



NEWS RELEASE
For Immediate Release

ISDA Publishes ISDA 2014 Collateral Agreement Negative Interest Protocol

NEW YORK, May 12, 2014 – The International Swaps and Derivatives Association, Inc. (ISDA) today announced the launch of the ISDA 2014 Collateral Agreement Negative Interest Protocol.

The ISDA 2014 Collateral Agreement Negative Interest Protocol is designed to provide certainty about how the payment of interest on posted collateral is calculated in a negative interest rate environment under ISDA collateral documentation. Overnight indexed swap (OIS) rates, used to calculate the interest paid on cash collateral, have approached zero or even turned negative in certain currencies over the past two years, prompting calls for greater clarity over how this should be treated in standard collateral documentation.

The Protocol will enable adhering parties to modify certain collateral agreements to account for negative interest amounts on cash collateral. The amendments make clear that the party pledging cash collateral would pay interest to the collateral receiver in a negative interest rate environment by paying the absolute value of the applicable interest amount.

Prior to drafting the Protocol, the ISDA Collateral Steering Committee commissioned a Study Group at the end of 2012 to consider the issue. This Group, comprising representatives from derivatives dealers and end-users, agreed it is important to address negative interest rates to ensure economic consistency with wholesale funding markets and cleared over-the-counter derivatives. They believed that any lack of consistency may have detrimental effects on market price transparency and liquidity.

There is currently no cut-off date for adherence. The Protocol will be open until ISDA designates a closing date, and is open to ISDA members and non-members alike. The text of the Protocol and a link to adhere to the Protocol, as well as further guidance, answers to frequently asked questions and details on adherents, are available on the [Protocol Management section](#) of ISDA's website.

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About ISDA

Since 1985, ISDA has worked to make the global over-the-counter (OTC) derivatives markets safer and more efficient. Today, ISDA has over 800 member institutions from 64 countries. These members include a broad range of OTC 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 including exchanges, clearinghouses 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 web site: www.isda.org.

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