



NEWS RELEASE
For Immediate Release

ISDA Launches Resolution Stay Jurisdictional Modular Protocol

NEW YORK, May 5, 2016 – The International Swaps and Derivatives Association, Inc. (ISDA) today announced the launch of a Protocol that will enable market participants to comply with new regulations aimed at ensuring the cross-border enforceability of stays on contractual termination rights.

The ISDA Resolution Stay Jurisdictional Modular Protocol can be used by all market participants, and has been designed to provide flexibility to allow adhering parties to choose which jurisdictional ‘modules’ to opt in to.

The Protocol has been developed in response to regulatory changes. Under a framework established by the Financial Stability Board (FSB), various national regulators are introducing requirements for certain banks in their jurisdiction to obtain consent from their counterparties for statutory stays on early termination rights to apply to financial contracts between those parties, regardless of the governing law of the contract.

These stays are among the powers available to national resolution authorities to resolve failing banks as part of their jurisdiction’s special resolution regime. While statutory stays would apply to all contracts with all counterparties governed under the law of that jurisdiction in the event a bank enters into resolution proceedings, there is some uncertainty over whether a stay would be enforceable on a cross-border basis if outstanding trades are governed by overseas law.

“Regulators want to ensure cross-border trades are subject to statutory resolution requirements, and have begun to issue regulations requiring firms to opt in to the resolution regimes of their bank counterparties. This Protocol enables market participants to efficiently and flexibly comply with those requirements,” said Scott O’Malia, ISDA’s Chief Executive.

The new Protocol follows the launch of the [ISDA 2015 Universal Resolution Stay Protocol last November](#), which enabled adhering parties to opt in to multiple existing and forthcoming special resolution regimes. Twenty-one large global banks voluntarily signed the Protocol at launch.

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The latest Protocol is intended to help the broader market meet the new regulations. The Protocol will have separate Jurisdictional Modules, each designed to closely reflect the requirements in a particular jurisdiction. Each Jurisdictional Module will contain the operative provisions necessary for adhering parties to comply with applicable requirements.

Together with the Protocol, ISDA is also launching the UK (PRA Rule) Jurisdictional Module, enabling firms to comply with Prudential Regulation Authority requirements that prohibit certain UK-regulated banks from trading with a counterparty under an agreement not governed by UK or other EU law, unless that counterparty has agreed to be bound by stays on termination rights under UK law. Additional Jurisdictional Modules will be launched in due course to meet other national regulations.

The Protocol was developed by a working group of buy-side and sell-side firms and other trade associations in close cooperation with the FSB and national regulators.

Please visit the Protocol Management section of the ISDA website to read the Protocol, updates to the list of adhering firms and frequently-asked-questions documents:

<http://www2.isda.org/functional-areas/protocol-management/open-protocols/>

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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 850 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, 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.

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