

Notice of Exclusive Control and Pledgor Access Notice¹

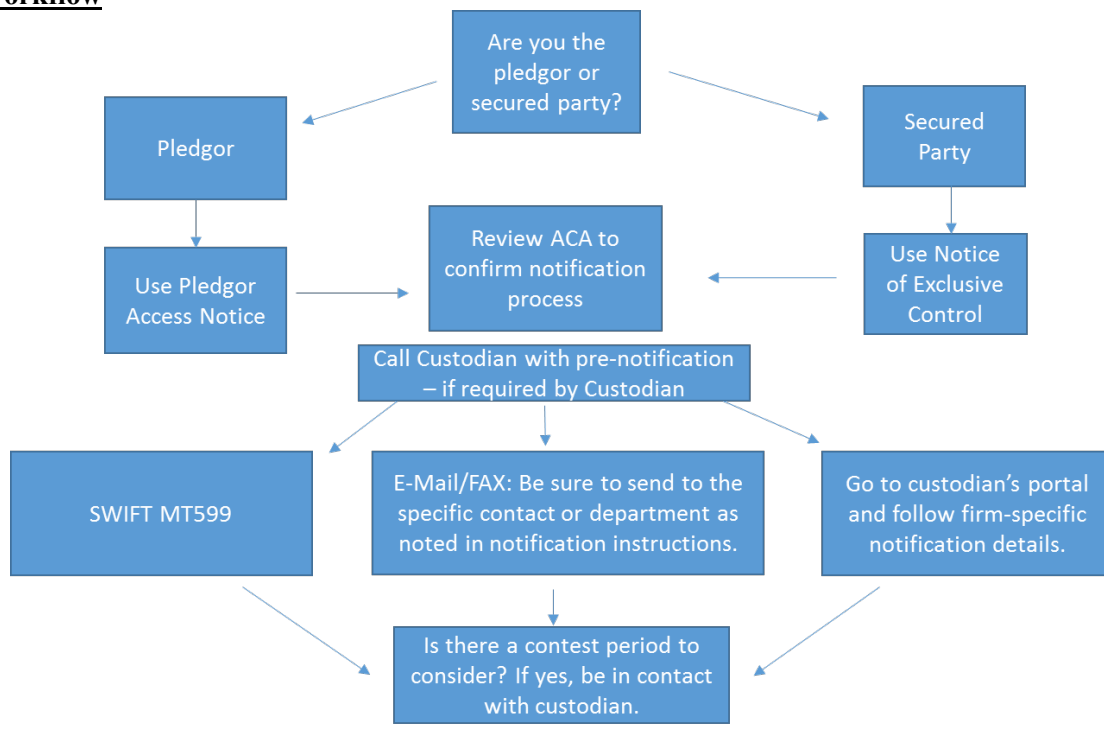
Introduction

When a non-defaulting party needs to notify their custodian that their counterparty has defaulted, a Notice of Exclusive Control is sent by the secured party or a Pledgor Access Notice is sent by the pledgor.

It is imperative that this notice is sent by the secured party or pledgor and received by the custodian in a timely manner to reduce any unnecessary counterparty risk and the account is locked down from the defaulting party.

While each custodian may have a different workflow once the notification is received and each custodian may request the notification to be sent via SWIFT MT599, fax or email, or portal with or without an accompanying phone call, it is important that secured parties and pledgors have an operational procedure in place.

Suggested Workflow



The secured party or pledgor should ensure that their notice instructions include the details of securities/cash to be transferred out of the account with proper delivery instructions.

Once the custodian has been notified, additional procedures may take place, such as notifying the non-defaulting party, locking down the account to the non-defaulting party, and managing corporate actions and income events.

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¹ Each custodian may have a different name for this document, such as Pledgor Termination Notice instead of Pledgor Access Notice. Copyright © 2020 by International Swaps and Derivatives Association, Inc.