



NEWS RELEASE
For Immediate Release

ISDA Statement on Negative Interest Rates and the ISDA 2014 Collateral Agreement Negative Interest Protocol

NEW YORK, March 12, 2015 – The International Swaps and Derivatives Association, Inc. (ISDA) today published the following statement regarding negative interest rates and the ISDA 2014 Collateral Agreement Negative Interest Protocol:

Negative interest rates have become increasingly common in the current environment. The ISDA Board strongly supports the use of market rates, whether positive or negative, for over-the-counter derivatives transactions, reflecting best practice in broader financial markets.

ISDA has taken a leading role in addressing negative interest rates to ensure economic consistency with wholesale funding markets and cleared over-the-counter derivatives. Any lack of consistency may have a detrimental effect on market price transparency, and derivatives market liquidity may be adversely affected.

For this reason, ISDA welcomes the fact that more than 220 legal entities from both the dealer and end-user communities have now signed the ISDA 2014 Collateral Agreement Negative Interest Protocol. The Protocol, published in May 2014, was 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. It enables parties to amend the terms of certain ISDA-published collateral agreements to account for negative interest amounts on cash collateral.

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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 67 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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