

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

(Security Interest - New York Law)

Thursday, January 31, 2019
New York

Educational Credits

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

7 CPE Credit Hours Available

8:15 AM

Registration and Continental Breakfast

9:00 AM

Introduction and Welcoming Remarks

Frederick O. Quenzer, Assistant General Counsel, ISDA

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

Tanya O'Hagan, Senior Associate, Allen & Overy LLP

Jeffrey L. Robins, Partner, Debevoise & Plimpton LLP

Eleanor Webb Boris, Executive Director, Morgan Stanley

10:45 AM

Morning Break

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

Ian Cuillerier, Partner, White & Case LLP

Frances T. Han, Senior Counsel, The Vanguard Group, Inc.

Miki Navazio, Partner, Seward & Kissel LLP

1:00 PM

Luncheon

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

Sarah Ashkenazi, Director & Assistant General Counsel, Bank of America Merrill Lynch

Seth L. Bloom, Partner, Purrington Moody Weil LLP

Ilene K. Froom, Partner, Reed Smith LLP

3:00 PM

Afternoon Break

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

***Sarah Ashkenazi**, Director & Assistant General Counsel, Bank of America Merrill Lynch*

***Seth L. Bloom**, Partner, Purrington Moody Weil LLP*

***Ilene K. Froom**, Partner, Reed Smith LLP*

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).

***Sandra M. Rocks**, Counsel, Cleary Gottlieb Steen & Hamilton LLP*

***Thomas Salatte**, Managing Director, Nomura Securities*

4:45 PM

Conference Concludes

Agenda is subject to change.

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](#).

ISDA has a special rate available at the Omni Berkshire Place, 21 East 52nd Street, New York, NY 10022, +1 212-753-5800, located on the same block as the ISDA Conference Center. For reservations online [click here](#) OR call the Reservation Center at +1 888-843-6664 and mention the International Swaps and Derivatives Association, Inc. (ISDA) special rate. ISDA's special rate is based on availability at the time of booking.

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