

**ISDA OTC Taxonomies
Rules of Operations**

December 20, 2011

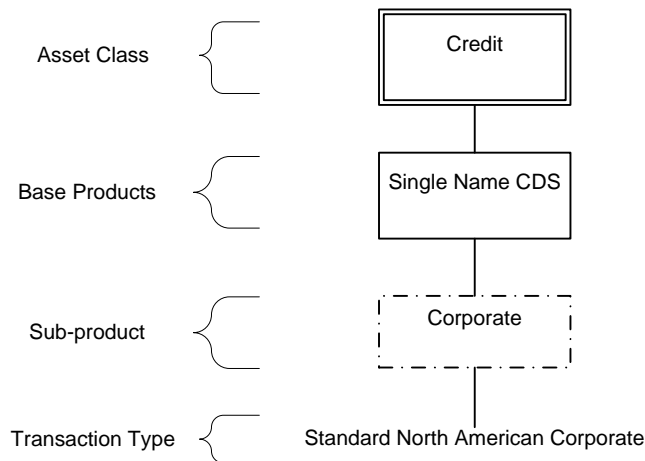
1. ISDA OTC Taxonomies

As part of ongoing efforts to support regulatory mandates, the ISDA OTC Taxonomies are developed to facilitate regulatory reporting. ISDA defined the initial product taxonomies for each asset class, and specified the delivery of the taxonomies to the market. A governance model to oversee the development of the initial taxonomies was created and will be further developed to ensure proper support for the taxonomies going forward. For additional information on the initial work, please refer to the “Industry Implementation Plan” dated 30 June 2011.

<http://www2.isda.org/attachment/MzQyMA==/ISDA%20UPI%20Implementation%20Plan%20Final.pdf>

As part of the initial definition stage, ISDA formed taxonomy working groups for each asset class. The taxonomy working groups reviewed existing product matrices, definitions and hierarchies to develop the current proposed structure. The taxonomy proposals have evolved through discussions that gradually expanded to include all market participants. The ‘level of detail’ of the taxonomy differs where appropriate for each asset class.

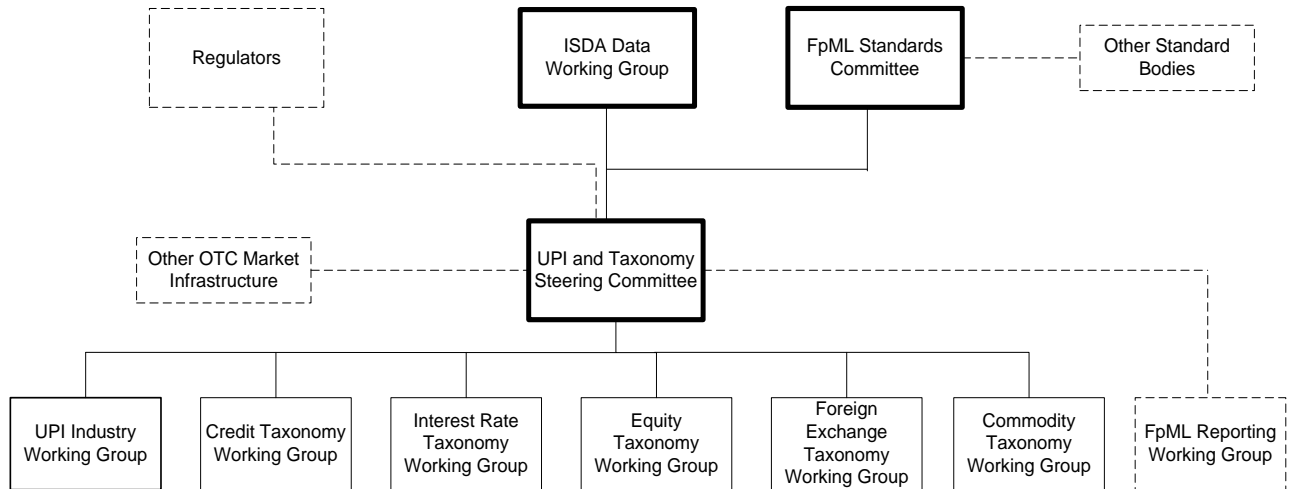
A sample representation for the credit taxonomy is shown here:



It is expected that the taxonomies will evolve over time as new products are created, others are standardized and additional feedback is received from regulators and market participants. With the initial taxonomies completed, ISDA has engaged the FpML Standards Committee to integrate the work into the FpML standard. In addition discussions have started with ISO regarding an integration of the OTC taxonomies into, or convergence with, existing ISO classifications for the financial industry.

2. ISDA OTC Taxonomy Governance

The ISDA Data Working Group and the FpML Standards Committee have overall ownership of the taxonomy development. The governance structure is shown below:



Once the initial taxonomies are defined by the working groups, the UPI and Taxonomy Steering Committee considers cross-asset class consistency and provides sign-off. Each Taxonomy Working Group is responsible for reviewing with and obtaining additional sign off from the respective asset class Implementation Groups and Product Steering Committees. In addition, proposed taxonomies are vetted through a wider audience of market participants. Feedback from regulators through ongoing discussions and periodic meetings serve as input into the taxonomies.

The draft taxonomies will be published on the ISDA website for a 30 day public comment period, after which they will be labeled as final. Following the publication of the final taxonomies, any requests for changes should happen through the asset class specific implementation groups and product steering committees. The product steering committees will carry the ultimate responsibility for the taxonomies.

3. Publication

The taxonomies are published on the on the ISDA website (www.ISDA.org). ISDA members and non-members are able to freely access the product taxonomies.

4. Product Definitions

Product Definitions will be created for each asset class through the asset class specific working groups. The product definitions will allow for an unambiguous classification of trades within the taxonomy.