Welcome! We're Live!

The conference will begin shortly

Understanding Core ISDA Documentation: The ISDA Master Agreement
Tuesday, March 11, 2025
9:00 AM – 12:15 PM EDT

ISDA
Safe, Efficient Markets
Celebrating 40 Years

Tuesday, March 11, 2025

Introduction and Welcoming Remarks

9:00 AM – 9:05 AM EDT

Graham Bryant
Assistant General Counsel
ISDA

Agenda

Time	
9:00 AM – 9:05 AM	**Introduction and Welcoming Remarks** *Graham Bryant, Assistant General Counsel, ISDA*
9:05 AM – 10:15 AM	**The 2002 ISDA Master Agreement** *Tamika Bent, Counsel, Wilkie Farr & Gallagher LLP* *Ilene K. Froom, Partner, Faegre Drinker Biddle & Reath LLP* *Paul Metcalfe, Partner, Financial Services Derivatives, Simmons & Simmons LLP* *Nihal Patel, Partner, Fried, Frank, Harris, Shriver & Jacobsen LLP*
10:15 AM – 10:25 AM	**Break**
10:25 AM – 12:15 PM	**The 2002 ISDA Master Agreement (Continued)**

ISDA. Safe, Efficient Markets
Celebrating 40 Years

Tuesday, March 11, 2025

X #isdaVC

The 2002 ISDA Master Agreement

9:05 AM – 12:15 PM EDT

Tamika Bent
Counsel
Wilkie Farr & Gallagher LLP

Ilene K. Froom
Partner
Faegre Drinker Biddle & Reath LLP

Paul Metcalfe
Partner, Financial Services Derivatives
Simmons & Simmons LLP

Nihal Patel
Partner
Fried, Frank, Harris,
Shriver & Jacobson LLP

Overview of the ISDA Master Agreement

What is an ISDA Master Agreement?

❖ Generally, an agreement that governs bilateral over-the-counter derivatives (OTC) transactions between two parties.

 ❖ OTC transactions under an ISDA may include a wide range of asset classes such as:

  o Interest Rate Derivatives

  o Foreign Exchange Derivatives

  o Equity Derivatives

  o Credit Derivatives

  o Commodity Derivatives

❖ The ISDA Master Agreement sets out rights, obligations, representations and other terms agreed between the parties.

❖ The Master Agreement applies to all transactions and the trading relationship/agreements/obligations, etc. with respect to the OTC transaction relationship between the parties.

ISDA. | Safe, Efficient Markets
Celebrating 40 Years

The ISDA Master Agreement

Forms of the ISDA Master Agreement

✦ 2002 ISDA Master Agreement

✦ 1992 ISDA Master Agreement (Multicurrency – Cross Border)

✦ 1992 ISDA Master Agreement (Local Currency – Single Jurisdiction) – Rarely used

Main Components of the ISDA Master Agreement

✦ The pre-printed ISDA Master Agreement (2002 or one of the 1992 forms)

✦ The Schedule

✦ Credit Support Documents

✦ Confirmations (entered into later, for each transaction)

OTC Bilateral Market

OTC Option on **amazon**

A ——————————————— **TD**

ISDA Master Agreement

+

Short Form Confirmation

↓

amazon option

ISDA. | Safe, Efficient Markets
Celebrating 40 Years

Cleared Market

Cleared Equity Option on **amazon**

Brokerage Agreement

+

Confirmation

OCC Membership

amazon
option

Understanding Core ISDA Documentation: The ISDA Master Agreement

ISDA. | Safe, Efficient Markets
Celebrating 40 Years

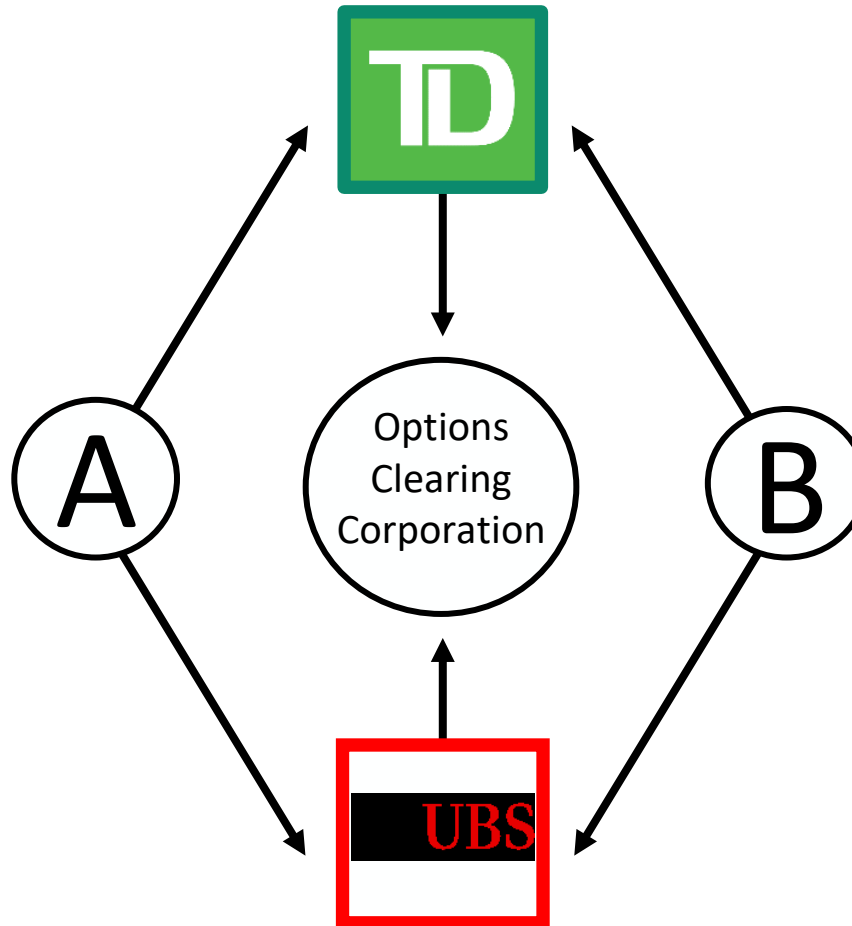OTC Bilateral Market | Cleared Market

Understanding Core ISDA Documentation: The ISDA Master Agreement
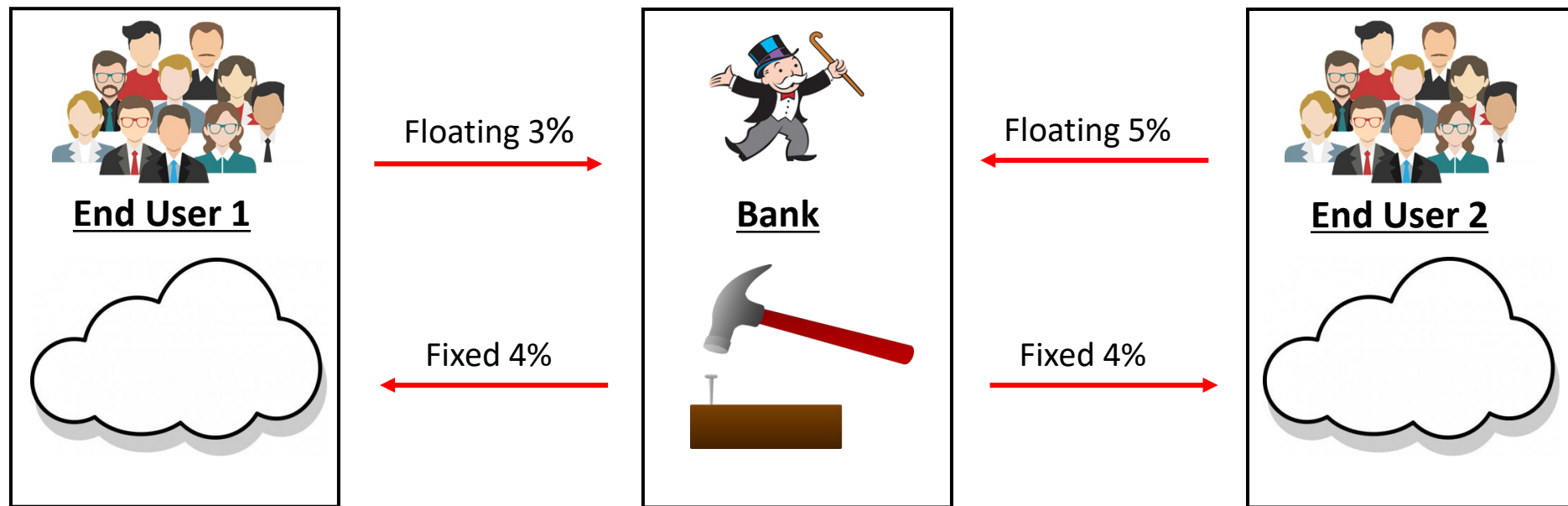
Example

3% floating rate < 4% fixed rate
End User 1 is Owed 1%

4% fixed rate < 5% floating rate
Bank is Owed 1%

ISDA Concept: 3 of the Pillars of the ISDA Master Agreement

Single Agreement

Master agreement, schedule, credit support and all confirmations form a *single agreement.*

Close-Out Netting

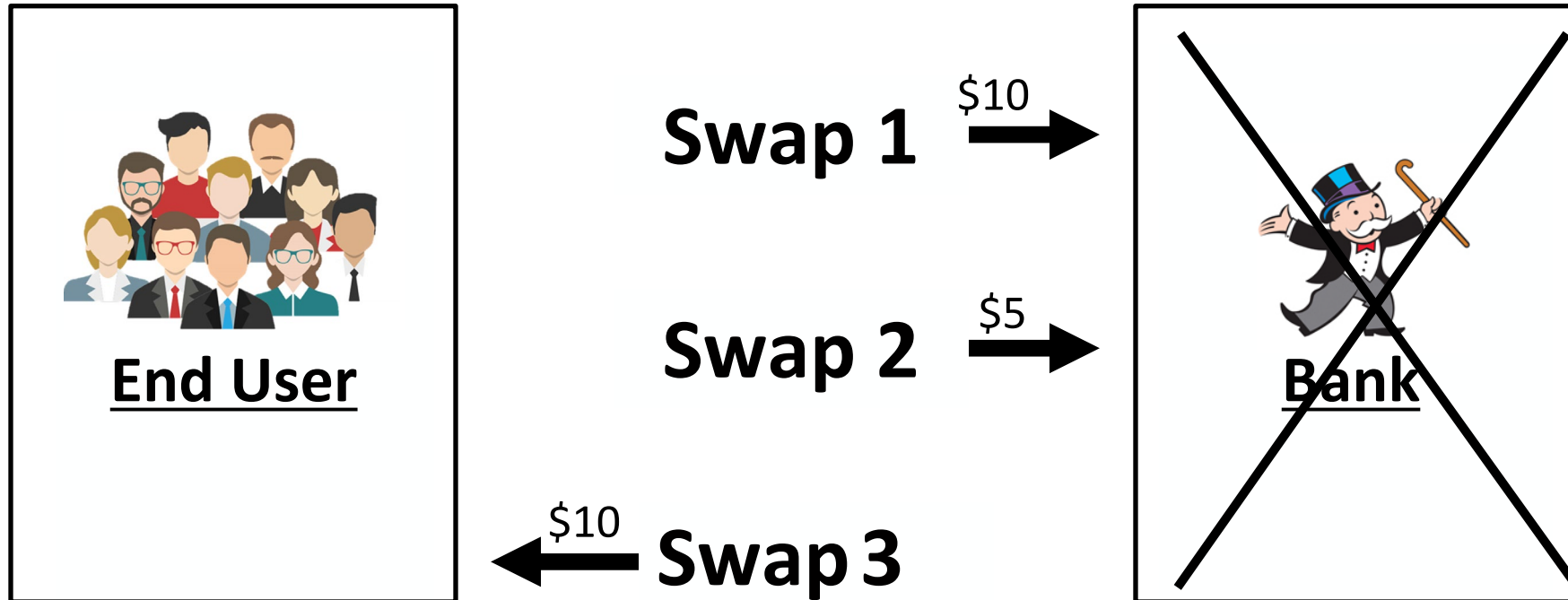All transactions are subject to *close-out netting.*

"cherry-picking"

Conditionality

Each party's payment or delivery obligation is subject to the other party not being in default.

ISDA. | Safe, Efficient Markets
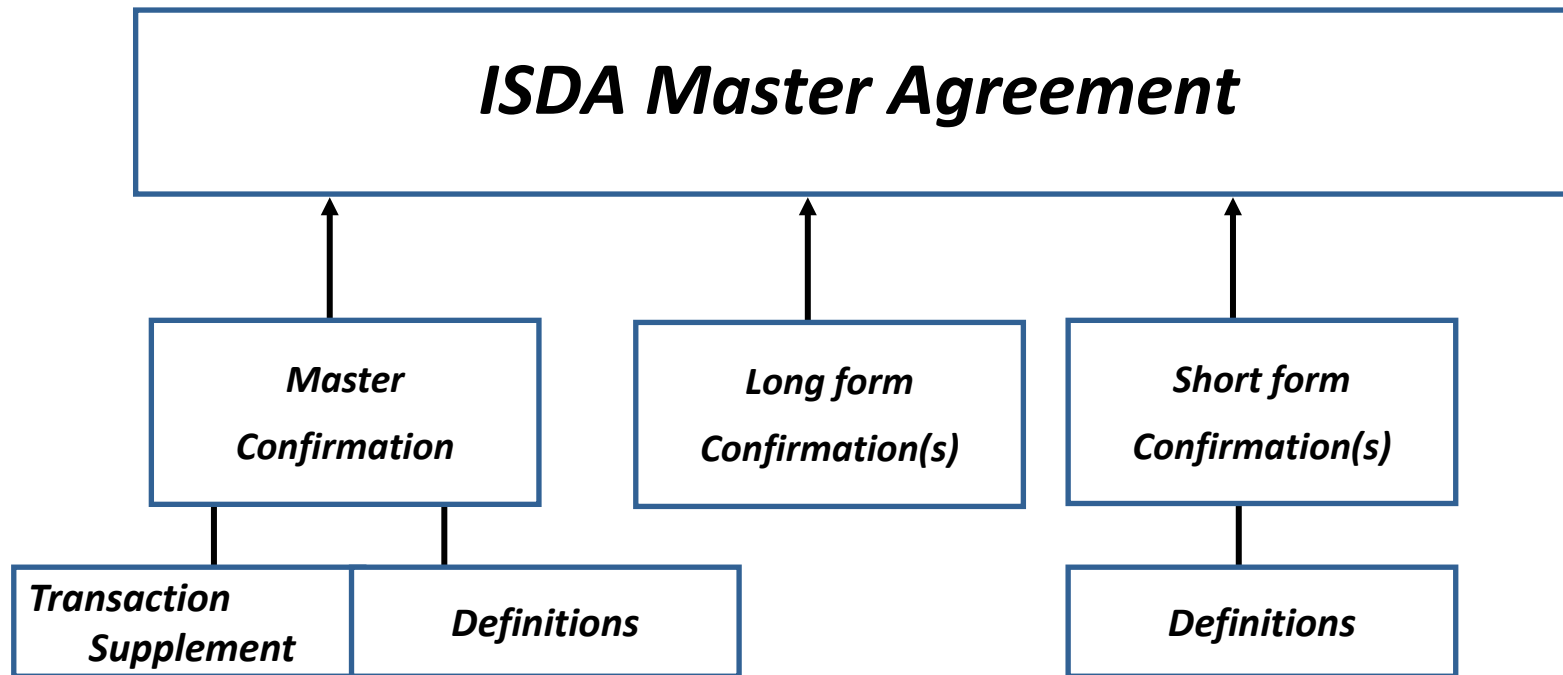Celebrating 40 Years

Example: Single Agreement

Example: Close-out Netting

End User — $5 (net) → Bank

Example: Conditionality

Simplified ISDA Agreement Structure

Understanding Core ISDA Documentation: The ISDA Master Agreement

ISDA Agreement Structure

Protocols
- 2002 Master Agreement Protocol
- August 2012 and March 2013 DF Protocols
- 2013 EMIR Protocols
- 2014 Collateral Agreement Negative Interest Protocol
- 2015 Universal Resolution Stay Protocol
- Resolution Stay Jurisdictional Modular Protocol
- 2016 Bail-in Art 55 BRRD Protocol
- 2016 Variation Margin Protocol
- 2017 Bail-in Art 55 BRRD Protocol
- 2018 Resolution Stay Protocol
- 2018 Benchmarks Supplement Protocol

Cleared Swap Documentation (US FCM)
- FIA-ISDA Cleared Derivatives Addendum

Cleared Swap Documentation (principal-to-principal)
- ISDA/FIA Client Cleared OTC Derivatives Addendum (*EU principal-to-principal arrangements*)

Annexes
- ISDA Global Physical Coal Annex
- US Emissions Annex
- EU Emissions Annex
- North American Power Annex
- North American Gas Annex
- GTMA Annex (UK Power)
- European Gas Annex
- US Crude Oil and Refined Petroleum Products Annex

Credit Support Documents: Original & Regulatory Variation Margin
- 2001 Margin Supplement (incorporating 2001 Margin Provisions)
- 1994 Credit Support Annex ("CSA") (*New York law*)
- 1995 CSA (*Transfer-English law*)
- 1995 Credit Support Deed ("CSD") (*Security Interest-English law*)
- 2008 CSA (*Japanese law*)
- 2016 CSA for VM (*Security Interest – New York law*)
- 2016 CSA for VM (*Title Transfer – English law*)
- 2016 CSD for VM (*Loan – Japanese law*)

Credit Support Documents: Regulatory Initial Margin
- 2016 Phase One CSA (Security Interest – New York law)
- 2016 Phase One CSD (Security Interest – English law)
- 2016 Phase One CSA (Loan – Japanese Law)
- 2016 ISDA-Clearstream Collateral Transfer Agreement ("CTA") (New York law and Multi Regime-English Law) and Security Agreement
- 2016 ISDA Euroclear CTA (New York law and Multi-Regime- English Law) and Security Agreement
- 2018 CSA (Security Interest – New York Law)
- 2018 CSD (Security Interest – English Law)
- 2018 Bank Custodian CTA and Security Agreement (English Law, New York Law. Luxembourg Law, Irish Law and Belgian Law)
- 2019 ISDA-Clearstream CTA and Security Agreement (Luxembourg Law- Security-provider name or Security-taker name)
- 2019 ISDA-Euroclear CTA and Security Agreement

Definitions: For use in documenting Transactions
- 2014 Credit Derivatives Definitions
- 2013 Commodity Definitions
- 2011 Equity Derivatives Definitions
- 2007 Property Index Derivatives Definitions
- 2006 Definitions
- 2006 Inflation Derivatives Definitions
- 2006 Fund Derivatives Definitions
- 2005 Commodity Definitions
- 2002 Equity Derivatives Definitions
- 1998 Euro Definitions
- 1998 FX and Currency Option Definitions
- 1997 Government Bond Option Definitions

2002 MASTER AGREEMENT

Bridges
- 2002 Energy Agreement Bridge
- 2001 Cross-Agreement Bridge
- 1996 FRABBA Bridge
- 1996 BBAIRS Bridge

Confirmations
- Long form confirmations

Confirmations
- Short form confirmations
- Master confirmation agreements

While this chart shows a number of ISDA published documents, it is not inclusive of all documents published by ISDA to date

ISDA. | Safe, Efficient Markets
Celebrating 40 Years

Preamble

- "Dated as of"

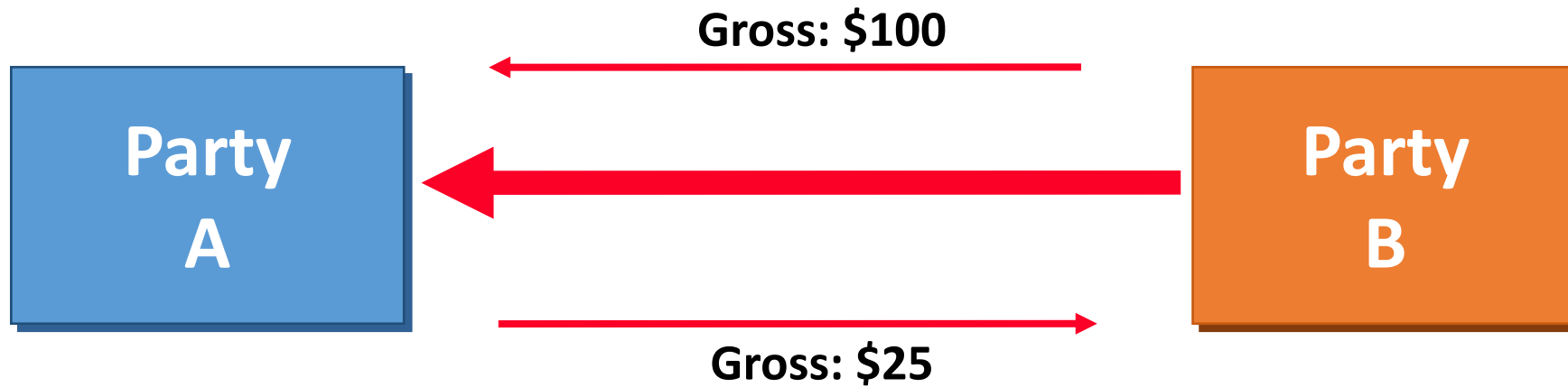- "Transactions"

- "Confirmations"

Section 1 - Interpretation

- Definitions

- Inconsistency

- Single Agreement

Section 2 - Obligations

- Section 2(a)(i) – each party will make each payment or delivery specified in each Confirmation to be made by it

  ➢ Payments made in freely transferable funds and deliveries made in the manner customary for the relevant obligation

- Section 2(a)(iii) - conditions precedent

- In 2002 Master, any additional condition precedent needs to be "specified in this Agreement to be a condition precedent *for the purpose of this Section 2(a)(iii)*"

- Section 2(d) – withholding tax gross-up clause

ISDA. | Safe, Efficient Markets
Celebrating 40 Years

Section 2(c) Payment Netting

Gross: $100

Party A

Party B

Gross: $25

Note: payment netting applies to payments…

- on the same date
- in the same currency
- in respect of the same Transaction ***UNLESS parties elect "Multiple Transaction Payment Netting" to apply*** *(Part 4(i) of Schedule)*

Section 3 - Representations

- Basic Representations

  - *Status,*

  - *Powers,*

  - *No Violation or Conflict,*

  - *Consents,*

  - *Obligations Binding*

- Absence of Certain Events

- Absence of Litigation

- Accuracy of Specified Information

- Payer and Payee Tax Representations

- No Agency (elective)

- Additional Representations (specified in Schedule/ Confirmation). See Schedule for "Relationship Between Parties" representation

Section 4 - Agreements

- Furnish Specified Information

- Maintain Authorisations

- Comply With Laws

- Tax Agreement

- Payment of Stamp Tax

Section 5(a) - Events of Default

- General principle: mutual

- Some can be triggered by event occurring with respect
  to a Credit Support Provider and/or a Specified Entity

- Generally, no automatic consequence – Non-defaulting Party
  has *right* to terminate

- One exception – if Automatic Early Termination applies

Credit Support Providers

In *Part 4(g) of the Schedule,* each party may identify a Credit Support Provider in respect of itself:

- Typically a guarantor, e.g., a parent company

- Relevant to the following Events of Default:

    o Section 5(a)(iii) (Credit Support Default)

    o Section 5(a)(iv) (Misrepresentation)

    o Section 5(a)(v) (Default Under Specified Transaction)

    o Section 5(a)(vi) (Cross-Default)

Credit Support Providers

- o Section 5(a)(vii) (Bankruptcy)

- o Section 5(a)(viii) (Merger Without Assumption)

- Relevant to the following Termination Events:

  - o Section 5(b)(i) (Illegality)

  - o Section 5(b)(ii) (Force Majeure Event)

  - o Section 5(b)(v) (Credit Event Upon Merger)

  - o Potentially, Section 5(b)(vi) (Additional Termination Event)

Specified Entities

In *Part 1(a) of the Schedule,* each party may identify one or more Specified Entities in respect of itself for the purposes of:

- Section 5(a)(v) (Default Under Specified Transaction)

- Section 5(a)(vi) (Cross-Default)

- Section 5(a)(vii) (Bankruptcy)

- Section 5(b)(v) (Credit Event Upon Merger)

(NB: Specified Entities may also be designated in Part 4(k) of the Schedule for purposes of the Absence of Litigation representation)

Section 5(a) - Events of Default

- Failure to Pay or Deliver *(Section 5(a)(i))*

  - Applies to each party

  - Event of Default will occur if:

    - a party has failed to pay/deliver

    - the other party gives notice of such failure

    - such failure is not remedied within **one** Local Business Day/Local Delivery Day after notice

  - ***Local Delivery Day***

Section 5(a) - Events of Default

- Breach of Agreement; Repudiation of Agreement
  (Section 5(a)(ii))

  - applies to each party

  - Covers repudiation of the Agreement, a Confirmation or a Transaction

  - 30 day grace period (after notice) applies to Breach of Agreement

Section 5(a) - Events of Default

- Credit Support Default *(Section 5(a)(iii))*

    o applies to each party and any Credit Support Provider(s)

    o Includes failure of security interest

- Misrepresentation *(Section 5(a)(iv))*

    o applies to each party and any Credit Support Provider(s)

Section 5(a) - Events of Default

- Default Under Specified Transaction *(Section 5(a)(v))*

  - applies to each party, any Credit Support Provider(s) and any Specified Entities

  - "Specified Transaction" definition includes variety of transactions ***under other agreements*** between:

    - each party

    - a party and the other party's Credit Support Provider or Specified Entity

    - one party's Credit Support Provider or Specified Entity and the other party's Credit Support Provider or Specified Entity

Section 5(a) - Events of Default

Section 5(a) - Events of Default

- Default Under Specified Transaction *(Section 5(a)(v)) – cont'd*

  - "Specified Transaction" definition updated from 1992 Master Agreement definition and expanded in 2002 Master Agreement

  - Section 5(a)(v) also covers defaults under any credit support arrangement relating to a Specified Transaction

  - Only triggered by delivery failure if such failure results in acceleration of all transactions outstanding under the documentation applicable to the Specified Transaction

Section 5(a) - Events of Default

- Cross-Default *(Section 5(a)(vi))*

  - Parties elect in *Part 1(c) of Schedule* whether Section 5(a)(vi) will apply to a party and any Credit Support Provider(s) and Specified Entities

  - "Specified Indebtedness" is defined in Section 14 as "any obligation …in respect of borrowed money". Parties can amend definition in *Part 1(c) of Schedule*

  - Threshold Amount to be specified in *Part 1(c) of Schedule*

  - ***Clauses (1) and (2) are aggregated***

ISDA. | Safe, Efficient Markets

Celebrating 40 Years

Section 5(a) - Events of Default

- Bankruptcy *(Section 5(a)(vii))*

  - applies to each party, any Credit Support Provider(s) and any relevant Specified Entities

  - no grace period where proceedings instituted or petition presented by the regulator or other official with primary insolvency jurisdiction over the party

  - grace period of 15 days in other cases

Section 5(a) - Events of Default

- Merger Without Assumption *(Section 5(a)(viii))*

  o Applies to each party and any Credit Support Provider(s)

  o ***Covers broad range of merger events***

LIVE!
We're taking a quick break, the conference will resume shortly

1ˢᵗ CLE Verification Code: VC03112025_023L

Section 5(b) - Termination Events

- Illegality (Section 5(b)(i))

  o applies to each party and any Credit Support Provider(s)

- Force Majeure Event (Section 5(b)(ii))

  o applies to each party and any Credit Support Provider(s)

- Tax Event *(Section 5(b)(iii))*

  o applies to each party

Section 5(b) - Termination Events

- Tax Event Upon Merger *(Section 5(b)(iv))*

  - applies to each party

- Credit Event Upon Merger *(Section 5(b)(v))*

  - parties elect in Part 1(d) of the Schedule whether Section 5(b)(v) will apply to a party, any Credit Support Provider(s) and any Specified Entities

- Additional Termination Events *(Section 5(b)(vi))*

Illegality and Force Majeure Event

- What is Force Majeure Event?

- Anticipatory nature

- Objectives

- Illegality and Force Majeure Event each applies after giving effect to applicable provisions (disruption fallbacks, etc) specified in, or pursuant to, the relevant Confirmation or elsewhere in the Agreement

Illegality and Force Majeure Event

- Deferral of obligations *(Section 5(d))*

- Deferral of rights to terminate *(Section 6(b)(iv))*

- Hierarchy of events *(Section 5(c))*

Sections 6(a) to 6(c) – Early Termination

- Is there a right to terminate?

- Who has the option to terminate (if there's an option at all)?

- Which transactions will be affected by early termination?

- How to initiate the early termination process?

Is there a right to terminate?

- See *Sections 6(a) and 6(b)*

Sections 6(a) & 6(b) – Who has the Option to Terminate (If There's an Option at All)?

Reason	Who may terminate
Events of Default • General position • Bankruptcy **Termination Event** • Illegality • Force Majeure Event • Tax Event Upon Merger • Tax Event • Credit Event Upon Merger • Additional Termination Event	• Non-defaulting Party • Non-defaulting Party or Automatic* • typically either party • typically either party • Burdened Party • Affected Party • Non-affected Party • Non-affected Party or either party (if there are two Affected Parties)

*only applies if elected in Schedule

Sections 6(a) & 6(b) – Which Transactions will be Affected by Early Termination?

1. Event of Default

2. Additional Termination Event

3. Credit Event Upon Merger

4. Illegality/Force Majeure Event

5. Other Termination Events

1. *all* Transactions terminated

2. *all* Transactions terminated (presumption)

3. *all* Transactions terminated

4. selective termination of Affected Transactions

5. all *Affected* Transactions terminated

ISDA. | Safe, Efficient Markets
Celebrating 40 Years

Sections 6(a) to 6(c) - How to Initiate the Early Termination Process?

- Designation of an Early Termination Date (*Sections 6(a) and 6(b)*)

- The Early Termination Date will occur whether the Event of Default or Termination Event is continuing or not (*Section 6(c)*)

- No further payments required, and the amount payable on termination (the Early Termination Amount) will be determined (*Section 6(e)*)

Section 6(e) - Payments on Early Termination

Early Termination Amount:

- Events of Default:

  - ➢ sum of the Close-out Amount or Close-out Amounts determined by the Non-defaulting Party

  - ➢ **plus** *Unpaid Amounts* owed to the Non-defaulting Party on or before the Early Termination Date

  - ➢ **less** *Unpaid Amounts* owed to the Defaulting Party on or before the Early Termination Date

Close-out Amount

- Single valuation measure

- Replaces choice between Market Quotation and Loss in 1992 ISDA Master Agreement

- Designed to:

  - overcome perceived difficulties associated with precise procedures of Market Quotation in certain market conditions

  - provide more guidance and transparency than Loss

  - take account of development in transaction types

Close-out Amount

- Involves a calculation by a Determining Party of how much it would cost it (or how much it would be paid) to replace, or provide the economic equivalent of (a) the material terms of the Terminated Transaction(s), including the payments and deliveries by the parties under Section 2(a)(i) that would, but for the occurrence of the Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in Section 2(a)(iii)) and (b) the option rights of the parties in respect of the Terminated Transaction(s)

Close-out Amount

- Determining Party must:

    o   act in good faith

    o   use commercially reasonable procedures

    o   in order to obtain a commercially reasonable result

Close-out Amount

- May be determined for an individual Terminated Transaction or a group of Terminated Transactions (so long as, in aggregate, a Close-out Amount or Close-out Amounts is/are determined for all Terminated Transactions)

- Determined as of the Early Termination Date or, if that would not be commercially reasonable, as of such later date or dates as would be commercially reasonable

Close-out Amount

- Definition includes non-exhaustive list of information that may be taken into account, including:

  o quotations (firm or indicative) from one or more third parties (need not be "leading dealers") that may take into account the Determining Party's creditworthiness and the terms of relevant documentation between it and the third party

  o other external market data - rates, prices, yields, yield curves, volatilities, spreads, correlations, etc.

  o in certain circumstances, information of the same types available from internal sources

ISDA. | Safe, Efficient Markets
Celebrating 40 Years

Close-out Amount

- But Determining Party will *consider* quotations or other external market data unless it reasonably believes in good faith that quotations or relevant market data are not readily available or would produce a result that would not satisfy the standards set forth in the definition

- Hedging costs: losses or costs incurred in (or gain resulting from) terminating or re-establishing a hedge may be considered by the Determining Party so long as there is no duplication of amounts otherwise calculated pursuant to the definition, and so long as it is commercially reasonable to do so

Close-out Amount

- Commercially reasonable procedures may include:

  - subject to certain qualifications, application to certain types of information (not third-party quotations) of internal pricing or valuation models

  - application of different valuation methods to different Terminated Transactions or groups of Terminated Transactions depending on their type, complexity, size or number

Section 6(e) - Payments on Early Termination

Early Termination Amount:

- Termination Events - One Affected Party:

  o as for Events of Default, but references to Non-defaulting Party read as references to Non-affected Party

ISDA. | Safe, Efficient Markets

Celebrating 40 Years

Section 6(e) - Payments on Early Termination

Early Termination Amount:

- Termination Events - Two Affected Parties:

    - One-half of difference between sum of Close-out Amount or Close-out Amounts determined by each Affected Party

    - **Plus** *Unpaid Amounts* owed to the party determining the higher amount

    - **Less** *Unpaid Amounts* owed to the party determining the lower amount

ISDA. Safe, Efficient Markets
Celebrating 40 Years

Section 6(e) - Payments on Early Termination

Early Termination Amount:

- Termination Events - Mid-Market Events:

  o Illegality/Force Majeure Event

  o Early Termination Amount determined as above (depending on whether there is one Affected Party or two Affected Parties), but, for the purpose of determining a Close-out Amount or Close-out Amounts, mid-market quotations/values used

Section 6(e) - Payments on Early Termination

- Party that is out-of-the-money on a net basis has to pay other party, even if other party is a Defaulting Party

- No longer an election of "payment method" (which was under the 1992 Master Agreement)

- The "Second Method" or "full two-way payments" approach always applies

ISDA. Safe, Efficient Markets
Celebrating 40 Years

Early Termination Amount

- Section 6(e)(iv):

    - Failure to pay Early Termination Amount due to Illegality or Force Majeure Event does not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1)

    - If all outstanding Transactions subsequently terminated, treated as an Unpaid Amount

Section 6(f) - Set-Off

- Early Termination Amount subject to Section 6(f)

- Section 6(f) introduces a contractual set-off clause into the 2002 Master:

  - based on "Basic Set-off Provision" contained in the User's Guide to the 1992 ISDA Master Agreements

  - not cross-affiliate

  - enforceability of clause not considered in ISDA netting opinions

ISDA. Safe, Efficient Markets
Celebrating 40 Years

The Backside

Section 7	-	Transfer
Section 8	-	Contractual Currency
Section 9	-	Miscellaneous
Section 10	-	Offices; Multibranch Parties
Section 11	-	Expenses
Section 12	-	Notices
Section 13	-	Governing Law and Jurisdiction

Understanding Core ISDA Documentation: The ISDA Master Agreement

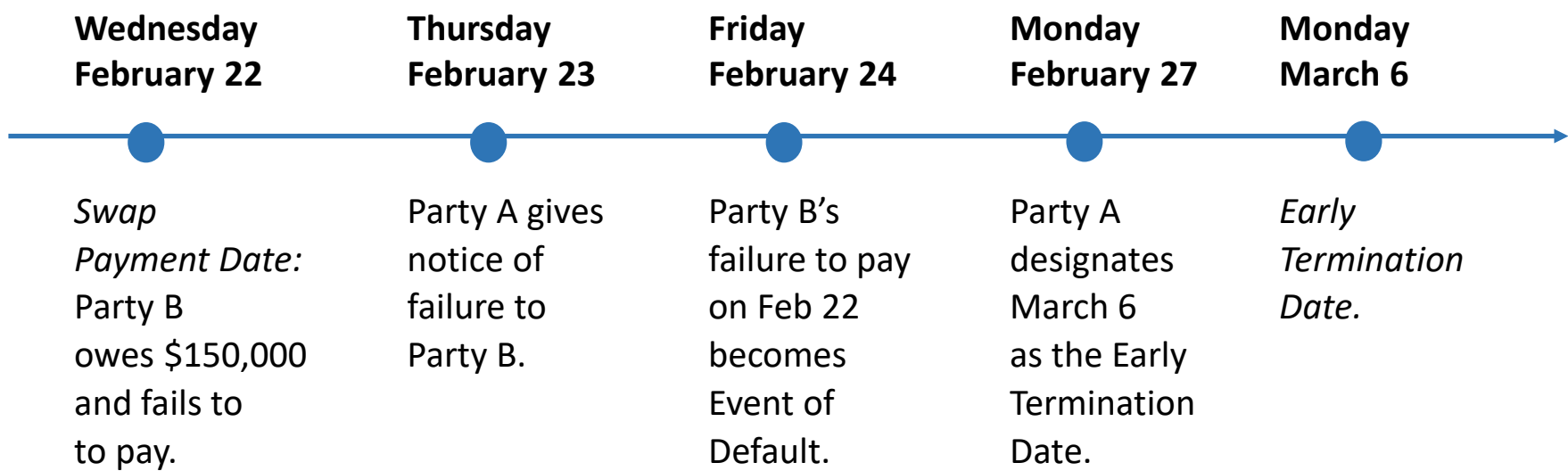# Section 9(h) - Interest and Compensation

- Prior to Early Termination

  o Defaulted Payments

  o Defaulted Deliveries

  o Deferred Payments

  o Deferred Deliveries

- Following Early Termination

  o Unpaid Amounts

  o Early Termination Amounts

Interest and Compensation – A How-To Guide

- Locate relevant fact pattern under Section 9(h)

- Determine amount subject to accrual

- Identify accrual period

- Identify rate or rate mechanism

  o Default Rate

  o Applicable Deferral Rate

  o Applicable Close-out Rate

  o Non-default Rate

  o Termination Rate

- Calculate on the basis of daily compounding and the actual number of days elapsed

ISDA. Safe, Efficient Markets
Celebrating 40 Years

Interest and Compensation – Example

Example

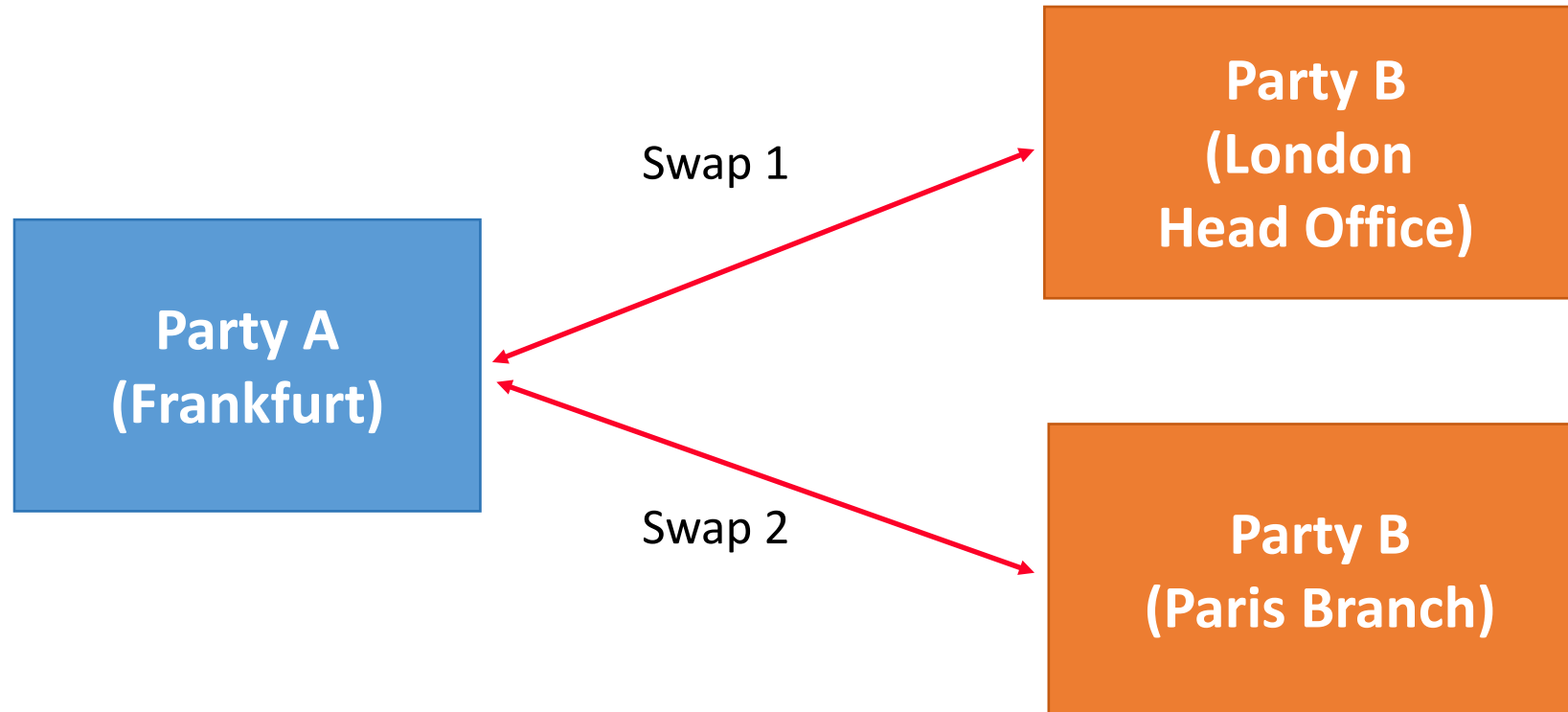| **Wednesday February 22**	**Thursday February 23**	**Friday February 24**	**Monday February 27**	**Monday March 6**
Swap Payment Date: Party B owes $150,000 and fails to to pay.	Party A gives notice of failure to Party B.	Party B's failure to pay on Feb 22 becomes Event of Default.	Party A designates March 6 as the Early Termination Date.	*Early Termination Date.*

ISDA. Safe, Efficient Markets
Celebrating 40 Years

Interest and Compensation – Example

- Under Section 9(h)(ii)(1), interest accrues from (and including) February 22 to (but excluding) March 6 at Applicable Close-out Rate

- Clause (a)(i) of Applicable Close-out Rate definition:

"in respect of obligations payable or deliverable…by a Defaulting Party, the Default Rate"

Multibranch

Understanding Core ISDA Documentation: The ISDA Master Agreement

Section 10 - Offices; Multibranch Parties

- Refined in 2002 Master:

  - More sophisticated treatment of branches

  - Clarification of Section 10(a) (remains elective)

  - Section 5(e) - extension of Illegality/Force Majeure Event provisions

Section 12 - Notices

- Different methods of giving notice or other communication

- Notices under Sections 5 and 6

- New technology

Section 13 - Governing Law and Jurisdiction

- Submission to jurisdiction of the English courts generally non-exclusive

- Submission to jurisdiction of New York courts

- 2018 ISDA Choice of Court and Governing Law Guide: new model clauses

- Alternatives to English/New York law: ISDA 2002 Master Agreement governed by Irish and French law

Section 14 - Definitions

- Consolidated

- Helpful definitions included, e.g.:

    o   Early Termination Amount

    o   General Business Day

    o   Non-affected Party

    o   Termination Currency

Schedule

- US payee tax representations

- Relationship Between Parties representation

- Recording of Conversations agreement – but check for local law issues

- Signature block

Understanding Core ISDA Documentation: The ISDA Master Agreement

ISDA Netting Opinions 2025

Andorra	Cyprus	Jersey	Qatar (QFC)
Anguilla	Czech Republic	Kazakhstan (Republic and AIFC)	Romania
Argentina	Denmark	Latvia	Russia
Armenia	England & Wales	Liechtenstein	Scotland
Australia	Finland	Lithuania	Serbia
Austria	France	Luxembourg	Singapore
Bahamas	Georgia	Malaysia	Slovakia
Barbados	Germany	Malta	Slovenia
Belgium	Gibraltar	Marshall Islands	South Africa
Bermuda	Greece	Mauritius	South Korea
Brazil	Guernsey	Mexico	Spain
British Virgin Island	Hong Kong	Netherlands	Sweden
Canada (Federal, Alberta,	Hungary	New Zealand	Switzerland
British Columbia, Ontario and Quebec)	Iceland	Nigeria	Taiwan
Cayman Islands	India	Norway	Thailand
Chile	Indonesia	People's Republic of China	Turkey
Colombia	Ireland	Peru	UAE (Federal, ADGM and DIFC)
Costa Rica	Israel	Philippines	USA (Federal and New York)
Croatia	Italy	Poland	
Curacao, Aruba, St Maarten	Japan	Portugal	

Understanding Core ISDA Documentation: The ISDA Master Agreement

Overview of Netalytics

- Netalytics provides a powerful means of accessing and analysing the content of ISDA's netting opinions and updates

- A consistent approach is taken in the reports across all jurisdictions covered by netalytics

- Opinions and updates are summarised in a standardised report covering 14 netting questions

- Reports provide enough detail to understand the opinions quickly and easily, using colour-coding, yes/no answers and comments and qualifications and include a cross-reference to the relevant page of the opinion

- netalytics is intended for use by people with and without legal experience

- Access to the website www.netalytics.org

Overview of CSAnalytics

- CSAnalytics provides a powerful means of accessing and analysing the content of ISDA's collateral opinions and updates

- A consistent approach is taken in the reports across all jurisdictions covered by CSAnalytics

- Opinions and updates are summarised in a standardised report covering 29 issues and 3 different fact patterns

- Reports provide enough detail to understand the opinions quickly and easily, using colour-coding, yes/no answers and comments and qualifications and include a cross-reference to the relevant page of the opinion

- CSAnalytics is intended for use by people with and without legal experience

- Access to the website www.csanalytics.org

ISDA Digital Initiatives

- The strategic goal of ISDA's Data and Digitization program is to create a digital environment that positions ISDA Documentation, Data, Computational Models and other ISDA standards at the heart of the industry's digital transformative agenda.

- ISDA has been focusing on these goals for some time to develop mutualized solutions that create efficiencies for the industry. Initiatives such as ISDA Create the ISDA Clause Library, 2021 Interest Rates Definitions and the Common Domain Model (CDM), all respond to the need for greater standardization, automation and digitization across the trade lifecycle – from the agreement of documentation to post-trade processing.

- ISDA is making a commitment to deliver these enhanced process, data and documentation standards. In doing so, we will foster an environment for technological innovation, lower barriers to entry and reduce costs for businesses and consumers in the real economy, and reduce risk within the global financial system by removing needless complexity and strengthening the operational resilience of market participants.

- **ISDA Create** is a new negotiation platform which enables participants to perform all steps required to complete a negotiation within a singular platform.

- **The ISDA Clause Library** provides standard-form drafting options for commonly negotiated provisions within ISDA documents and the most common variants of those provisions.

- The **ISDA Common Domain Model (CDM)** is a machine-readable and machine-executable data model for derivatives products, processes and calculations. In the near future firms will also have an option to receive legal output as a CDM JSON structured document.

- The **2021 ISDA Interest Rate Derivatives Definitions**. Set for launch later this year, will overhaul ISDA's flagship interest rate and cross-currency definitions booklet, the 2006 ISDA Definitions. The Definitions will be available on a powerful web-based versioning platform that will enable derivatives users to electronically view the definitive source of the definitions as at any trade date. ISDA intends to eventually make the mechanics of the definitions available in code, aligned with the trade event and process standards established by the CDM.

ISDA. Safe, Efficient Markets
Celebrating 40 Years

ISDA Negotiations Today vs. ISDA Create Workflow

Derivatives negotiation is currently a manual process, where terms are agreed on Word/PDF, and later transposed into systems. There is limited process transparency for internal stakeholders, room for error, and insufficient data for downstream processing or the appropriate management of legal risk.

Pre-Negotiation

- Firms need to maintain their own ISDA template database, requiring reconciliation to their legal playbook.

- New or Amendment agreements need to be reviewed to determine appropriate terms.

- Firms send documents via email to each counterparty, then manually track legal engagement on an individual basis. This delays engagement on new trading mandates.
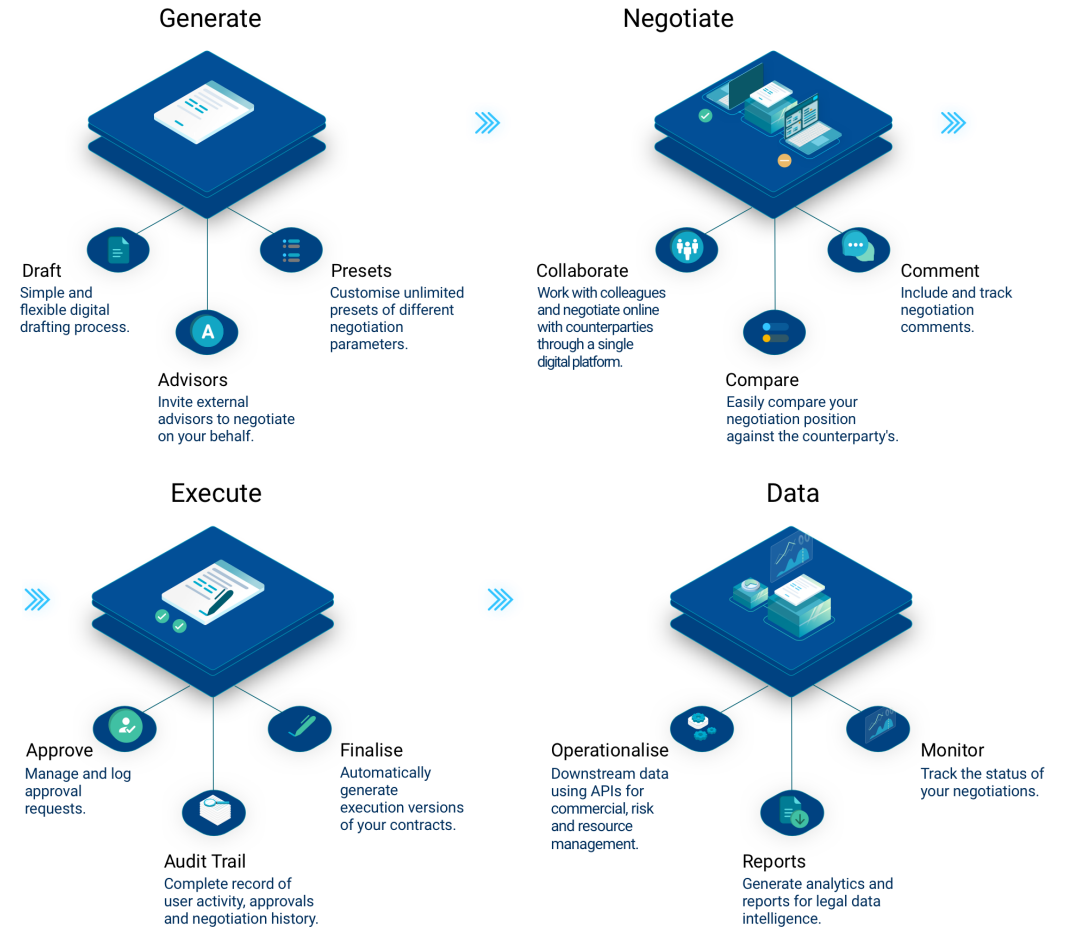
The Negotiation

- Each negotiated draft may require multiple interactions, and reconciliations.

- Trading, Risk, and Operational teams are required to approve terms leveraging email, calls or instant messenger. This makes it hard to capture a robust audit trail.

Post-Negotiation

- Both firms sign the agreement on paper and archive the PDF separately internally.

- Extraction of legal data is manually transposed into firms' risk and operations systems.

- Negotiators consistently review PDF terms and provide stakeholders content to perform the obligations specified deep within the agreements. This length of review, and lack of legal data, can pose high risk when markets need to adjust for regulatory change or other events which cause volatility.

ISDA Create Workflow

Generate

Draft — Simple and flexible digital drafting process.

Presets — Customise unlimited presets of different negotiation parameters.

Advisors — Invite external advisors to negotiate on your behalf.

Negotiate

Collaborate — Work with colleagues and negotiate online with counterparties through a single digital platform.

Comment — Include and track negotiation comments.

Compare — Easily compare your negotiation position against the counterparty's.

Execute

Approve — Manage and log approval requests.

Finalise — Automatically generate execution versions of your contracts.

Audit Trail — Complete record of user activity, approvals and negotiation history.

Data

Operationalise — Downstream data using APIs for commercial, risk and resource management.

Monitor — Track the status of your negotiations.

Reports — Generate analytics and reports for legal data intelligence.

2ⁿᵈ CLE Verification Code:
VC031125_732P

Thank you for joining us!

The recording of this webinar will be available within 3 business days. You will receive an email when access is available. Please take a moment to complete an evaluation form.