

## Understanding Variation Margin (VM) Regulations and the 2016 ISDA Credit Support Annex for VM

(Security Interest - New York Law)

Thursday, September 27, 2018  
New York

### Educational Credits

7 CLE Credit Hours Available (New York)  
Transitional and Nontransitional

7 CPE Credit Hours Available

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8:15 AM

### Registration and Continental Breakfast

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9:00 AM

### Introduction and Welcoming Remarks

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9:15 AM

### Regulatory Variation Margin Requirements for Swaps and Security-Based Swaps

This session will explain the variation margin (VM) requirements in the US and other key jurisdictions implementing the international WGMR framework:

- Which entities are subject to the requirements?
- Which trades are subject to the requirements?
- What are the VM requirements?
- Cross-border implications and key similarities/differences with rules in other jurisdictions
- Impact on CSA documentation

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10:45 AM

### Morning Break

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11:00 AM

## **Understanding the 2016 ISDA Credit Support Annex For Variation Margin (VM) (Security Interest – New York Law)**

The ISDA VM Credit Support Annex under New York law forms part of the Schedule of the ISDA Master Agreement. It is designed to document security arrangements involving the use of collateral to secure the risk either or both parties may have under the ISDA Master Agreement to which the ISDA VM Credit Support Annex relates, in compliance with applicable VM regulations. This session will examine critical provisions in the ISDA Credit Support Annex under New York law, including:

- The Secured Party and the Pledgor – How can this party change over time?
  - Scope of Covered Transactions under CSA
  - Credit Support Obligations: The Delivery Amount and Return Amount
  - Adding an Independent Amount (IA) and using the Independent Amount provisions
  - Transfer Timing: When must a party deliver or return collateral?
  - The Valuation Agent and Dispute Resolution
  - Substitutions
  - Holding and use of Posted Collateral
  - Distributions and Interest Amounts
  - Events of Default
  - Rights and Remedies
  - Legally Ineligible Credit Support provisions
  - Credit Support Offsets
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1:00 PM

### **Luncheon**

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2:00 PM

## **Negotiating Paragraph 13 to the 2016 ISDA Credit Support Annex for Variation Margin (VM) (Security Interest – New York Law)**

This session will examine terms specified and added to Paragraph 13, including:

- Eligible Collateral and Valuation Percentages
  - Covered Transactions
  - Independent Amount
  - Minimum Transfer Amounts
  - Ratings Ladders
  - Valuation Time and Valuation Date
  - Valuation Agent
  - Specified Conditions
  - Notification Time
  - Transfer Timing – What changes can market participants make?
  - Resolution Time
  - Value of Collateral
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3:00 PM

### **Afternoon Break**

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3:15 PM

## **Negotiating Paragraph 13 to the 2016 ISDA Credit Support Annex for Variation Margin (VM) (Security Interest – New York Law) (continued)**

- Using Posted Collateral
  - Custodians
  - The Interest Rate and timing of Interest Payments
  - Interest Adjustment
  - Negative Interest
  - Distributions
  - Credit Support Offsets
  - Events of Default
  - Rights and Remedies
  - Terms for non-netting counterparties
  - Other provisions
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4:00 PM

### **Voluntary Segregation of Independent Amounts and the ISDA 2013 Account Control Agreement**

This session will examine the regulatory requirements under the Dodd-Frank Act, which gives OTC derivatives customers the right to require segregation of initial margin with a third-party custodian, as well as the reasons why a party may want to segregate Independent Amounts. (Note: this session will only address voluntary segregation of Independent Amounts, not requirements to segregate regulatory Initial Margin.)

- Review of critical areas of the ISDA Credit Support Annex (CSA) under New York law that require amendments when Independent Amounts are segregated, as set forth in the Form of Amendment to the 1994 ISDA Credit Support Annex subject to New York Law published on December 6, 2011.
  - Review of the critical provisions and structure of the ISDA 2013 Account Control Agreement - a template tri-party account control agreement intended to facilitate market participant negotiation of contractual arrangements that provide for the segregation of Independent Amounts posted under an ISDA Master Agreement with a third-party custodian (including the Form Secured Party Notice of Exclusive Control and the Form of Pledgor Access Notice).
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4:45 PM

### **Conference Concludes**

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## **Venue Location:**

ISDA Conference Center, 10 East 53rd Street (entrance on 52nd and 53rd Street), 8th Floor, New York, NY 10022, Phone: +1 (212) 901-6000. Please find a map to the venue [here](#).

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