



NEWS RELEASE
For Immediate Release

Major Banks Sign Relaunched ISDA Resolution Stay Protocol

NEW YORK, November 12, 2015 – The International Swaps and Derivatives Association, Inc. (ISDA) today announced the relaunch of the ISDA Resolution Stay Protocol to cover securities financing transactions (SFT). Twenty-one major global banks have signed the Protocol at launch.

The new ISDA 2015 Universal Resolution Stay Protocol has been developed in close coordination with the Financial Stability Board by an ISDA working group that includes buy- and sell-side market participants. A new SFT Annex was developed jointly by ISDA, the International Capital Market Association (ICMA), the International Securities Lending Association (ISLA) and the Securities Industry and Financial Markets Association (SIFMA).

The Protocol opts adhering parties into certain existing and forthcoming special resolution regimes, with the aim of ensuring cross-border derivatives and SFT transactions are captured by statutory stays on cross-default and early termination rights in the event a bank counterparty enters into resolution. These stays are intended to give regulators time to facilitate an orderly resolution of a troubled bank.

“The relaunched ISDA Universal Resolution Stay Protocol captures a wider universe of financial contracts, further reducing the risk that a bank resolution triggers a chaotic unwind of financial contracts. ISDA has worked hand in hand with other trade associations and market participants to meet the regulatory objective of broadening contractual stays to support cross-border resolution and strengthen systemic stability,” said Scott O’Malia, ISDA’s Chief Executive.

Statutory resolution regimes have been rolled out in several jurisdictions, including the US and European Union. These regimes provide resolution authorities with broad tools and powers to effect a resolution, including the imposition of a temporary stay on counterparties’ early termination rights in the event a bank enters into resolution. However, it is uncertain whether these stays would extend to contracts governed by foreign law. By adhering to the Protocol, firms are opting to abide by certain overseas national resolution regimes, ensuring cross-border trades with other adhering counterparties in those jurisdictions are subject to the stays.

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The original Protocol was voluntarily signed by 18 major banks and certain of their subsidiaries in November 2014. The revised ISDA 2015 Universal Resolution Stay Protocol has been signed at launch by 21 financial groups, and it is expected other systemically important banks will sign the Protocol over time.

In addition, the ISDA Resolution Stay Protocol Working Group is developing a separate Protocol for other market participants, including buy-side and end-user firms and other banks, providing them with a tool to comply with forthcoming regulations requiring the inclusion of stays within financial contracts.

Working with buy-side members and trade associations, ISDA will publish the separate Protocol next year for those firms that choose to use it. Regulations requiring new trades to incorporate contractual stays are expected to be implemented in several jurisdictions from early 2016. The provisions of the Protocol will be developed to facilitate compliance with the specific legislative or regulatory requirements in different jurisdictions.

Please visit the Protocol Management section of the ISDA website to read the Protocol, updates to the list of adhering firms and a frequently-asked-questions document:

<http://www2.isda.org/functional-areas/protocol-management/open-protocols/>

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About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 850 member institutions from 68 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.

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