



NEWS RELEASE
For Immediate Release

ISDA Comments on Recent Developments on Determinations Committees Secretary Transition

NEW YORK, October 6, 2017 - The International Swaps and Derivatives Association, Inc. (ISDA) announced today that the Credit Derivatives Determinations Committees (DCs) and ICE Benchmark Administration (IBA) were unable to reach agreement on IBA assuming the role of DC secretary.

As a result, ISDA and the DCs will now pursue other avenues for the transition to a new DC secretary before ISDA's term as secretary expires in April 2018. All parties are committed to the long-term viability of the credit derivatives market, and will work to ensure a smooth and orderly transition of DC secretary responsibilities.

Background

- ISDA announced in December 2016 that IBA had been selected to act as DC secretary after a public tender. IBA has been negotiating directly with the DCs since the appointment on possible changes to the DC rules.
- The DC secretary is responsible for administrative duties, such as distributing questions submitted by eligible market participants to the relevant DCs, coordinating the timings of DC meetings, and publishing the results of DC votes. The DC secretary does not vote on whether credit events have occurred.
- The DCs have voted to accept various changes to the DC rules in recent in years to ensure the process continues to meet best practices in governance, conduct and transparency. This includes revisions that require DC firms to confirm they have written policies or procedures in place to identify and manage potential conflicts of interest from participation in the DCs.
- As a result of an ongoing process of review to ensure the DC process remains robust, ISDA believes the appointment of an independent, specialist organization to act as DC secretary is a natural next step in the evolution of the process, and will ensure it continues to align with rapidly evolving governance standards.

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About the Determinations Committees

The role of the DCs is to make factual determinations on credit events, successor reference entities and other issues, in response to questions submitted to the DCs by eligible credit derivatives market participants. They make their determinations by gathering publicly available information on a particular event and comparing this against the conditions contained within the ISDA Credit Derivatives Definitions, the standard legal terms used in the credit derivatives market.

A DC currently exists in each of the following regions: Americas, Asia excluding Japan, Australia-New Zealand, EMEA and Japan. Each DC consists of 10 sell-side and five buy-side market participants, alongside consultative firms and central counterparty observer members. Sell-side members are selected based on credit default swap trading volumes. Buy-side members are selected via a random draw, but must meet certain minimum assets under management and trading volume requirements. DC member selection is conducted on an annual basis, as per a process set out in the DC rules.

A supermajority vote (80%, or 12 out of 15 DC member firms) is required for a credit event to be determined by the DC without resorting to external review.

ISDA currently acts as secretary to the DCs and administers the process. ISDA does not have a vote and has no input into the decisions.

More information about the DCs is available on the Determinations Committee section of ISDA's website at <http://dc.isda.org/>.

About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 875 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, 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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