



INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.

NEWS RELEASE

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ISDA Publishes the Market Review of OTC Bilateral Collateralization Practices and Independent Amount Whitepaper

NEW YORK, Monday, March 8, 2010 — The International Swaps and Derivatives Association, Inc. (ISDA) today announced that it has published the ISDA Independent Amount Whitepaper and Market Review of OTC Bilateral Collateralization Practices. ♦ Both documents have been developed by the ISDA Collateral Steering Committee under the auspices of the ISDA Industry Governance Committee.

“Collateralization has become a key method of mitigating counterparty credit risk in the derivative markets,” said Julian Day, Head of Trading Infrastructure, ISDA. “ISDA and the industry continue to work toward the increased smooth functioning of the collateralization process of OTC derivatives transactions through its efforts in relation to standards and best practices, and collateral law reform efforts across the globe.”

The documents are designed to provide better understanding of current market practices. In these documents, a number of recommendations were made for market participants to enhance practice or understanding in the collateral management arena.

The Independent Amount Whitepaper examines the risks associated with under-collateralization or over-collateralization associated with Independent Amounts under ISDA Credit Support Annexes, and the potential alternatives that may be developed by the derivatives market to protect participants. The Whitepaper was jointly produced by ISDA, the Managed Funds Association (MFA) and the Securities Industry and Financial Markets Association (SIFMA). It was one of the commitments outlined in the derivative industry letter global supervisors dated June 2, 2009.

The Market Review of OTC Bilateral Collateralization Practices is a broad market review of bilateral collateralization practices for OTC derivatives to facilitate better understanding of current market practice, especially as it relates to the different types of counterparties active in the market. The objective of the review is to enable a more complete appreciation of the use of collateral as a credit risk mitigant across the diverse OTC derivative market, including some of the

motivations, capabilities, limitations, and typical practices of market participants engaging in collateralization. ISDA has worked collaboratively with regulators to determine the appropriate scope of this analysis.

The Independent Amount Whitepaper and the Market Review are both key publications from the ISDA Collateral Steering Committee that provide the context for collateralization as a risk reduction technique across market participants.

Additionally, on March 1, 2010 the industry set new goals in the areas of Portfolio Reconciliations and Dispute Resolution, updated the roadmap for improving collateral management and re-affirmed its intention to complete development of an enhanced industry framework for resolving disputed margin calls. Each of these initiatives take into account risk, liquidity, default management and other processes with a goal of securing operational efficiency, mitigating operational risk and increasing the netting and clearing potential for appropriate products.

Both the ISDA Independent Amount Whitepaper and Market Review of OTC Bilateral Collateralization Practices are available on the “Collateral Committee” page of the ISDA website: www.isda.org.

About ISDA

ISDA, which represents participants in the privately negotiated derivatives industry, is among the world’s largest global financial trade associations as measured by number of member firms. ISDA was chartered in 1985, and today has over 810 member institutions from 57 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.

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