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INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION

**NEWS RELEASE**

**For Immediate Release Tuesday, September 13, 2005**

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**ISDA Launches Protocol to Ease Transfer of Derivatives Trades;**

**Advances Association’s Efforts to Increase Operational Efficiency**

NEW YORK, Tuesday, September 13, 2005 – The International Swaps and Derivatives Association, Inc. (ISDA) today announced that the world’s major derivatives dealers have signed up to its Novation Protocol, a solution which facilitates the transfer of an existing trade to a third party. The new protocol addresses directly the potential for backlogs and uncertainty associated with the transfer of a party’s position in a privately negotiated derivatives transaction. In line with the increasing adoption of technological solutions to expedite and enhance the confirmation process, the protocol streamlines the process of transferring trades to same-day execution.

“ISDA’s new protocol is one of the many efforts by which the Association is evidencing its commitment to increasing operational efficiency and legal certainty,” said Robert Pickel, Chief Executive Officer and Executive Director, ISDA. “By simplifying and streamlining the process of transferring trades, this protocol removes a significant roadblock to confirming trades among dealers and investors.”

Under the existing terms of the ISDA Master Agreement, the prior written consent of the remaining party is required when its counterparty in a trade wishes to ‘novate’ or ‘assign’ (i.e.: transfer) its position in a trade to a third party. The protocol enables the parties to modify this requirement to a simpler and more streamlined exchange of electronic communications among the parties involved. In its first iteration, the protocol will apply to credit and interest rate derivatives, with a view to extending to other derivatives product areas in future iterations.

"This protocol addresses directly an area on which regulators and policy makers have focused their attention," said Jonathan Moulds, Chairman of ISDA and Head of International Markets at Bank of America. "It is a major step in achieving counterparty certainty."

“The world’s leading dealer firms adhering to the protocol at the outset demonstrates how critical this solution is for the industry,” noted Michele Faissola, Vice Chairman of ISDA and Global Head of Rates at Deutsche Bank’s Global Markets Division. “Furthermore, it underscores the commitment of the Association to resolving these issues.”

“The benefits of a widely accepted and workable protocol will be significant in addressing legal and operational issues in interest rate and credit derivatives and in helping these important sectors continue to develop,” added Mark Davies, ISDA Board Member and Head of Global Credit Derivatives Trading at Bear Stearns.

The move is the latest step taken by ISDA and its membership to help reduce the potential for confirmation backlogs in privately negotiated derivatives. The Association has published a series of documents outlining timetables for tighter end-to-end processing and increased automation of bilaterally negotiated derivatives processing. This year, a series of high level meetings, sponsored by ISDA, have brought together business, legal and operational staff from buy and sell-side institutions of all sizes to address these issues, focusing on the increasing range of automated solutions, many of which are based on Financial products Mark-up Language (FpML), the industry data communications standard sponsored by ISDA.

Launched on Monday, the protocol will be open for adherence until the end of October and will become effective on October 24. A list of adherents is available at www.isda.org.

**About ISDA**

ISDA is the global trade association representing leading participants in the privately negotiated derivatives industry. ISDA was chartered in 1985, and today has more than 650 member institutions from 47 countries on six continents. These members include most of the world's major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities. Information about ISDA and its activities is available on the Association's web site: [www.isda.org](http://www.isda.org/).

**About FpML**

FpML is the business information exchange standard for electronic dealing and processing of financial derivatives instruments. It establishes the industry protocol for sharing information on, and dealing in, financial swaps, derivatives and structured products over the Internet. It is based on XML (Extensible Markup Language), the standard meta-language for describing data shared between applications. FpML will eventually cover all categories of privately negotiated derivatives. Information about the FpML standard, the specifications and the different working groups can be found on the FpML web site: [www.fpml.org](http://www.fpml.org/).

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