

ISDA Launches Latest Version of ISDA SIMM Non-cleared Derivatives Margin Model

NEW YORK, September 7, 2017 – The International Swaps and Derivatives Association, Inc. (ISDA) has announced the launch of the latest version of the Standard Initial Margin Model (ISDA SIMM), which incorporates a number of enhancements to further develop the methodology.

Among the changes, ISDA SIMM 2.0 includes new risk factors for three product types – volatility indices, quanto credit default swaps and municipal swaps. The modifications meet a request from US prudential regulators to develop enhancements for these product types, and follow extensive industry analysis to identify product sub-types that require revisions.

The new version of the ISDA SIMM also incorporates several other changes requested by the industry, including clarification of certain definitions and enhancements to the treatment of vega margin and commodity indices.

“The ISDA SIMM has become the industry standard for calculating initial margin as part of non-cleared derivatives margining rules. These changes are part of a continual process of review and assessment, overseen by an inclusive and transparent industry governance committee, which ensures the model continues to be fit for purpose,” said Scott O’Malia, ISDA’s Chief Executive.

The changes will come into effect on December 4 in order to give industry participants time to build and test the changes and obtain any necessary regulatory approvals. ISDA has liaised with regulators to agree the implementation timetable.

The ISDA SIMM is a common methodology for calculating initial margin requirements on non-cleared derivatives, and [launched in September 2016](#) in response to new margin rules. An industry governance committee monitors and assesses the model and oversees the process of updates and recalibrations. As part of this process, the governance committee conducts an annual recalibration of the ISDA SIMM parameters and an annual methodology review to consider recommendations from users of the model.

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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 875 member institutions from 68 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.

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