



ISDA Launches Independent Review of DC Process

NEW YORK, December 14, 2023 – The International Swaps and Derivatives Association Inc. (ISDA) has launched a review of the structure and governance of the Credit Derivatives Determinations Committees (DCs) and has appointed Linklaters LLP to conduct an independent assessment and recommend any changes to maintain the integrity of the DCs in changing economic and market conditions.

The purpose of the independent assessment is to identify current market views on potential changes that could be made to improve the governance and structure of the DCs. Once complete, a report will be published on ISDA’s website and opened to a market-wide consultation to determine which of the potential changes, if any, have broad support from market participants and other stakeholders. ISDA will then work with members to develop specific implementing changes that will be recommended to the DCs for action.

The process for developing the report will involve interviews with market participants and other stakeholders, such as regulators and academics, to determine what steps might be taken to improve the functioning of the DCs. The review will begin in December 2023, with the market-wide consultation expected later in 2024.

“The DCs have now been in operation for nearly 15 years with the same fundamental structure put in place in 2009, but the number of firms willing to serve on the DCs has declined steadily in recent years. While there is no minimum number of DC members, and the DCs function effectively and can continue to do so, we think now is the appropriate time to consider whether potential changes could be made to maintain a robust, centralized and transparent mechanism for the determination and settlement of credit events, which is vital for the central clearing of credit default swaps. ISDA does not have any specific changes in mind, and we will wait for the results of the review by Linklaters for potential ideas,” said Scott O’Malia, ISDA’s Chief Executive.

Firms interested in submitting proposals for consideration as part of the review process can submit initial high-level feedback [here](#).

The DCs were introduced as a centralized decision-making body to enable a standardized auction settlement process and ensure central clearing could be implemented for credit default swaps. Although ISDA does not control the DC rules and is not involved in the decision-making process or administration of the committees, ISDA has an interest as a global trade association for over-the-counter derivatives in ensuring the DCs continue to function robustly.

The DCs are industry committees comprising up to 10 sell-side and five buy-side voting firms. More information about the DCs and the decision-making process is available on the DC website: <https://www.cdsdeterminationscommittees.org/>.

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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 1,000 member institutions from 77 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. Follow us on [X](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).