

17 August 2014

The European Securities and Markets Authority  
CS 60747  
103 rue de Grenelle  
75345 Paris Cedex 07, France  
Attention: Steven Maijoor, Chair

The European Banking Authority  
Tower 42 (level 18)  
25 Old Broad Street  
London EC2N 1HQ|UK  
Attention: Andrea Enria, Chairperson

The European Insurance and the Occupational Pensions Authority  
Westhafenplatz 1  
60327 Frankfurt am Main  
Germany  
Attention: Gabriel Bernardino, Chairman

**Re: Proposed Margin Requirements: Analysis of Currency Mismatch Haircut**

Ladies and Gentlemen,

The International Swaps and Derivatives Association<sup>1</sup> ("ISDA") is concerned about the haircut for a currency mismatch that is proposed in the Consultation Paper<sup>2</sup> on margin and has prepared the attached analysis and counter-proposal.

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<sup>1</sup> 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](http://www.isda.org).

<sup>2</sup> See Annex II, item 6 of the Consultation Paper on the Draft regulatory technical standards on risk-mitigation techniques for OTC-derivative contracts not cleared by a CCP under Art. 11(15) of Regulation (EU) No 648/2012 (the "**Consultation Paper**") published by the European Securities and Markets Authority ("**ESMA**"), the European Banking Authority ("**EBA**") and the European Insurance and the Occupational Pensions Authority ("**EIOPA**", and together with ESMA and EBA, the European Supervisory Authorities, the "**ESAs**") on 14 April 2014.

\* \* \*

ISDA appreciates the opportunity to provide this analysis to the ESAs. We would welcome the opportunity to discuss this further with the ESAs. Please feel free to contact me or my staff at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "S. O'Connor", with a long horizontal flourish extending to the right.

Stephen O'Connor  
Chairman  
ISDA