NEWS RELEASE
For Immediate Release

ISDA Publishes Margin-Rule-Compliant Collateral Document

TOKYO, April 14, 2016 – The International Swaps and Derivatives Association, Inc. (ISDA) has today published the first in a series of documents to help market participants comply with new margining requirements for non-cleared derivatives.

The new document – the 2016 Credit Support Annex for Variation Margin for use with New York law – will allow parties to negotiate collateral terms that comply with variation margin requirements under the new rules.

'The advent of margining rules for non-cleared derivatives is a major milestone in the derivatives reform initiative agreed by the Group-of-20 nations. Implementing the new margining requirements will be challenging, and ISDA has worked tirelessly to help smooth this process by addressing the legal, documentation and modelling issues faced by our members and the wider market," said Scott O'Malia, ISDA's Chief Executive.

"ISDA's legal working groups have focused on amending collateral documentation to comply with new margining requirements for the past two years. The recent publication of final rules by some national regulators has enabled the group to finalize the first document, allowing market participants to make the necessary changes ahead of implementation," said Katherine Darras, ISDA's acting General Counsel.

The margining framework for non-cleared derivatives was developed by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions, and will become effective for the largest derivatives users from September 1, 2016. For other entities within the scope of the regulations, initial margin requirements will be phased in over a four-year period, but variation margin obligations will come into force from March 1, 2017.

US prudential regulators published their final version of the margining rules last October, followed by the Commodity Futures Trading Commission in December. European and Japanese regulators released their final standards in March 2016.

The New York law variation margin credit support annex (CSA) represents the first in what will be a series of documentation releases to help firms implement the non-cleared derivatives margin rules. ISDA will publish further documents in the coming months, including an English and Japanese law version of the variation margin document, CSAs for initial margin, and a Protocol to facilitate the amendment of existing contracts to comply with the new requirements.

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ISDA is also assisting the industry with its implementation of margining requirements through other initiatives, including the development of a standard initial margin model called the ISDA SIMM™. By using a standard framework to calculate the amount of initial margin that needs to be exchanged, licensed counterparties can reduce the potential for disputes.

The 2016 Credit Support Annex for Variation Margin is available on the ISDA website.

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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 850 member institutions from 67 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.