



NEWS RELEASE
For Immediate Release

ISDA Publishes China Collateral Memorandum

HONG KONG, September 7, 2016 – The International Swaps and Derivatives Association, Inc. (ISDA) today announced the publication of the ISDA 2016 China Collateral Memorandum.

The memorandum provides information on the legal issues involved in exchanging collateral with a counterparty in China, and analyzes the enforceability of collateral rights contained in ISDA credit support documentation under Chinese law.

The publication of the memorandum follows the rollout of new margin requirements for non-cleared derivatives in some jurisdictions on September 1. Developed by the Basel Committee on Banking Supervision and International Organization of Securities Commissions, the margin framework is expected to be implemented in other jurisdictions over time.

“Agreement by global regulators to introduce margin requirements for non-cleared derivatives has focused attention on understanding the legal issues and documentation challenges when exchanging collateral with Chinese counterparts. This memorandum helps the market to understand the types of security interests recognized in China and analyzes enforceability of the commonly used ISDA credit support documents, including title transfer arrangements, under Chinese law,” said Keith Noyes, ISDA’s Asia-Pacific Regional Director.

This is the latest in a series of ISDA publications focusing on netting and collateral enforceability in China. It follows the China Netting Memorandum in 2014, which analyzed an interpretation by the Supreme People’s Court of set-off rights under China’s Enterprise Bankruptcy Law, and considered restrictions under the bankruptcy law that may create barriers for close-out netting. It also suggested changes to the ISDA Master Agreement in order to improve the enforceability of the Agreement in China.

Achieving netting enforceability has been an ongoing effort for ISDA since the default of Guangdong International Trust and Investment Corporation in 1999. ISDA has worked continuously with Chinese legislators, regulators and financial industry since then to promote legal netting certainty.

“Chinese financial markets are growing and opening up in line with China’s economic development. Our membership cares deeply about the development of the Chinese market, and ISDA believes that a sound legal infrastructure is necessary for healthy and sustainable growth. ISDA will continue to work with the Chinese authorities to promote netting and collateral protection for the benefit of all market participants,” said Scott O’Malia, ISDA’s Chief Executive.

The ISDA 2016 China Collateral Memorandum is available on the [ISDA website](#).

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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 67 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, 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 web site: www.isda.org.

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