
**The ISDA and Markit Compliance
Solution**

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Efficient
Markets
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ISDA and Markit: Documentation Compliance Webinar

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Introduction to Dodd-Frank compliance project; Changes to ISDA documentation and ISDA Protocol structure

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The ISDA and Markit Solution

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Dodd-Frank will require amendments to existing swap documentation

Centralizing swap counterparties signing ISDA documentation amendments

Background	Dodd -Frank rulemakings impose new duties on swap dealers in a range of areas
Requirement	Swap dealers must sign amendments to their ISDA documentation with all of their swap counterparties to be compliant with Dodd-Frank rules.
Summary	Rather than bilaterally agreeing to a set of amendments (the combination of which will be specific to the client), clients will adhere to an ISDA protocol, agreeing to contractual amendments published by ISDA and elected on the system. Markit will provide an online questionnaire that not only automates the matching of amendments to bilateral agreements but also maps that questionnaire back to other account data and documentation.
ISDA Markit Partnership	ISDA and Markit will develop a documentation-compliance system to help market participants amend documentation covering over-the-counter derivatives. The move is intended to help counterparties comply with the Dodd-Frank Act, and will be used for amendments to documentation necessitated by other global regulatory changes.

ISDA mandate

- ISDA D-F Protocol has Schedules that provide agreements between Swap Dealers and their counterparties
- The ISDA and Markit online questionnaire which accompanies the Protocol allows sell side and buy side to amend multiple Masters at once

General Questions

All participants answer certain basic questions (name, address, type of entity)

Entity Specific Questions

Other (eg hedge fund)

Swap Dealer

Special Entity

Amend ISDA Master by accepting Schedules

Schedules
1, 2,3

Schedules
1-6

Schedules
1, 2, 4, 5, 6

The ISDA Compliance Solution offers an online interface that provides users with an automated execution facility for

- Confirming counterparties
- Delivering a completed questionnaire to each relevant counterparty
- Reporting that allows users to see the status of their existing counterparties as it relates to accepting schedules
- Downloading to Excel or CSV in case a user wants to analyze the data

ISDA

Complete Questionnaire

PCA PRINCIPAL TYPE

Save

QUESTIONS 1-5 COMPLETION METHOD: Upload Enter

Cancel

 Fiduciary Same as Third Party Control Person

Eligible Contract Participant:

 iii) Financial Institution ix) Employee Benefit Plan Subject to ERISAFinancial Entity

Special Entity Type:

 iii) ERISA Special Entity

ERISA Special Entity:

 Agrees to Schedule 5 Agrees to Schedule 6

Fiduciary:

 Agrees to Schedule 5 Agrees to Schedule 6

Answer questionnaire

The screenshot displays the 'Complete Questionnaire' interface on the Markit website. At the top, there is a navigation bar with 'markit' logo, user information, and search options. Below this, the 'ISDA' section is highlighted. The main content area is titled 'ISDA' and contains the following sections:

- Complete Questionnaire:** A dropdown menu for 'PCA PRINCIPAL TYPE' set to 'Swap Dealer', with 'Save' and 'Cancel' buttons.
- QUESTIONS 1-5 COMPLETION METHOD:** Radio buttons for 'Upload' and 'Enter'.
- Legal Entity ID:** A text input field for 'Enter Legal Entity ID'.
- True Name:** A text input field for 'Enter True Name'.
- Address Line 1 & 2:** Text input fields for 'Enter Address Line 1' and 'Enter Address Line 2'.
- City, ST ZIP:** Text input fields for 'Enter City', 'ST', and 'ZIP'.
- Phone & Fax:** Text input fields for 'Phone' and 'Fax'.
- Email Address:** A text input field for 'Enter Email Address'.
- Contact for Complaints:** A duplicate of the address and contact information fields.
- Principal Occupation or Business:** A text input field for 'Enter Principal Occupation or Business'.
- Guarantor Name:** A text input field for 'Enter Guarantor Name'.
- Third Party Control Person Name:** A text input field for 'Enter Third Party Control Person Name'.
- Eligible Contract Participant:** A list of checkboxes for various roles, including 'Swap Dealer or Security-Based Swap Dealer', 'Financial Institution', 'Investment Company', 'Broker or Dealer', and 'Floor Broker or Trader'.
- Swap Dealer:** A list of checkboxes for 'Agrees to Schedule 3', 'Agrees to Schedule 4', 'Agrees to Schedule 5', and 'Agrees to Schedule 6'.

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The Questionnaire is divided into 3 sections:

- Reference data
- Principal Type selection
- Free form text and multiple choice

PCA principal type

- Depending on the PCA Principal Type selected, the system will ask only a subset of all the questions
- The PCA Principal Type, combined with the answers to the selected questions, will lead to the user to the Schedules for Acceptance

Manage Questionnaire Response Sets

PCA PRINCIPAL TYPE: LEGAL ENTITY IDENTIFIER (LEI):

INCLUDE SINT

Accts		Count to CPs		Primary	Type	FCP	Fin. Entry	SE	Sub	Primary	Count
10		10		Best Fd	ERISA	g	N	ff	5	5,6	
100		20		Best Fd	ERISA	cc	N	ff	6	5,6	
200		20		Best Fd	ERISA	vb	N	ff	6	5,6	



Functionality

Dashboard

- Count of Matched
- Count of not Matched
- Missing (Sent – Received)
- Requests Received
- Messages and Alerts

Business conduct compliance solution pricing model includes:

- Global license - Enterprise Wide
- No seat license
- Per annum fee for a 3 year term
- Fees based on number of counterparties
- More Regulations to Come: The ISDA Markit tool will be expanded to include ISDA standard industry protocols to amend documentation for all applicable Dodd-Frank rulemakings.

Reason to act

- Regulatory mandate
- Prepare internally now when the service launches (you can't just turn it on)
- Have message ready for clients as part of Dodd Frank requirements – ISDA Protocol opens 1 August deadline; all client data must be entered and analyzed by 14 October.
- Lower cost of ownership



Thank you.

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