease of use)
2. Click **Actions**, and **Apply Questionnaire**
3. In the resulting pop-up, select the questionnaire you wish to Apply

## Submit Draft Terms

144513 Relationships/ 0 Matches						<b>Draft Terms</b> Not Applied  Draft Shared		<b>Adherence ID / Authorised Sig</b> Not Applied  Not Applied (Optional)	
My True Legal Name	My LEI	Cpty Institution Name	Cpty True Legal Name	Cpty LEI	My Entity Status	Sent / Received Status		My Reference Name	Conflicting Conditions
						My	Cpty ▲		
AVM001	42346237492342342342	Test 2.4.0 Company_1	AVM001_SS	42342356478239423423	Active			vm_bs_que_1	4
TESTST	36985719435668979441	20 oct ss	SDL_REG_SS_TEST_SS...	99898889988998989898	Active				
AMBIS2	15235232341123523431	Test 2.4.0 Company_1	AMSSIS2	85235232348823523438	Active			Replicate and Amend	2
AMB#S4	15235232341123523433	Test 2.4.0 Company_1	AMSSIS2	85235232348823523438	Active			Replicate and Amend	2
AMB#S4	15235232341123523433	Test 2.4.0 Company_1	AMSS@S3	85235232348823523432	Active			Replicate and Amend	2
AMB#S4	15235232341123523433	Test 2.4.0 Company_1	AMSS#S4	85235232348823523433	Active			Replicate and Amend	2
AMB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSSIS2	85235232348823523438	Active			Replicate and Amend	2
AMB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSS@S3	85235232348823523432	Active			Replicate and Amend	2
AMB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSS#S4	85235232348823523433	Active			Replicate and Amend	2

- **Sent/Received Status:** status of relationship
- **Questionnaire** shared once draft terms are applied
- **Draft Terms Icons:** indicate which party has submitted its questionnaire.
- **Conflicting Conditions:** Once both parties have submitted questionnaires, the number of conflicting conditions for each relationship will appear

## Review and Resolve Conflicting Conditions

MY TRUE LEGAL NAME: All  
REFERENCE NAME: All  
CONFLICTING CONDITIONS: Yes x  
CPTY INSTITUTIONAL NAME: All  
MY PREFERRED METHOD: All  
AUTHORISED SIGNATORY: 1  
CPTY TRUE LEGAL NAME: All  
CPTY PREFERRED METHOD: All  
MY ENTITY STATUS: All  
MY LEI: All  
LAST UPDATED: All  
CPTY LEI: All  
MY CLIENT IDENTIFIER: All  
SENT / RECEIVED STATUS: All  
ADHERENCE ID: All

☒ Yes  
☐ No  
x Clear All

**Matches**  
Not Applied Draft Shared

Adherence ID / Authorised Sig  
Not Applied Not Applied (Optional)

Export Results Settings Actions

Cpty Institution Name	Cpty True Legal Name	Cpty LEI	My Entity Status	Reference	Conflicting Conditions	Adherence ID	Last Updated	Select All		
MB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSSS)11	85235232348823523440	Active	Replicate and Amend	2	PR_2016_VM1_1235	18-Nov-2016	<input type="checkbox"/>
MB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSS@S3	85235232348823523432	Active	Replicate and Amend	2	PR_2016_VM1_1235	18-Nov-2016	<input type="checkbox"/>
MB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSSS/27	89239232348823923440	Active	Replicate and Amend	2	PR_2016_VM1_1235	18-Nov-2016	<input type="checkbox"/>
MB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSSS,30	89239232348823923448	Active	Replicate and Amend	2	PR_2016_VM1_1235	18-Nov-2016	<input type="checkbox"/>
MB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSSS+14	86236232348823623438	Active	Replicate and Amend	2	PR_2016_VM1_1235	18-Nov-2016	<input type="checkbox"/>
MB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSSS?26	89239232348823923439	Active	Replicate and Amend	2	PR_2016_VM1_1235	18-Nov-2016	<input type="checkbox"/>
MB%S6	15235232341123523435	Test 2.4.0 Company_1	AMSSS)20	86236232348823623437	Active	Replicate and Amend	2	PR_2016_VM1_1235	18-Nov-2016	<input type="checkbox"/>

1. Use the Conflicting Conditions filter
    - a. Scroll right to see the Conflicting Conditions column
  2. See the count of conflicting conditions for every relationship
    - a. Click on the number in the Conflicting Conditions column to download a Questionnaire Match Status report for that relationship
- Once you review the Conflicting Conditions with your counterparty, you can edit the Questionnaire and resubmit

# Conflicting Conditions Exported Results

## Example 1: Broad Product Set

Question	My Answer	Counterparty Answer	Required to Match ( i.e condition precedent to having a matched questionnaire)	Match Status	Result (only applicable for questions that are required to match or yields result. Blank indicates no result for such questions)
Part X Q1: Broad Product Set?	No	Yes	No		No

### Result Logic

- 1) If the parties match status is Not Matched for one or more of the 'Required to Match' Questions, the result for this Q will be Pending.
- 2) If the parties match status is Matched for all of the 'Required to Match' Questions, the result for this Q will be as follows:
  - i) If the result for PIV, Q1 is 'Amend Method', the result will be Not Applicable.
  - ii) If both parties select 'Yes,' the result will be Yes.
  - iii) If both parties select 'No,' the result will be No.
  - iv) If one party selects 'Yes' and the other party selects 'No,' the result will be No.

iv) If one party selects 'Yes' and the other party selects 'No,' the result will be No

[Note: Preferred method here was 'New CSA']

# Conflicting Conditions Exported Results

## Example 2: Eligible Sovereign Debt Collateral

Question	My Answer	Counterparty Answer	Required to Match (i.e condition precedent to having a matched questionnaire)	Match Status	Result (only applicable for questions that are required to match or yields result. Blank indicates no result for such questions)
PXI, Q3 Eligible Sovereign Debt Collateral?	European Central Bank Debt (ECB) Japanese Government Debt (JGB) Federal Government of Canada Debt (CB)	United States Treasuries (UST) Federal Republic of Germany Debt (BUND) European Central Bank Debt (ECB)	No		[European Central Bank Debt (ECB)]

### Result Logic

1) If the parties match status is Not Matched for one or more of the 'Required to Match' Questions, the result for this Q will be Pending.

2) If the parties match status is Matched for all of the 'Required to Match' Questions, the result for this Q will be as follows:

i) If the result for PIV, Q1 is 'Amend Method', the result will be Not Applicable. ii) If the result for PIV, Q1 is 'Replicate-and-Amend Method', the result will be Not Applicable. iii) If both parties (i) select one or more of the same currencies AND (ii) the result for PIII, Q2 is 'English Law', the result will be each item of Eligible Sovereign Debt Collateral both parties have selected. [For example, if one user selects UST, ECB and UKT and the other user selects UST, UKT, OAT, BUND and JGB, the result will be UST and UKT.] iv) If both parties (i) select one or more of the same currencies, AND (ii) the result for PIII, Q2 is 'NY Law' OR 'Japanese Law' AND (iii) the result for PXII, Q1 is 'Yes,' the result will be each item of Eligible Sovereign Debt Collateral both parties have selected. v) If both parties (i) select one or more of the same currencies AND (ii) the result for PIII, Q2 is 'NY Law' OR 'Japanese Law' AND (iii) the result for PXII, Q1 is 'Yes,' the result will be each item of Eligible Sovereign Debt Collateral both parties have selected.






2) vi) If both parties

- (i) select one or more of the same currencies AND
- (ii) the result for Q6 is 'New CSA Method' AND
- (iii) the result for PXII, Q1 is 'Yes,' (Consent to Substitution Required?)

the result will be each item of Eligible Sovereign Debt Collateral both parties have selected.

If the parties do not respond to the question, the result will be no items of Eligible Sovereign Debt Collateral.

## Add Adherence Letter ID (optional in Draft mode)

My True Legal Name	My LEI	Cpty Institution Name	Cpty True Legal Name	Cpty LEI	My Entity Status	Received Status Cpty	Conflicts Conditions	Adherence ID	Last Updated	Select All
								 Add		
Sell Side Bank 4	ALSKDFJSADLKJ5468763	BS RFA Company 001	Buyside Mutual Fund 1	SADFLSKDJ32131232131	Active		0	 Add	28-Nov-2016	<input type="checkbox"/>
Sell Side Bank 2	SALDKFJS546876352135	BS RFA Company 001	Buyside Mutual Fund 1	SADFLSKDJ32131232131	Active		0	 Add	28-Nov-2016	<input type="checkbox"/>

2

### Add Adherence Letter ID

Adherence ID

PR\_2016\_VM1\_XXXX

Cancel

Save

- Adherence Letter IDs are not required for submitting in draft mode
- In the Variation Margin Dashboard:
  1. Find your entity in the My True Legal Name column, and select Add in the Adherence ID Column
  2. Enter the Adherence ID in the pop-up box and click Save
- **Note:** Make sure you have the Adherence Letter ID column selected in your dashboard view (see slide 20)



## Add and Apply New Authorized Signatory (optional in Draft mode)

Dashboard Questionnaire Library **Authorised Signatory** Tools Training Counterparty Manager Counterparty Manager

**1** Authorised Signatory Library

**Add Authorised Signatory** Please click here before completing Adding Signatory

Name ⓘ	*	Darren Thomas
Title ⓘ	*	MD - Managed Services
Acting As ⓘ	*	PRINCIPAL ▼
Institution ⓘ	*	IHS Markit
Select Protocol / Representation Letter	*	<input checked="" type="checkbox"/> Self Disclosure Letter <input checked="" type="checkbox"/> Variation Margin

Click on ☒ to select one or multiple entities

TRUE/LEGAL NAME	CLIENT IDENTIFIER	LEI
All ▼	All ▼	All ▼

AVAILABLE ENTITIES

True/Legal Name	Client Identifier	LEI	
07212014		23098572035980923520	<input type="checkbox"/>
08 Aug entity		57637863479564396596	<input type="checkbox"/>

**2**

SELECTED ENTITY

1. In the Authorized Signatory page, create the Authorized Signatory profile by filling out the required fields
    - Ensure the Variation Margin checkbox is checked
  2. Apply the Authorized signatory to the available entities in the section below.
- **Note:** you can use the filters to pick all of your entities
  - Click **Save & Exit**. This will complete the process

# CSA Generate: Printed Output

- PDF document generator for Exhibit to the ISDA 2016 Variation Margin Protocol (VMP); part of ISDA Amend 2.0
- Converts data points from VMP into a generated CSA Exhibit
- **Importance of a transferable copy**
  - > Transmits protocol data into appropriate ISDA CSA 2016 protocol template
  - > Record keeping and audit purposes
  - > Supports ongoing contract maintenance and future amendments to the CSA
- **Output**
  - > Prepopulates data from ISDA Amend into Paragraph 13
  - > Paragraphs 1 through 12 of the 2016 Credit Support Annex for Variation Margin are referenced
  - > Removes extraneous sections of the CSA that are not applicable
  - > Applicable CSA Laws covered (English, Japanese, New York)
  - > Separate CSAs for each preferred method below:
    - New
    - Amend
    - Replicate-and-Amend
- Documents can be generated once submitted questionnaires reach a matched status

## Exhibit - NEW

### New CSA (Japanese Law)

This Exhibit to the ISDA 2016 Variation Margin Protocol is applicable if the Agreed Method is New Method and the CSA Type is Japanese CSA.



International Swaps and Derivatives Association, Inc.

## CREDIT SUPPORT ANNEX

### Exhibit J-NEW

This Exhibit to the ISDA 2016 Variation Margin Protocol is applicable if the Agreed Method is New CSA Method and the CSA Type is Japanese CSA.

This Annex is a Credit Support Document with respect to each party in relation to the ISDA Master Agreement referred to above (as amended and supplemented from time to time, the "Agreement").

Accordingly, the parties agree as follows:

Paragraphs 1 through 12 of the form of 2016 Credit Support Annex for Variation Margin (VM) (Japanese Law) published by the International Swaps and Derivatives Association, Inc., on July 6, 2016, are hereby incorporated as if set forth in full.

#### Paragraph 13. Elections and Variables

(a) *Base Currency and Eligible Currency.*

(i) *"Base Currency"* means:

(A) If each party has specified "EUR Base Currency" under "Base Currency Election" in its Matched

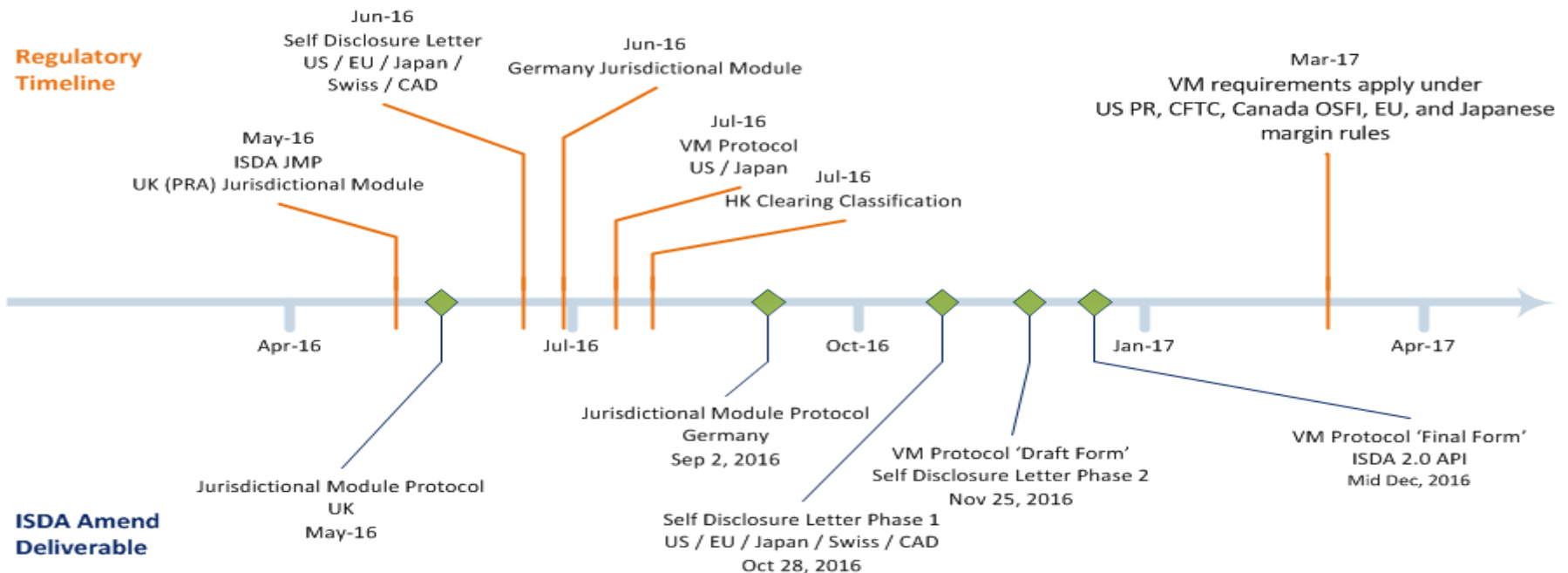
(vii) *Minimum Transfer Amount Rounding.*

(A) *"Minimum Transfer Amount"* means with respect to Party A and Party B:

the amount specified under "Default MTA" in the table below next to the applicable Base Currency, or such other amount as the parties may otherwise agree to be the Minimum Transfer Amount, provided if each party has specified "Zero MTA," "50 MTA," "100 MTA," or "400 MTA" as an Alternative MTA in its Matched Questionnaire, the Minimum Transfer Amount shall be the amount specified under the applicable column heading below next to the applicable Base Currency, and provided further if (i) each party has specified "400 MTA" as an Alternative MTA in its Matched Questionnaire, and (ii) all Covered Margin Regimes included in the Designated Regime Combination that limit the permitted minimum transfer amount for variation margin for either party to specified cap amounts (either alone or together with initial margin) denominate those cap amounts in the same currency as the Base Currency, the Minimum Transfer Amount shall be the maximum amount permitted under all such Covered Margin Regimes.<sup>1</sup>

Base Currency	Default MTA	Zero MTA	50 MTA	100 MTA	400 MTA
USD	250,000	0	50,000	100,000	400,000
EUR	225,000	0	50,000	100,000	350,000
JPY	25,000,000	0	5,000,000	10,000,000	40,000,000
CAD	325,000	0	65,000	125,000	500,000
GBP	175,000	0	40,000	75,000	300,000
CHF	250,000	0	50,000	100,000	400,000
NZD	350,000	0	70,000	140,000	500,000
AUD	330,000	0	70,000	140,000	500,000
SEK	2,000,000	0	400,000	800,000	3,500,000

## ISDA 2.0 Estimated Timeline



### Key Outstanding Documentation / Testing Dates

> Dec 12<sup>th</sup> 2016      API Testing Open: SDL, VM Protocol

## Next Steps:

All buyside/corporates will be automatically activated to ISDA Amend 2.0

## Contact us to learn more

ISDA Legal Department

[ISDALegal@isda.org](mailto:ISDALegal@isda.org)

### **ISDA Amend Onboarding & Questions**

Markit Counterparty Manager Client Services

[MCPMsupport@markit.com](mailto:MCPMsupport@markit.com)

Or contact your IHS Markit Sales Team

[MK-ManagedServicesSalesTeam@markit.com](mailto:MK-ManagedServicesSalesTeam@markit.com)

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