



NEWS RELEASE  
For Immediate Release

## **ISDA and Linklaters Launch Test Version of ISDA Create – IM**

**NEW YORK, October 4, 2018** – The International Swaps and Derivatives Association, Inc. (ISDA) and law firm Linklaters have launched a test version of a new online tool that will allow firms to electronically negotiate and execute initial margin (IM) documentation. The IM module is the first step in a broader push to make ISDA documentation available online through ISDA Create, ISDA’s new digital documentation platform.

ISDA Create – IM will enable users to produce, deliver, negotiate and execute IM documents with multiple counterparties simultaneously. It will also allow firms to digitally capture, process and store the resulting data, which can be used for commercial, risk management and resource management purposes. The online functionality will make the negotiation process more efficient and less time-consuming, at a time when a wider universe of buy- and sell-side firms is scheduled to come into scope of new IM requirements.

“Negotiating IM documentation typically takes significant time and resource, and has to be repeated over and over again with each counterparty. ISDA Create – IM will drastically improve the efficiency of this process, enabling parties to deliver a document to multiple parties at the same time, and then to negotiate changes on a bilateral basis using the platform. ISDA has a 30-year track record of developing industry standards and documentation, and we’ll look to extend this service to other ISDA documents over time, based on member requirements,” said Katherine Tew Darras, ISDA’s General Counsel.

“The development and launch of ISDA Create – IM is a critical step for our industry as we all look to leverage efficiencies enabled by technology. As an ISDA platform, ISDA Create – IM has benefitted from an unprecedented amount of industry input from the most active sell-side and buy-side participants in the market. As a result, we are confident that the ISDA Create foundation being built for ISDA Create – IM can be used for a myriad of future documentation-focused technology initiatives led by ISDA,” said Doug Donahue, Partner at Linklaters.

The beta version of ISDA Create – IM will be followed by full rollout early in 2019. As part of the development, ISDA has established a platform architecture working group to ensure ISDA Create – IM reflects broad industry feedback from both buy- and sell-side firms.

“With the number of participants subject to regulatory initial margin requirements set to increase exponentially in the run up to September 2020, there’s a real need for an industry solution to make the process of negotiating and executing collateral documentation more efficient,” said Emma Patient, Senior Legal Counsel, Global Banking and Markets, at HSBC.

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“ISDA Create – IM will cut down the time it takes to agree collateral documents by enabling firms to negotiate online with multiple counterparties at once. Firms will also be able to capture all the data digitally, rather than having to rely on manual input, which will reduce the potential for errors,” said Regan Rowan, Managing Director and Associate General Counsel, at JP Morgan.

“As members of ISDA, we applaud its efforts to make the global derivatives markets more efficient,” said Gregory O’Donohue, Director and Senior Legal Counsel, Derivatives, at Ontario Teachers’ Pension Plan. “We look forward to seeing what ISDA Create – IM can do for our IM negotiations and related data capture, and how it can help us better serve our members.”

ISDA Create – IM will also allow users to integrate with third-party collateral service providers to accommodate seamless transfers of data. “We have been in discussions with ISDA and Linklaters for many months now about how we can best integrate our respective services to provide our joint clients with the opportunity to digitize as much of the IM implementation process as possible. We fully expect to be able to offer clients an open flow of data to and from ISDA Create – IM and AcadiaSoft Agreement Manager, and we are enthusiastic about the data integrity and other benefits that clients will realize from such open flow of data,” said Richard Barton, Director, Agreement Segment and Product, at AcadiaSoft.

The development of the IM tool has run in parallel with the drafting of next-generation ISDA IM documentation for phases four and five of the IM regulation phase-in, scheduled for September 2019 and September 2020, respectively. The new IM documentation and the existing phase-one documents will be supported on ISDA Create – IM.

The regulatory IM requirements began phasing in from September 2016, initially for the largest dealers only. Each September, the threshold for compliance – based on an aggregate average notional amount (AANA) of non-cleared derivatives – is reset at a lower level, capturing a broader spectrum of firms. Under the global framework established by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions, the AANA will fall to €750 billion in September 2019 and €8 billion in September 2020.

## **Background**

- Users will be able to automate the creation and delivery of IM documentation, and negotiate and execute IM documents with multiple counterparties simultaneously. This is performed online, but with the flexibility to take one or more of the steps offline if required.
- The system allows firms to make standard elections, as well as to customise on a party-by-party basis. There are no restrictions on what parties may agree on a bilateral basis on the platform.
- The system automatically reconciles both standard elections and bespoke provisions exchanged, and flags the differences in an efficient and easy-to-read way.

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- ISDA Create – IM enables parties to embed their standard workflow by allowing approvals of deviations from preferred elections to be requested and recorded through the platform, providing an audit trail.
- The data on the platform is stored digitally, and can be pulled into a firm’s internal systems for storage and/or further use.
- The platform will: i) make the negotiation process more efficient and less time consuming from start to finish; ii) provide powerful commercial, risk management and resource management functions, data and analytics; and iii) remove the need for the post-execution transfer of data from negotiated documentation into internal systems and the chance for error during such a data transfer.
- The platform is being built with the ability to evolve over time as market needs change.
- Other ISDA documents may be added in the future as required by users.

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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 900 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](http://www.isda.org). Follow us on Twitter @ISDA.

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**About Linklaters**

[Linklaters](http://www.linklaters.com) is a leading global law firm, supporting and investing in the future of our clients wherever they do business. We combine legal expertise with a collaborative and innovative approach to help clients navigate constantly evolving markets and regulatory environments, pursuing opportunities and managing risk worldwide.

Our 5,200 people, of which almost half are lawyers, are located across 30 offices in 20 countries. Our lawyers specialise in industry sectors as well as practice areas across three divisions, Corporate, Dispute Resolution and Finance and Projects.