

Press release

News from the International Capital Market Association (ICMA)

Dreikönigstrasse 8, CH-8002, Switzerland
www.icmagroup.org

Please see foot of release for contact details

12 November 2015

For immediate release

ICMA Announces Publication of 2015 Universal Resolution Stay Protocol with Securities Financing Transaction Annex

(Zurich, Switzerland) The International Capital Market Association (ICMA) today announced the publication of a Securities Financing Transaction Annex (“SFT Annex”) that forms part of the [ISDA 2015 Universal Resolution Stay Protocol](#) also published today (the “Protocol”). The Protocol builds on the version developed in 2014 in close co-ordination with the Financial Stability Board which focused on amending ISDA Master Agreements for OTC bilateral derivatives to improve the effectiveness of cross-border bank resolution actions.

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, including the SFT Annex, has been signed at launch by 21 banking groups categorized as systemically important. It is expected other systemically important banks will sign the Protocol over time. The SFT Annex has been developed jointly by ICMA, the International Securities Lending Association (ISLA) and the Securities and Financial Markets Association (SIFMA) in coordination with ISDA and the Financial Stability Board.

The SFT Annex will assist market participants who use certain securities financing master agreements sponsored by the trade associations in complying with relevant bank resolution laws and regulation requiring the recognition of bank resolution stays in certain cross border contractual arrangements. The Annex allows adhering parties to recognise existing and forthcoming special resolution regimes which provide for temporary stays on early termination rights in the event that a bank enters into resolution. These stays are intended to give regulators time to facilitate an orderly resolution of a troubled bank.

Statutory resolution regimes have been implemented 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 counterparties in those jurisdictions are subject to the stays.

Regulators are in the process of developing new regulations in their jurisdictions that will promote broader adoption of the stay provisions beyond the G-SIBs and other banks. Those regulations will be made under the rule-making process in each jurisdiction. In addition, a separate Protocol is being developed 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. The separate Protocol will be published next year for those firms that choose to use it. Regulations requiring financial contracts to incorporate contractual stays are expected to be implemented in several jurisdictions from early 2016.

For more information on the Resolution Stay Protocol and Securities Financing Transaction Annex see www.icmagroup.org/resources/resolution-stays

Notes for editors

International Capital Market Association (ICMA)

ICMA represents financial institutions active in the international capital market worldwide with some 500 members in 60 countries. ICMA's market conventions and standards have been the pillars of the international debt market for close to 50 years, providing the framework for good market practice which facilitates the orderly functioning of the market. ICMA actively promotes the efficiency and cost effectiveness of the capital markets by bringing together market participants including regulatory authorities and governments. See: www.icmagroup.org

ICMA Communications

Allan Malvar

+44 20 7213 0322

+44 7738 696 451

allan.malvar@icmagroup.org

Margaret Wilkinson

+44 20 7213 0323

+44 7931 100 499

margaret.wilkinson@icmagroup.org