

Eligible Collateral Schedule Templates

As part of ISDA's ongoing effort to facilitate market participants with efficient implementation of the Uncleared Margin Rules, ISDA has worked with member firms to develop template eligible collateral schedules for certain sovereign and supranational debt obligations for use in complying with initial margin requirements. These schedules are intended to ease the burden of document negotiation by providing counterparties with pre-selected lists of debt instruments that are eligible collateral types and corresponding minimum regulatory haircuts (depending on the applicable credit quality), which can be used as a convenient starting point for negotiations. It should be noted that these schedules are intended to form a base level, which individual firms can amend by adding or removing assets, or agreeing alternative haircuts, when setting the eligible collateral for a specific initial margin arrangement.

Disclaimer: ISDA does not endorse any specific collateral types or ratings for use by counterparties. Each party is responsible for determining the collateral it is willing to collect and post and for determining the applicable haircuts based on its individual commercial preference and applicable regulations. The template schedules are not and do not contain legal, tax, regulatory, accounting or any other advice.

Ten template schedules have been developed, accommodating four groupings of debt instruments issued by governments and supranationals, two minimum credit qualities (A-/A3 and above and BBB-/Baa3 and above), and differences between regulatory requirements for haircuts in the US, EU and Japan.

A description of the content of each of the template schedules appears in the Annex to this note. The forms in which these template schedules can be implemented depends on whether parties are using a third party custodial platform or a triparty custodial platform. For a third party custodial platform, the parties typically agree their eligible collateral in a bilateral document that forms part of their bilateral credit support document (for example a Credit Support Annex). For a triparty custodial platform, the parties agree eligible collateral with the triparty custodian, using the custodian's documentation.

Third Party Custodial Platform Schedules

To facilitate use of the template eligible collateral schedules with third party custodial platforms, ISDA is developing forms of the template eligible collateral schedules that can be included in a bilateral ISDA credit support document.

As at 09 July 2019, the template third party custodial platform schedules are being finalised prior to publication. An update will be provided in due course.

Triparty Custodial Platform Schedules

ISDA has assisted four triparty custodians (BNY Mellon, Clearstream, Euroclear and JP Morgan) to produce their own template triparty eligible collateral schedules to implement the ten template schedules developed by ISDA.

Please note that these template triparty eligible collateral schedules remain the property (intellectual or otherwise) of the relevant triparty custodian. ISDA accepts no liability for their content and makes no representation as to their accuracy. All further queries on these triparty eligible collateral schedules should be directed to the relevant custodian per the instructions below.

BNY Mellon

Please contact your BNYM Relationship Manager for further details.

Clearstream

Please contact:

- Crispin Searle (Crispin.Searle@deutsche-boerse.com) - Primary contact)
- James Cherry (james.cherry@clearstream.com) - Secondary contact)

Euroclear

Please log in to MyEuroclear at:

https://my.euroclear.com/eb/en/reference/services/collateral-management/otc-derivatives-margining-service/non-cleared_otc_derivative_margining_service.html

JPM

Please contact the eligibility team:

scm.eligibility@jpmorgan.com

Annex
Description of the template collateral eligibility schedules

Each template eligible collateral schedule for debt obligations for use with third party custodial platforms contains debt obligations issued by sovereign or supranational entities listed in one of three buckets. The ten schedules reflect a choice of bucket based on the debt groupings set out below, a minimum credit quality and the non-cleared margin regulations assumed to apply (for purposes of determining the minimum required haircut). The ten schedules are listed below and the definition of the three buckets follows.

- Schedule 1 - Bucket 1; minimum rating A-/A3; EU, Japanese or US rules apply to either party
- Schedule 2 - Bucket 1; minimum rating BBB-/Baa3; EU, Japanese or US rules apply to either party
- Schedule 3 - Bucket 2; minimum rating A-/A3; US rules apply to at least one party, EU or Japanese rules may also apply to either party
- Schedule 4 - Bucket 2; minimum rating BBB-/Baa3; US rules apply to at least one party, EU or Japanese rules may also apply to either party
- Schedule 5 - Bucket 3; minimum rating A-/A3; US rules apply to at least one party, EU or Japanese rules may also apply to either party
- Schedule 6 - Bucket 3; minimum rating BBB-/Baa3; US rules apply to at least one party, EU or Japanese rules may also apply to either party
- Schedule 7 - Bucket 2; minimum rating A-/A3; EU or Japanese rules apply to either party and US Rules do not apply to either party
- Schedule 8 - Bucket 2; minimum rating BBB-/Baa3; EU or Japanese rules apply to either party and US Rules do not apply to either party
- Schedule 9 - Bucket 3; minimum rating A-/A3; EU or Japanese rules apply to either party and US Rules do not apply to either party
- Schedule 10 - Bucket 3; minimum rating BBB-/Baa3; EU or Japanese rules apply to either party and US Rules do not apply to either party

Bucket 1	Bucket 2	Bucket 3
G6	Sovereigns 1	Sovereigns 1
	Supranationals	Supranationals
		Sovereigns 2

G6	Sovereigns 1	Sovereigns 2	Supranational
Canada	Belgium	Australia	African Development Bank
France	Canada	Austria	Asian Development Bank
Germany	Denmark	Chile	Bank for International settlements
Japan	France	Czech Republic	Council of Europe Development Bank
United Kingdom	Finland	Estonia	European Financial stability Facility
United States of America	Germany	Hungary	European Bank for Reconstruction and Development
	Japan	Iceland	European Central Bank
	Netherlands	Ireland	European Investment Bank
	United Kingdom	Israel	European Stability Mechanism
	United States of America	Italy	European Union
	Sweden	Luxembourg	International Bank for Reconstruction and Development
	Switzerland	New Zealand	International Finance Corporation
		Norway	International Monetary fund
		Poland	The Inter-American Development Bank
		Portugal	The Nordic Investment Bank
		Slovak Republic	The Caribbean Development Bank
		Slovenia	The European Investment Fund
		Spain	The Multilateral Investment Guarantee Agency
			The Islamic Development Bank