

What is the ISDA Notices Hub?

The proposed ISDA Notices Hub is an online platform designed to provide market participants with a faster, safer and more efficient method for delivering and receiving critical notices under ISDA and other Master Agreements. It would allow parties to maintain control of their contractual position even when more traditional means of delivery prove difficult or impossible – for example, during a pandemic or time of war. ISDA is seeking institution-level support for the ISDA Notices hub ahead of a targeted launch in the first quarter of 2025.

Even just a small delay in the delivery of a termination notice – for example, from Friday afternoon until Monday morning – on a single medium-sized derivatives portfolio could result in an uncollateralized loss of \$1 million¹. Longer delays, more volatile conditions and larger portfolios could result in even worse outcomes – as some market participants discovered during recent geopolitical events. The ISDA Notices Hub is a new proposed online platform that will significantly improve the ability of market participants to manage termination-related processes under the ISDA Master Agreement.

Key Features

Instant delivery: The ISDA Notices Hub will allow the instantaneous delivery and receipt of critical termination-related notices on a highly secure, confidential and robust online platform.

Resolves challenges with traditional methods of delivery: It will function even when there are issues that would hamper traditional methods of delivering notices, including:

- Pandemic lockdowns
- Hostile activities
- Stale notice addresses
- Difficulties relying on emerging local infrastructure

Evidence of the time of delivery: The ISDA Notices Hub will time and date stamp delivered notices for use in legal proceedings, and provide auditable evidence that notices have not changed since issuance.

Keep physical notice details up to date: The ISDA Notices Hub will provide a golden source of physical notice details for all counterparties using the service, validated via periodic verification requests. Parties will be able to amend the details of all their Master Agreements with a single entry on the ISDA Notices Hub, ensuring current contact information is available when needed.

Quality user experience: The platform is being designed with all kinds of users in mind. They will benefit from a light-touch onboarding process and intuitive platform design with 24/7 customer support.

Seamless integration with ISDA Create: Notices drafted on ISDA Create will flow directly to the ISDA Notices Hub. A new suite of notice templates will be added to ISDA Create.

Scalability

The ISDA Notices Hub will be scalable, allowing additional functionality to be added simply and efficiently over time. For example, coverage could be expanded to include termination notices

under other Master Agreements and other notices under ISDA documents (such as fund net asset value reports).

ISDA is also speaking to global resolution authorities about using the ISDA Notices Hub to allow direct communication between regulators and counterparties of banks that enter resolution.

Access

The ISDA Notices Hub will be available via S&P Global Market Intelligence's Counterparty Manager platform, which also offers access to ISDA Amend, Request For Amendment, Know Your Customer, Outreach360 and Withholding Tax Utility. Counterparty Manager is already used by over 200,000 market participants worldwide to manage and share documentation and entity data in a highly secure environment.

Costs

Costs will be fixed when the platform specification is finalized but will be set to incentivize widespread adoption of the ISDA Notices Hub. As with ISDA Amend, the ISDA Notices Hub is expected to be free for buy-side firms, while the indicative cost for dealers is likely to be \$10,000-\$50,000 per year on a group basis, depending on their size.

The costs reflect the need to ensure the ISDA Notices Hub achieves the requisite standards of robustness, confidentiality and security, as well as covering the costs of legal opinions on the use of the ISDA Notices Hub from counsel in approximately 70 jurisdictions.

The ISDA Notices Hub will bring significant benefits to market participants in terms of the speed and efficiency of delivering notices and closing out transactions compared to traditional methods. Value-at-risk analysis demonstrates that the benefits should outweigh the costs of the service even in stable markets, but will be particularly valuable during periods of stress like the global financial crisis, the COVID-19 lockdown and Russia's invasion of Ukraine.

¹ Based on a 99% value-at-risk calculation assuming an outright non-cleared derivatives portfolio with \$10 million of initial margin

Timeline

The target launch date is the first quarter of 2025, with work to build the platform starting in the third quarter of 2024 (see chart).

Request for Commitments

In the second quarter of 2024, ISDA will seek commitments from dealers and large buy-side entities to adopt the ISDA Notices Hub and help with client outreach. This is meant to ensure there is sufficiently wide adoption to justify the time, money and resources required to develop the ISDA Notices Hub.

To provide a basis for these commitments, ISDA and S&P Global Market Intelligence will publish a written specification of the ISDA Notices Hub and its key features, as well as the results of a high-level legal survey of 71 e-contract opinion jurisdictions to provide visibility of any obvious impediments to the effectiveness of the ISDA Notices Hub under local laws.

These commitments represent good faith indications that each institution is aware of the ISDA Notices Hub at all appropriate levels and intends to take the necessary steps to ensure wide adoption. Assuming sufficient commitments are received, ISDA and S&P Global Market Intelligence will commence the build, draft the legal documents and obtain legal opinions for the top 20 jurisdictions in time for the go-live date.

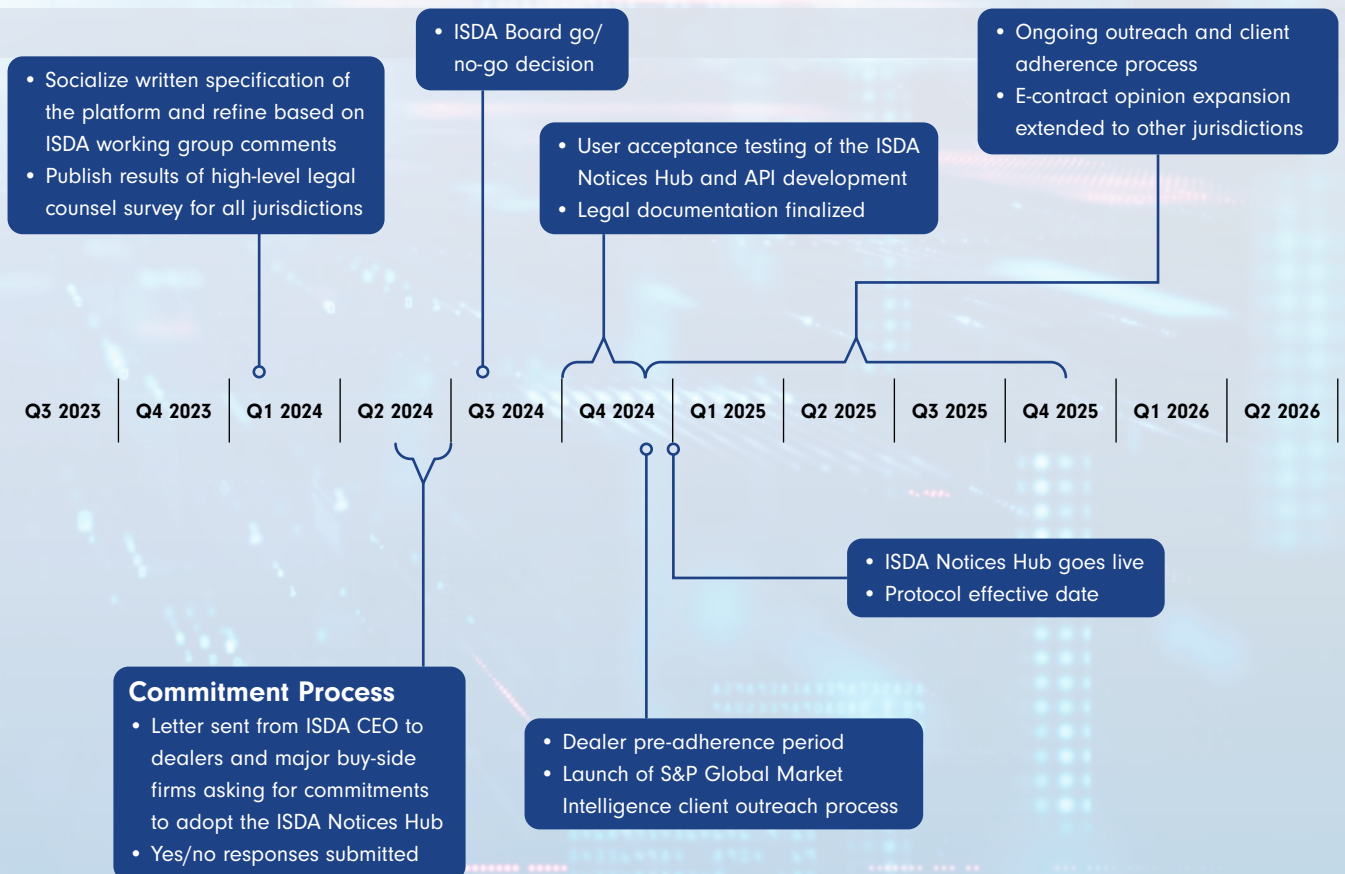
In the absence of these commitments, it is unlikely that ISDA and S&P Global Market Intelligence will proceed with the project.

Contact

The ISDA Notices Hub has the potential to significantly improve the safety and efficiency of financial markets, as well as enhance the risk management capability of individual market participants.

For further information on the ISDA Notices Hub, please contact noticehub@isda.org.

Proposed Timeline for the ISDA Notices Hub



About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 77 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. Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).