

January 06, 2010

## **Aiful: Credit Operations Best Practices Q&A**

Following the ISDA Old Restructuring Credit Event Processing and Operational Best Practices call held on the 6<sup>th</sup> January 2010, this document details the issues raised and any questions that were asked after the call.

Please read this in conjunction with the following documents:

### **Operations Best Practice Doc**

[http://www.isda.org/c\\_and\\_a/pdf/Credit-Ops-Best-Practice-Restructuring.pdf](http://www.isda.org/c_and_a/pdf/Credit-Ops-Best-Practice-Restructuring.pdf)



Credit-Ops-Best-Practice-Restructuring.pdf

### **DTCC Guidance Notes**



Guidance Document  
OLD RESTRUCTURING

1. According to the provisions of Small Bang Protocol/Restructuring Supplement, for trading single name Aiful and Itraxx Japan Tranche trades after the occurrence of a DC Credit Event Announcement, trades will include the Restructuring event up until the Exercise Cut-off Date.

There are no plans to create a separate Index Tranche or single name RED ID that would remove the Restructuring event, prior to the Credit Event Settlement Date.

#### **Trading up until the exercise deadline (in line with Thomson)**

Trading on Single names should use the current RED ID (with Aiful included);

Trading on Index Untranching Trades should use the New RED ID (with Aiful removed);

Trading on Itraxx Tranche trades should use the existing RED ID (with Aiful included).

The above can be deviated from if agreed at the time of the trade.

### **2. Dates**

Tri-Optima index compression:	6th January
First Index Reversioning:	8th January
Submission of spin-off trades:	8th January
Second Reversioning:	12th January
Final Reversioning:	13th January
Deadline for matching spin off trades:	14th January
Auction:	TBD

Capitalised terms have the meaning given to them in the relevant ISDA definitional booklet.

The precise documentation of each Transaction remains the responsibility of the parties concerned. ISDA assumes no responsibility for any use to which this Best Practice Statement may be put.

Each party following the recommendations contained in this Best Practice Statement should satisfy itself that those recommendations are appropriate to reflect the commercial intentions of the parties.

### 3. Index Reversioning

Index Reversioning will take place on the above dates and if your trade is in the TIW and in a confirmed status, this will be done automatically.

**Q. Do paper index trades need to be re-confirmed?**

**A. No**

### 4. Single Name spin-off trade

4.1 The booking details for the single name spin-off trades can be found on **page 6 of the Operations Best Practice Doc;**

4.2 Where possible, the single name trades should be confirmed in DTCC, irrespective of whether the original index trade was confirmed on paper, this will benefit future processing and also help the market hit the 30<sup>th</sup> September electronic execution target;

4.3 If you cannot confirm the trade in DTCC, the single name spin-off must be confirmed on paper;

4.4 Firms should send their instructions to DTCC using their current confirmation routing logic, i.e. if your counterpart is live for the matrix now then this should go to DTCC under the Matrix submission, if you still confirm using an MCA, then submit using an MCA (this does not stop firms from bilaterally agreeing to use the Matrix with their counterpart);

4.5 Firms submitting using the Matrix may mean that you move from a Calculation Agent City of London (for trades pre Dec 07 on an index MCA) to confirming the single name spin off as Tokyo under the Matrix;

**Q. Do we submit as Standard Trades?**

**A. No, all trades should be submitted as pre-standard, irrespective of fixed rate (i.e. Japan Corporate, NOT Standard Japan Corporate).**

4.6 The MarkIT preferred for Aiful is **ISIN JP310504B356** and all trades should be booked referencing this Ref Ob.

### 5. Triggering

5.1 Triggering cannot take place on an Untranchd Index trade, just Single name Corporate and Tranche trades.

**Q. Do you need to trigger all trades in DTCC?**

**A. No, CEN's can be sent by fax/email etc, but the preferred market practice is to Trigger trades within DTCC, this leads to operational efficiencies and will also allow DTCC to auto-adhere your trades to the Auction Settlement process**

**Q. Can you partially trigger on an Old R event?**

**A. No, there is no partial triggering on Old R events.**

### 6. CAC Protocol

Firms were reminded to speak to their Traders/Business and Legal to support the opening and closing of the CAC Protocol prior to the close of the triggering period.

ISDA to provide an update from the DC on timings.

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