



## ISDA Launches Clause Library

**NEW YORK, June 23, 2020** – The International Swaps and Derivatives Association, Inc. (ISDA) has launched a new drafting tool intended to introduce greater standardization in how firms negotiate and agree clauses within their ISDA documentation.

Called the ISDA Clause Library, the tool sets out standard drafting options for frequently negotiated provisions within the ISDA Master Agreement, as well as the most common variants of these provisions. The aim is to cut down on instances of differently worded clauses that essentially achieve the same outcome, making contract negotiation more efficient and improving the consistency and accuracy of legal agreement data. Increased standardization is also a necessity for the digitization of legal documentation and the development of smart contracts, offering the potential for further automation of derivatives processes.

“For three decades, ISDA has focused on developing standard documentation like the ISDA Master Agreement to bring consistency and efficiency to the derivatives market. With the ISDA Clause Library, we’re now taking the next step by promoting standardization of language within certain clauses following consultation and by building a consensus across the industry. This isn’t intended to limit the ability of parties to negotiate these clauses, but is meant to cut down on customization where it isn’t necessary. This will eliminate needless complexity, reduce legal risk and allow firms to negotiate their contracts more quickly and efficiently,” said Katherine Tew Darras, General Counsel at ISDA.

In developing the ISDA Clause Library, ISDA conducted a review of thousands of Master Agreements, focusing on the substance and outcome of each clause rather than the specific wording. This resulted in the ISDA Documentation Taxonomy, which provides a framework for identifying and categorizing commonly used clause variants. The ISDA Clause Library provides standard-form drafting options, allowing users to construct clauses that achieve the clause outcomes expressed within the ISDA Documentation Taxonomy.

The ISDA Clause Library is available in the [ISDA bookstore](#), and is designed to be used in conjunction with both the 1992 (Multicurrency – Cross Border) and 2002 forms of the Master Agreement under English, New York, French and Irish law. The library will also be [incorporated into ISDA Create](#), a platform that allows parties to produce, deliver, negotiate and execute derivatives documents online.

The tool will be expanded in the fourth quarter of 2020 to include ISDA credit support documentation under English, New York, French, Irish and Japanese law. The ISDA Clause Library and underlying ISDA Documentation Taxonomy will be maintained over time to reflect changes to market and legal standards.

“The ISDA Clause Library will provide members with immediate benefits through quicker negotiation and client on-boarding. Longer term, digitizing and integrating ISDA documentation with data and operational processes will create a more automated and efficient operational and risk management infrastructure. This will allow market participants to more easily manage their legal agreement data, respond to global and market events and deploy automated and intelligent technology solutions,” said Scott O’Malia, ISDA’s Chief Executive.

A fact sheet on the ISDA Clause Library is [available here](#).

A webinar on the ISDA Clause Library is [available here](#).

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**About ISDA**

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 900 member institutions from 74 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). Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).