



NEWS RELEASE  
For Immediate Release

## **ISDA Announces SIMM Licensing Program**

**NEW YORK, June 1, 2015** – The International Swaps and Derivatives Association, Inc. (ISDA) today announced the launch of a licensing program for ISDA’s proprietary and patent-pending Standard Initial Margin Model (SIMM) for non-cleared derivatives, offered commercially under the name ISDA SIMM™.

The purpose of ISDA SIMM™ is to establish a single model that meets regulatory standards, which all authorized licensees can use to exchange collateral in a manner that is consistent with margin requirement rules. By using a single framework to calculate initial margin, licensed counterparties can reduce the potential for disputes. A common methodology also permits timely and transparent dispute resolution and allows consistent regulatory governance and oversight.

As part of the ISDA SIMM™ licensing program, service providers will receive patent and copyright approvals necessary to implement and use the SIMM in connection with the services provided to their respective clients, as well as rights to the ISDA SIMM™ trademark for use in connection with the offering of such services. There is no charge for market participants to use ISDA SIMM™ to calculate margin with respect to their own non-cleared trades.

ISDA SIMM™ is US Patent Application No. 62/154,261, titled ‘SIMM Methodology for Calculating SBA Margin’.

Additional information regarding the SIMM project is available on the [‘ISDA WGMR Implementation’ section of ISDA’s website](#).

Please direct any questions regarding the ISDA SIMM™ licensing program to [isdalegal@isda.org](mailto:isdalegal@isda.org).

### **Background**

The final framework for non-cleared derivatives margining was published in September 2013 by the Working Group on Margining Requirements (WGMR), a body jointly run by the Basel Committee on Banking Supervision and International Organization of Securities Commissions (IOSCO). European, Japanese and US authorities subsequently published proposed national rules in April, July and September 2014, respectively. Final national rules have not yet been published.

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Under the framework set by the WGMR, market participants have the choice of using a standard table set by regulators or an internal model to calculate initial margin for non-cleared derivatives. While the former is likely to lead to punitive margin requirements, the latter creates the risk that each firm will develop its own margin model, leading to a situation where no two counterparties are able to agree on the initial margin amounts that need to be exchanged.

The WGMR framework sets a phased implementation schedule for initial margin, starting from September 1, 2016 for the largest derivatives users and extending through to September 2020.

**For Press Queries, Please Contact:**

Lauren Dobbs, ISDA New York, +1 212 901 6019, [ldobbs@isda.org](mailto:ldobbs@isda.org)

Nick Sawyer, ISDA London, +44 203 088 3586, [nsawyer@isda.org](mailto:nsawyer@isda.org)

Donna Chan, ISDA Hong Kong, +852 2200 5906, [dchan@isda.org](mailto:dchan@isda.org)

**About ISDA**

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 800 member institutions from 67 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, 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 web site: [www.isda.org](http://www.isda.org).

ISDA<sup>®</sup> is a registered trademark of the International Swaps and Derivatives Association, Inc.

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