ISDA has prepared this list of frequently asked questions to assist in your consideration of the ISDA 2015 UNIVERSAL RESOLUTION STAY PROTOCOL (the ISDA 2015 Universal Protocol) and the OTHER AGREEMENTS ANNEX (the Other Agreements Annex).

THESE FREQUENTLY ASKED QUESTIONS DO NOT PURPORT TO BE AND SHOULD NOT BE CONSIDERED A GUIDE TO OR AN EXPLANATION OF ALL RELEVANT ISSUES OR CONSIDERATIONS IN CONNECTION WITH THE ISDA 2015 UNIVERSAL PROTOCOL OR THE OTHER AGREEMENTS ANNEX. PARTIES SHOULD CONSULT WITH THEIR LEGAL ADVISERS AND ANY OTHER ADVISER THEY DEEM APPROPRIATE PRIOR TO USING OR ADHERING TO THE ISDA 2015 UNIVERSAL PROTOCOL OR THE OTHER AGREEMENTS ANNEX. ISDA ASSUMES NO RESPONSIBILITY FOR ANY USE TO WHICH ANY OF ITS DOCUMENTATION OR OTHER DOCUMENTATION MAY BE PUT.

These FAQs address questions under the following general headings:

Part I – ISDA 2015 Universal Protocol:

1. Who can adhere to the ISDA 2015 Universal Protocol?
2. Is the ISDA 2015 Universal Protocol intended for broader market adherence?
3. What does the ISDA 2015 Universal Protocol do?
4. What agreements does the ISDA 2015 Universal Protocol cover?
5. What SRRs does the ISDA 2015 Universal Protocol cover and how do Country Annexes work?
7. Special Considerations for Agents and Investment/Asset Managers.
9. Specific questions on the amendment language.

Part II – Other Agreements Annex

1. What is the Other Agreements Annex?
2. Who can adhere to the Other Agreements Annex?
3. How does the Other Agreements Annex relate to the ISDA Jurisdictional Modular Protocol?
4. What agreements does the Other Agreements Annex cover?
5. Has ISDA performed any diligence on agreements that may be subject to the ISDA 2015 Universal Protocol as a result of adherence to the Other Agreements Annex?

6. How to sign up to the Other Agreements Annex.

PART I – ISDA 2015 UNIVERSAL PROTOCOL

The ISDA 2015 Universal Protocol was developed by a working group of ISDA member institutions (including representatives from buy-side and sell-side institutions), in coordination with the Financial Stability Board (FSB). It is a major component of a regulatory and industry initiative to address the “too big to fail” issue.

A key challenge in developing effective resolution strategies for some SIFIs has been the effect of parties to OTC swaps and other financial contracts exercising close-out rights and cross-default rights triggered by a SIFI’s financial distress or entry into resolution proceedings. New statutory regimes developed in response to the financial crisis of 2008, called “special resolution regimes” (SRRs), generally temporarily stay or permanently override the exercise of certain direct defaults and cross defaults that arise in the context of resolution, provided that certain creditor protections are satisfied. However, the enforceability of such stays in foreign jurisdictions is not certain, and statutory recognition of foreign resolution actions is permissive, not mandatory.

At the 2013 G-20 summit, the leaders of the G-20 signed a declaration committing to make progress towards ending too big to fail and implementing the guiding principles set forth in the FSB’s Key Attributes of Effective Resolution Regimes. In November 2013, regulatory authorities from Germany, Japan, Switzerland, the United Kingdom and the United States of America (the Home Authorities) requested that ISDA revise standard ISDA Master Agreement documentation so that in the event that a systemically important financial institution enters proceedings under an SRR, all of its counterparties would be subject to stays and overrides of certain termination rights under such SRR, notwithstanding the governing law of the agreements. In response to this request, ISDA developed the ISDA 2014 Resolution Stay Protocol (the ISDA 2014 Universal Protocol) to provide a contractual approach to cross-border recognition until comprehensive statutory regimes are adopted. In 2014, the focus of the Home Authorities’ request was for 18 of the world’s largest dealers in OTC derivatives (the G-18) to amend their ISDA Master Agreement documentation, and all of the G-18 adhered to the ISDA 2014 Universal Protocol in November 2014. The ISDA 2014 Universal Protocol was not limited to the G-18 and several additional institutions also adhered.

In 2015, the Home Authorities requested additional changes to the ISDA 2014 Universal Protocol to expand its scope and to more easily accommodate SRRs developed in additional jurisdictions. The Home Authorities requested that the International Capital Market Association, International Securities Lending Association and Securities Industry and Financial Markets Association (the SFT Trade Associations), in consultation with ISDA, develop an annex that would apply the operative provisions of the ISDA 2014 Universal Protocol to certain master agreements that govern securities financing transactions (the SFT Annex). The Home Authorities also requested that the ISDA 2014 Universal Protocol include provisions pursuant to which annexes could be added to clarify that SRRs enacted in FSB jurisdictions would be
covered by the protocol. In addition, members of the Working Group expressed interest in
developing an approach for expanding the scope of the agreements covered by the ISDA 2015
Universal Protocol to other agreements in addition to ISDA Master Agreements and those
agreements covered by the SFT Annex. This expansion is addressed by the Other Agreements
Annex, which is discussed in Part II below.

In response to these requests, ISDA developed the ISDA 2015 Universal Protocol, which
replaces the ISDA 2014 Universal Protocol in its entirety for those parties that adhere to it.
(Adherence to the 2014 Protocol was closed by ISDA prior to the launch of the 2015 Protocol.)
The operative provisions of the ISDA 2015 Universal Protocol are nearly identical to the ISDA
2014 Universal Protocol, except for the changes in response to the requests of Home Authorities
and Working Group members described above. While any entity may adhere to the ISDA 2015
Universal Protocol, other market participants, including buy-side institutions, are expected to
adhere to the ISDA Resolution Stay Jurisdictional Modular Protocol (ISDA Jurisdictional
Modular Protocol), which will be published by ISDA after it publishes the ISDA 2015
Universal Protocol. It is expected that parties that adhere to the ISDA 2015 Universal Protocol
will also adhere to the ISDA Jurisdictional Modular Protocol.

ISDA is currently developing the ISDA Jurisdictional Modular Protocol with the same Working
Group that helped to draft, in consultation with the Home Authorities, the operative provisions of
the ISDA 2014 Universal Protocol and the ISDA 2015 Universal Protocol. The ISDA
Jurisdictional Modular Protocol is aimed at achieving the same policy goals as the ISDA 2015
Universal Protocol with respect to the orderly resolution of systemically important financial
institutions. In particular, the ISDA Jurisdictional Modular Protocol is aimed at enabling
financial institutions to trade under terms that ensure stays on or overrides of certain termination
rights under SRRs will be effective with respect to all of their counterparties on a global basis,
notwithstanding the governing law of the agreement. While the ISDA 2014 Universal Protocol
and the ISDA 2015 Universal Protocol were developed in advance of regulations requiring
certain parties to contractually recognize the SRRs applicable to their counterparties, the
operative provisions of the ISDA Jurisdictional Modular Protocol are being developed to
facilitate compliance with the specific legislative or regulatory requirements in different
jurisdictions. Therefore, the ISDA Jurisdictional Modular Protocol is a separate and standalone
protocol. Nevertheless, the operative provisions of the ISDA Jurisdictional Modular Protocol are
aimed at achieving an outcome substantially similar to the outcome under Section 1 of the ISDA
2015 Universal Protocol, which results in counterparties to financial institutions consenting to be
subject to and “opting in” to stays on or overrides of certain termination rights under SRRs,
notwithstanding the governing law of their agreements.

Below are questions and answers that are designed to explain the basic operation and application
of the ISDA 2015 Universal Protocol. As noted above, the ISDA 2015 Universal Protocol is
intended to replace in its entirety the ISDA 2014 Universal Protocol as between any two parties
that adhered to the ISDA 2014 Universal Protocol and also adhere to the ISDA 2015 Universal
Protocol. Part I, Section 8 below includes further details about the relationship between the
1. **WHO CAN ADHERE TO THE ISDA 2015 UNIVERSAL PROTOCOL?**

What kinds of entities can adhere to the ISDA 2015 Universal Protocol?

The ISDA 2015 Universal Protocol is open to any entity to voluntarily adhere.

**Can entities that are not ISDA members sign up to the ISDA 2015 Universal Protocol?**

Yes. ISDA members and non-ISDA members alike may adhere to the ISDA 2015 Universal Protocol in the same way.

**Can entities established outside the Home Authority jurisdictions sign up to the ISDA 2015 Universal Protocol?**

Yes. Entities established outside the Home Authority jurisdictions may adhere to the ISDA 2015 Universal Protocol in the same way.

2. **IS THE ISDA 2015 UNIVERSAL PROTOCOL INTENDED FOR BROADER MARKET ADHERENCE?**

While the ISDA 2015 Universal Protocol is open to any entity to voluntarily adhere, it was not developed with the expectation of being used by broader market participants, including buy-side institutions, as a means of complying with regulations applicable to their dealer counterparties. The ISDA 2015 Universal Protocol is universal in that an institution that adheres to the ISDA 2015 Universal Protocol is agreeing to “opt in to” and be bound by stays applicable to all other Adhering Parties to the ISDA 2015 Universal Protocol and with respect to all Identified Regimes and Protocol-eligible Regimes, even if not required by regulation to do so.

The ISDA 2015 Universal Protocol was drafted in advance of regulations, and therefore may or may not match all requirements under such regulations, while the ISDA Jurisdictional Modular Protocol is being developed in response to and to facilitate compliance with the specific regulatory or legislative requirements. Therefore, it is expected that buy-side institutions generally could comply with such regulations and legislation through the ISDA Jurisdictional Modular Protocol rather than the ISDA 2015 Universal Protocol.

While any entity may adhere to the ISDA 2015 Universal Protocol, it is expected that other market participants, including buy-side institutions, will not adhere to the ISDA 2015 Universal Protocol, but instead to the ISDA Jurisdictional Modular Protocol which will be published by ISDA in the near future. We recommend all entities consult with regulators and take legal advice before adhering to the ISDA 2015 Universal Protocol.

3. **WHAT DOES THE ISDA 2015 UNIVERSAL PROTOCOL DO?**

The ISDA 2015 Universal Protocol enables parties to amend the terms of their ISDA Master Agreements and other “Covered Agreements” and any related credit support arrangements between, or provided for the benefit of, Adhering Parties (each such credit support arrangement,
a Covered Credit Enhancement and, collectively, with such Covered Agreements, Protocol Covered Agreements) by opting in to resolution regimes that stay and, in certain cases, override certain cross-default and direct-default rights included in contracts that arise upon the entry of a bank, or certain of its affiliated entities, into receivership, insolvency, liquidation, resolution or similar proceedings.

In addition, the ISDA 2015 Universal Protocol introduces similar stays and overrides under certain US insolvency regimes where none exist for cross-default and certain direct default rights. In short, under the ISDA 2015 Universal Protocol, if an affiliate of the counterparty of an Adhering Party entered into proceedings under certain US insolvency regimes, including the US Bankruptcy Code, the Adhering Party would be subject to a stay on the exercise of rights to terminate its contract based on the affiliate’s entry into proceedings. However, Adhering Parties always retain the right to terminate their agreements if their direct counterparty enters into insolvency proceedings or fails to pay or perform under their agreement.

The following includes a more detailed description of the operative provisions of the ISDA 2015 Universal Protocol.

Section 1: SRR Provisions

Under Section 1 of the ISDA 2015 Universal Protocol, Adhering Parties agree to “opt in” to the resolution regime applicable to their counterparty, and each “related entity” of their counterparty, if the counterparty or related entity becomes subject to proceedings under certain resolution regimes. As a result, a party’s ability to exercise close-out rights is subject to the resolution regime applicable to the entity in resolution, including any stays and overrides on the exercise of direct defaults or cross defaults. Related entities include Credit Support Providers, Specified Entities and certain parent entities. Section 1 intends to achieve parity of treatment between adherents to the ISDA 2015 Universal Protocol and parties that are transacting under agreements that are governed by the laws of the jurisdiction of the applicable resolution regime.

Section 1 of the ISDA 2015 Universal Protocol applies with respect to the resolution regimes of the Home Authorities – France, Germany, Japan, Switzerland, the United Kingdom and the United States of America. Section 1 can apply in other FSB jurisdictions and the jurisdictions of organization of the ultimate parent entity of a G-SIB, provided that any such resolution regime satisfies the requirements set forth in the ISDA 2015 Universal Protocol.

The Section 1 SRR provisions will become effective between the initial Adhering Parties on January 1, 2016. Voluntary adherence by certain G-SIBs and other banking groups is expected from November 2015 onwards. These entities and other market participants, including buy-side institutions, are expected to adhere to the ISDA Jurisdictional Modular Protocol in response to final regulations or legislation.


US regulators expect to introduce regulations in the near future that will require counterparties of certain banking groups to give up certain cross-default and direct-default rights arising when an
affiliate (including a parent) becomes subject to proceedings under “ordinary” US insolvency regimes. Specifically, because the US Bankruptcy Code and the Federal Deposit Insurance Act (FDIA) do not provide for a stay on the exercise of cross-default rights statutorily, the ISDA 2015 Universal Protocol must provide one contractually. Broadly speaking, the provisions of Section 2 are modeled on the Orderly Liquidation Authority (OLA). Under Section 2, Specified Entity defaults are overridden entirely; however, certain conditions need to be satisfied in order to override Credit Support Provider defaults.

The Section 2 US insolvency proceedings provisions will become effective as to all adherents, whenever they adhere, only on the date the related US regulations become effective and compliance therewith is required. Your Protocol Covered Agreement with another Adhering Party will only become subject to Section 2 if the other party to the agreement is the kind of entity required by the US regulations described above to have its counterparties give up certain default rights. If the other party to your Protocol Covered Agreement is not subject to such US regulations, your agreements will not be subject to the terms of Section 2. Voluntary adherence by certain G-SIBs and other banking groups is expected from November 2015 onwards. These entities and other market participants, including buy-side institutions, are expected to adhere to the ISDA Jurisdictional Modular Protocol in response to final regulations or legislation.

4. WHAT AGREEMENTS DOES THE ISDA 2015 UNIVERSAL PROTOCOL COVER?

The ISDA 2015 Universal Protocol is currently limited to ISDA Master Agreements and certain master agreements published by the SFT Trade Associations, including the Global Master Repurchase Agreement, the Global Master Securities Lending Agreement, the Master Equity and Fixed Interest Stock Lending Agreement, the Master Gilt Edged Stock Lending Agreement, the Master Repurchase Agreement, the Master Securities Loan Agreement and the Overseas Securities Lender’s Agreement (together, SFT Master Agreements, and with ISDA Master Agreements, Covered Agreements) entered into between Adhering Parties and related Credit Enhancements entered into between Adhering Parties or provided by one Adhering Party to another. The ISDA 2015 Universal Protocol will not apply to any agreement with respect to which the parties have already entered into written arrangements that address the substance of the ISDA 2015 Universal Protocol (other than other protocols published by ISDA, such as the ISDA Jurisdictional Modular Protocol) or any agreement in which the parties expressly state that the terms of the ISDA 2015 Universal Protocol will not apply.

Future Covered Agreements and Credit Enhancements will not be amended unless the parties agree bilaterally to make them subject to the terms of the ISDA 2015 Universal Protocol. To do so, parties should consider including language that incorporates the ISDA 2015 Universal Protocol by reference. Sample language is provided in Part I, Section 9 below.

In order for Credit Enhancements to be amended by the ISDA 2015 Universal Protocol, each affiliate of a party that is a Credit Support Provider of a Covered Agreement subject to the ISDA 2015 Universal Protocol, or that otherwise provides a Credit Enhancement as defined under the ISDA 2015 Universal Protocol, would need to adhere to the ISDA 2015 Universal Protocol.
Further, where Covered Agreements are secured or guaranteed by a third party and consent or other action by such third party is required for amendments to be made to such third-party agreements, such third-party agreements are not Protocol Covered Agreements unless such consent or other action has been obtained. An Adhering Party whose obligations under such agreements are so secured or guaranteed undertakes to each other Adhering Party with which it has entered into such agreements that it has procured such consent or other action by the third party and will provide proof thereof upon demand by such other Adhering Party. If the third party providing such security is also an Adhering Party, the required consent is deemed to have been given.

5. WHAT SRRS DOES THE ISDA 2015 UNIVERSAL PROTOCOL COVER AND HOW DO COUNTRY ANNEXES WORK?

Under Section 1 of the ISDA 2015 Universal Protocol, Adhering Parties opt in to six “Identified Regimes” – SRRs in France, Germany, Japan, Switzerland, the United Kingdom and the United States of America. In addition, Adhering Parties will opt in to SRRs enacted in FSB jurisdictions and any jurisdiction in which a current or future G-SIB is headquartered (G-SIB Jurisdictions) if those SRRs satisfy the criteria set out in the definition of “Protocol-eligible Regime.”

ISDA may, from time to time, publish additional “Country Annexes” to the ISDA 2015 Universal Protocol that may address the application of the ISDA 2015 Universal Protocol with respect to SRRs in those additional FSB jurisdictions and G-SIB Jurisdictions. When an Adhering Party adheres to a Country Annex, the Adhering Party must adhere to all Country Annexes published as of the date of its adherence to such Country Annex. Therefore, an Adhering Party may not pick between Country Annexes.

Adherence to a subsequent Country Annex published after the initial Implementation Date for the ISDA 2015 Universal Protocol amends additional agreements that have been entered into between the original Implementation Date and the date of adherence to such Country Annex (the Annex Implementation Date). Agreements entered into after the Annex Implementation Date would not be amended by the ISDA 2015 Universal Protocol, unless a subsequent Country Annex was adhered to by the parties to the agreement.

For example, if the initial Implementation Date as between two Adhering Parties is November 12, 2015, the ISDA 2015 Universal Protocol will amend Covered Agreements entered into on or prior to November 12, 2015. Assume that the same counterparties enter into a new agreement on December 1, 2015. This agreement will not be subject to the terms of the ISDA 2015 Universal Protocol because it is entered into after the initial Implementation Date. If the parties would like the terms of the ISDA 2015 Universal Protocol to apply to this agreement, they can incorporate it by reference in the agreement.

Assume that a new Country Annex is published March 5, 2016 and the same two Adhering Parties adhere to such Country Annex on March 5, 2016. The Annex Implementation Date as between the two Adhering Parties will therefore be March 5, 2016.
Upon adherence to the new Country Annex, the scope of Covered Agreements is amended to include all agreements entered into on or prior to the Annex Implementation Date (i.e., March 5, 2016). Therefore, the agreement entered into on December 1, 2015 would be subject to the ISDA 2015 Universal Protocol. Agreements entered into after March 5, 2016 would not be subject to the ISDA 2015 Universal Protocol.

6. HOW TO SIGN UP TO THE ISDA 2015 UNIVERSAL PROTOCOL.

Is there a closing date for adherence to the ISDA 2015 Universal Protocol?

There is currently no cut-off date for adherence, but ISDA reserves the right to designate a closing date of the ISDA 2015 Universal Protocol by giving 30 days’ notice on this site.

How do I submit an Initial Adherence Letter?

Each entity executing an Initial Adherence Letter will access the Protocol Management section of the ISDA website at www.isda.org to enter information online that is required to generate its form of Initial Adherence Letter. Either by directly downloading the populated Initial Adherence Letter from the Protocol Management system or upon receipt via e-mail of the populated Initial Adherence Letter, the entity must print, sign and upload the signed Initial Adherence Letter as a PDF (portable document format) attachment into the Protocol Management system. Once the signed Initial Adherence Letter has been approved and accepted by ISDA, the ISDA 2015 Universal Protocol adherent will receive an e-mail confirmation of the ISDA 2015 Universal Protocol adherent’s adherence to the ISDA 2015 Universal Protocol.

Is adherence public?

Yes. A list of Adhering Parties will be published on ISDA’s website.

How do I sign up to an additional Country Annex?

If ISDA publishes any additional Country Annexes after the initial publication date of the ISDA 2015 Universal Protocol, Adhering Parties will be able to adhere to such Country Annexes by submitting a Country Annex Adherence Letter. (an Annex Adherence Letter and, together with the Initial Adherence Letter, Adherence Letters). Details of how to adhere to these Annex Adherence Letters will be posted as and when Country Annexes begin to be published.

What is a conformed copy?

A conformed copy of the Initial Adherence Letter or Annex Adherence Letter means that the name of the authorized signatory (for example, Patricia Smith) is typed rather than having Patricia Smith’s actual signature on the letter. ISDA only posts on its website the conformed copy of all Initial Adherence Letters and Annex Adherence Letters. A conformed copy of each Initial Adherence Letter and Annex Adherence Letter containing, in place of each signature, the printed or typewritten name of each signatory will be published by ISDA so that it may be viewed by all ISDA 2015 Universal Protocol participants.
Who is an authorized signatory?

An authorized signatory to the Initial Adherence Letter or Annex Adherence Letter, as applicable, is an individual who has the legal authority to bind the adhering institution.

Can I change the text of the Adherence Letter or Annex Adherence Letter?

No. The Initial Adherence Letter and Annex Adherence Letter must be in the same format as the form of letter published in the ISDA 2015 Universal Protocol and generated by the Protocol Management webpage.

Are there any costs to adhere to the ISDA 2015 Universal Protocol?

Yes. Each party adhering to the ISDA 2015 Universal Protocol must submit a one-time fee of US $1,000 to ISDA at or before the submission of its Initial Adherence Letter and an additional annual update fee of US$500 regardless of the number of Country Annexes published in any year. Multiple adherences to Country Annexes in any calendar year will incur no additional charge. Each Adhering Party will be required to pay this US$500 annual fee for each year as and when it adheres to a Country Annex at any point in the future even where it did not submit a Country Annex Adherence Letter in any previous year.

As an example:

- Bank A adheres in November with an initial adherence fee of US $1,000 and then signs up to Country Annexes each year in 2016 and 2017 at US $500 per year. Bank A will have paid a total of US $2,000 (US $1,000 initial adherence plus US $500 for 2016 Country Annexes plus US $500 for 2017 Country Annexes).

- Bank B adheres in November with an initial adherence fee of $1,000 and does not adhere to a Country Annex until 2017. Bank B will have to pay US $1,000 to adhere to such Country Annex (as it is adhering to the 2016 and 2017 Country Annexes). Therefore, Bank B will have paid a total of US $2,000 (US $1,000 initial adherence plus US $1,000 for the 2016 and 2017 Country Annexes).

This ensures fairness of adherence costs as between all Adhering Parties who may sign Country Annexes at different times, as each Adhering Party must sign all Country Annexes published as of the date of its adherence to a Country Annex and will benefit from the publication of those Country Annexes to date (see Part I, Section 5 above).

Adhering Parties should review the documents to be amended (i.e., the Protocol Covered Agreements) to identify the entity that signed the documents, and the capacity in which such entity signed the documents, to determine which entity submits any Adherence Letter. For example, if a parent company/agent has signed the agreement on behalf of all entities within the group, then only the parent company/agent needs to adhere. However, if each group entity has its own agreement in place which it has itself executed as principal, then each such entity would need to adhere.
Each individual legal entity is considered a separate Adhering Party for this purpose and would need to pay the adherence fee, except that an Investment/Asset Manager/Agent that adheres on behalf of one or more underlying funds or principals for whom it has entered into a Covered Agreement or Covered Credit Enhancement, using a single Initial Adherence Letter or Annex Adherence Letter, as applicable, would only pay a single adherence fee for that Initial Adherence Letter or Annex Adherence Letter.

**Can I revoke my participation in the ISDA 2015 Universal Protocol?**

Once an Initial Adherence Letter has been accepted by ISDA, an Adhering Party is bound by all amendments with other parties that have already adhered to the ISDA 2015 Universal Protocol or, subject to the discussion below, that adhere before a designation of the Annual Revocation Date.

An Adhering Party may, at any time during the period from October 1 to October 31 of a calendar year, deliver to ISDA a notice specifying the Annual Revocation Date as its cut-off date in respect of amendments with future Adhering Parties. The effect of such a letter will be to withdraw adherence for future Adhering Parties as of December 31 in that calendar year. Although amendments already made will not be revoked, any subsequent adherence by new Adhering Parties after the designated Annual Revocation Date will not bind the party that has submitted a Revocation Notice.

You can, however, bilaterally agree to amend your Covered Agreement with your counterparty (the other Adhering Party), and any such subsequent amendments will supersede those made by the ISDA 2015 Universal Protocol with respect to such Adhering Parties to the extent that they are inconsistent.

The ISDA 2015 Universal Protocol contains specific opt-out provisions that are described below in more detail.

### 7. SPECIAL CONSIDERATIONS FOR INVESTMENT/ASSET MANAGERS

The ISDA 2015 Universal Protocol is open to anyone to adhere voluntarily; however, other market participants, including buy-side institutions, are expected to amend their agreements by adhering to the ISDA Jurisdictional Modular Protocol, which will be published by ISDA in the near future. **Please consult with regulators and/or take legal advice before adhering to the ISDA 2015 Universal Protocol.**

Should you choose to adhere, the following special considerations for adherence are set out below.

**What if I am an investment or asset manager, and not all of my discretionary management agreements permit me to amend my client’s agreements?**

If you are an investment or asset manager and act on behalf of multiple funds (each referred to here as a “client”), you may sign the Adherence Letter using one of the options below. If the
elections in section 1 of the Adherence Letter vary between your clients, you should use the first method and adhere separately for each client individually or adhere for each group of clients with identical elections named/identified in the Adherence Letter. Alternatively, if you have the required authority, you may adhere with the same elections for all clients and then bilaterally agree any relevant variations with your counterparties.

If you have authority to adhere on behalf of all of your clients but do not wish to identify them on the Adherence Letter, you may do so by selecting “Investment/Asset Manager/or other agent on behalf of a fund/multiple funds/or other principal” from the dropdown under “Adherence Type” and naming the Investment/Asset Manager/Agent. Standard language “acting on behalf of the funds, accounts or other principals listed in the relevant Agreement (or other agreement which deems an Agreement to have been created) between it (as agent) and another Adhering Party” will be provided for you.

If you do not have authority from all your clients (or do have authority from all your clients and wish to identify them), you can adhere on behalf of those clients whose permission you have by selecting “Investment/Asset Manager/or other agent on behalf of some but not all funds/or other principal it represents” and naming the Investment/Asset Manager/Agent. Standard language “acting on behalf of the funds, accounts or other principals listed in the appendix to this Adherence Letter in relation to the relevant Agreement (or other agreement which deems an Agreement to have been created) between it (as agent) on behalf of such fund, account or other principal and another Adhering Party” will be provided for you. You must then list the fund name(s) by either naming each in the field provided (“Name of Fund”) or selecting “Add more than 10 funds” and downloading a list of these funds.

The appendix to your Adherence Letter can either name the clients, or identify them with a unique identifier which will be known and recognized by all other Adhering Parties with which the relevant clients have entered into transactions. The appendix to your letter will be posted on the ISDA website with your Adherence Letter listing the clients or, if you have more than ten clients, we will add a link to a document listing these clients.

If you are using the second method above, any Protocol Covered Agreements which you enter into on behalf of clients that are not listed in your Adherence Letter(s) will not be covered by the ISDA 2015 Universal Protocol. If you wish to implement the changes contained in the ISDA 2015 Universal Protocol in those Protocol Covered Agreements, then you and the relevant counterparty would need to enter into a bilateral agreement to amend those Protocol Covered Agreements to include those changes.

If (a) you do not have authority from any of your clients or (b) you have authority from some clients only but you are not able to disclose such clients whether by name or a unique identifier, you cannot adhere to the ISDA 2015 Universal Protocol on behalf of any such clients. In this case, you will need to enter into a bilateral amendment agreement with each relevant counterparty listing the clients whose Protocol Covered Agreement(s) with that counterparty will be amended by incorporating the amendments made by the ISDA 2015 Universal Protocol.
If you wish to adhere on behalf of clients, you must ensure that you have the authority to do so from all clients on whose behalf you enter into transactions covered by the ISDA 2015 Universal Protocol.

If you add a client to an umbrella master agreement after the date you adhere to the ISDA 2015 Universal Protocol on behalf of your clients (whether that client was an existing client on, or a client acquired after, the Implementation Date) that client will be added to that umbrella master agreement as amended by the ISDA 2015 Universal Protocol, unless otherwise agreed.

8. **HOW DOES THE ISDA 2015 UNIVERSAL PROTOCOL RELATE TO THE ISDA 2014 UNIVERSAL PROTOCOL?**

**Has the ISDA 2014 Universal Protocol been replaced by the ISDA 2015 Universal Protocol?**

The ISDA 2015 Universal Protocol will replace in its entirety the terms of the ISDA 2014 Universal Protocol with respect to any two Adhering Parties to the ISDA 2014 Universal Protocol that adhere to the ISDA 2015 Universal Protocol.

If either of the Adhering Parties to a Covered Agreement that is subject to the ISDA 2014 Universal Protocol have not adhered to the ISDA 2015 Universal Protocol, the amendments made by the ISDA 2014 Universal Protocol continue to be in effect.

**Can I still sign up to the ISDA 2014 Universal Protocol?**

No, adherence to the ISDA 2014 Universal Protocol has been closed.

**Are the substantive terms of the ISDA 2015 Universal Protocol different from the ISDA 2014 Universal Protocol?**

The substantive terms of the ISDA 2015 Universal Protocol are substantially similar to those of the ISDA 2014 Universal Protocol. The main substantive changes are the following:

- The scope of contracts that are Covered Agreements now includes SFT Master Agreements. ISDA has also published the Other Agreements Annex that will make, at the election of each Adhering Party, other agreements between such Adhering Parties Covered Agreements amended by the ISDA 2015 Universal Protocol. The Other Agreements Annex is discussed in Part II below.

- The definition of “Protocol-eligible Jurisdiction” has been expanded to include all G-SIB Jurisdictions, in addition to FSB jurisdictions.
What does the SFT Annex do?


9. SPECIFIC QUESTIONS ON THE AMENDMENT LANGUAGE.

Am I required to adhere to the ISDA 2015 Universal Protocol?

No. Adherence to the ISDA 2015 Universal Protocol is voluntary.

I understand that only some entities adhered to the ISDA 2015 Universal Protocol on its date of publication – is that right? Who adhered on the publication date?

Initial adherents are available on the ISDA website and include 21 major banks and certain of their affiliates.

What about other banks?

We understand that regulators will encourage G-SIBs other than the initial adherents, as well as certain other banks, to adhere to the ISDA 2015 Universal Protocol in late 2015 and in 2016. While other banks may voluntarily adhere to the ISDA 2015 Universal Protocol, it is expected that broader market participants will adhere to the ISDA Jurisdictional Modular Protocol.

Can clearing houses and sovereigns adhere to the ISDA 2015 Universal Protocol?

Although clearing houses and sovereigns are permitted to adhere to the ISDA 2015 Universal Protocol with respect to transactions documented under Covered Agreements, there is no expectation that they will adhere.

When are other entities, including the buy-side, expected to adhere?

Buy-side institutions are not expected by regulators to adhere to the ISDA 2015 Universal Protocol. FSB members have committed to issue regulations that would require certain regulated financial institutions to ensure that their counterparties opt in to SRRs, notwithstanding the governing law of agreements. The ISDA Jurisdictional Modular Protocol is being developed in response to these regulations and it is expected that additional market participants will adhere to the ISDA Jurisdictional Modular Protocol to comply with applicable regulations. Adhering Parties to the ISDA 2015 Universal Protocol are also expected to adhere to the ISDA Jurisdictional Modular Protocol.
This document says above that the ISDA 2015 Universal Protocol was developed by a working group of ISDA member institutions. Which entities were involved in this process?

The working group consisted of sell-side institutions, buy-side institutions and representatives from several sell-side-oriented trade associations and buy-side-oriented trade associations. The working group held regular calls, during which all participants were invited to comment and discuss their concerns. Several in-person meetings were facilitated by ISDA, including meetings between the dealer working members and trade associations and the regulators, and the buy-side members and trade associations and the regulators.

When will the ISDA 2015 Universal Protocol become effective?

Section 1 of the ISDA 2015 Universal Protocol, which addresses SRRs, will become effective between any two Adhering Parties that submit Adherence Letters to ISDA on January 1, 2016.

The provisions in Section 2, which address default rights related to US insolvency proceedings in respect of an affiliate, will become effective only upon the compliance date established under the relevant regulations issued by US regulators.

Will the ISDA 2015 Universal Protocol apply to all of my Covered Agreements and Credit Enhancements if I adhere or just certain of them? Can I specify which agreements the ISDA 2015 Universal Protocol applies to?

If you adhere, the ISDA 2015 Universal Protocol will apply to all Covered Agreements between you and any other Adhering Party that are entered into on or prior to the date ISDA has received adherence letters from both you and the other Adhering Party (the Implementation Date). The ISDA 2015 Universal Protocol will also apply with respect to Credit Enhancements entered into between Adhering Parties or provided for the benefit of an Adhering Party.

Parties may subject any Covered Agreements entered into subsequent to the Implementation Date to the ISDA 2015 Universal Protocol by using language that incorporates the ISDA 2015 Universal Protocol by reference. For example, Adhering Parties could use the following language to reflect that their Covered Agreements, or relevant credit support document, is subject to the ISDA 2015 Universal Protocol:

The terms of the ISDA 2015 Universal Resolution Stay Protocol are incorporated into and form part of this Agreement, and this Agreement shall be deemed a [Covered Agreement] [Covered Credit Enhancement] for purposes thereof. In the event of any inconsistencies between this Agreement and the Protocol, the Protocol will prevail. [For the avoidance of doubt, any Annexes to such Protocol to which we both adhere in the future shall also be incorporated by reference.]

The ISDA 2015 Universal Protocol will also apply to “deemed” ISDA Master Agreements between you and any other Adhering Party that are entered into pursuant to long-form confirmations and that are either (i) outstanding as of the Implementation Date or (ii) entered into any time after the Implementation Date. Upon the Adhering Parties’ entry into an ISDA
Master Agreement with respect to any such confirmation, the Adhering Parties can opt to incorporate the ISDA 2015 Universal Protocol by reference by using the incorporation language set forth above or similar language.

Can I adhere to only part of the ISDA 2015 Universal Protocol?

No. Adhering Parties must adhere to the ISDA 2015 Universal Protocol in its entirety. Adherence to any future Country Annexes is voluntary. However, if an Adhering Party adheres to any Country Annex, it must adhere to all Country Annexes published by ISDA as of the date of adherence to the Country Annex. Adherence to the Other Agreements Annex (see Part II below for more information) is optional and does not require adherence to any Country Annexes.

Section 1: SRR Provisions

Why does Section 1 cover stays against direct counterparties and not just cross-defaults to failing parent entities?

Section 1 aims to achieve parity of treatment between parties that opt in to an SRR and parties that are subject to the laws of the jurisdiction of the SRR because it is the governing law of their Covered Agreement or if it is otherwise applicable. As a result, the ISDA 2015 Universal Protocol extends to direct-default rights, as well as cross-default rights, where such rights are stayed or overridden under the applicable SRR.

What happens if the resolution is successful?

If a resolution action is successful as determined by the provisions of the applicable SRR within the prescribed time frame and derivatives counterparties face a presumably creditworthy entity as a result (either a new entity or the recapitalised original entity), then Adhering Parties would no longer have the right to terminate outstanding derivatives transactions to the same extent as a counterparty already subject to such SRR.

What happens if the resolution isn’t successful?

If the bank is not resolved within a set time frame as determined by the provisions of the applicable SRR – typically by the end of the next business day or the business day after that – Adhering Parties can exercise cross-default and termination clauses to the same extent as a counterparty already subject to such SRR.

Doesn’t the Dodd-Frank Act and BRRD do this already? Why do we need the ISDA 2015 Universal Protocol?

Yes. Title II of the Dodd-Frank Act establishes OLA, which imposes stays and overrides of direct-default and cross-default rights in the event of a resolution. The European Union Bank Recovery and Resolution Directive (BRRD) does something similar.
However, an issue arises with respect to cross-border trades, where a certain national resolution regime may not be recognized in a foreign jurisdiction by a foreign court. For instance, assume a UK bank holding company enters into resolution, and its US subsidiary has outstanding derivatives trades in place with a US counterparty under New York law. The stay and overrides under BRRD might not be recognized under New York law in a New York court, potentially enabling the US counterparty to exercise cross-default clauses and terminate the outstanding trades with the subsidiary. Adherence to the ISDA 2015 Universal Protocol would, in this instance, mean that the US counterparty had opted in to UK-implementation of BRRD – and would be bound by the requirements thereunder.

**What does it mean to “opt in” to a regime?**

Under Section 1 of the ISDA 2015 Universal Protocol, Adhering Parties opt in to certain resolution regimes. In the example in the previous question, adherence to the ISDA 2015 Universal Protocol would mean the US counterparty had opted in to UK-implementation of BRRD, making it subject to a stay, to the extent provided under BRRD, on its derivatives with the US subsidiary in the event the UK parent company enters into resolution proceedings.

**What regimes am I opting in to?**

As discussed above, under Section 1 of the ISDA 2015 Universal Protocol, you will opt in to the SRRs that are applicable to your direct counterparty and each of its related entities, which includes affiliates that are Credit Support Providers or Specified Entities and the ultimate parent entity organized under the relevant SRR. You will opt in to the resolution regimes in the Home Authority jurisdictions (i.e., France, Germany, Japan, Switzerland, the United Kingdom and the United States of America).

You will also be opting in to the resolution regimes of other FSB jurisdictions and G-SIB Jurisdictions, but in each case only if they meet certain creditor protection safeguards (e.g., a stay period of no more than two business days and protection of netting). Such creditor protection safeguards are tested both at the time a resolution regime is designated as eligible for opt-in under the ISDA 2015 Universal Protocol and upon its implementation during a resolution proceeding.

**Am I opting in to BRRD?**

BRRD provides a framework for bank recovery and resolution that will be implemented by each individual EU member state through its own resolution regime. So, you are not opting in to BRRD; rather, you are opting in to each individual EU member state’s implementation of BRRD, through its resolution regime, assuming such resolution regime is in a Home Authority jurisdiction or another FSB jurisdiction that satisfies the criteria for inclusion as an SRR under the ISDA 2015 Universal Protocol.
What about in cases where resolution regimes don’t yet exist? Are counterparties expected to opt in to those regimes in advance of the rules being finalised?

As mentioned above, the resolution regimes of the Home Authorities pre-qualify for inclusion in the ISDA 2015 Universal Protocol, subject to certain limited conditions. Resolution regimes of other FSB jurisdictions and G-SIB Jurisdictions would only qualify if they meet certain creditor protection safeguards (e.g., a stay period of no more than two business days and protection of netting) and, in those circumstances, a party that has adhered to the ISDA 2015 Universal Protocol is considered to have opted in to that new regime.

What if regulations aren’t put in place?

If an Adhering Party does not become subject to regulation that has the effect of restricting the ability of its counterparties to exercise certain default rights against it during resolution in (i) one of the six Home Authority regimes by January 1, 2018 or (ii) a qualifying FSB jurisdictions or G-SIB Jurisdiction regime by the later of January 1, 2018 or 18 months following the initial effective date of such regime, then any other Adhering Party can opt out of Section 1 with respect to a resolution of such Adhering Party under such regime or regimes.

What if a resolution regime is amended to make it worse for creditors – am I still bound by it?

Section 1 includes several opt-out provisions, including a provision that permits an Adhering Party to choose to opt out of future resolutions under that SRR if that SRR is amended in a way that negatively affects the enforceability of certain creditors’ default rights.

Are cleared transactions subject to Section 1?

Cleared transactions that are documented under a Covered Agreement are subject to Section 1 and are not treated any differently than any other transaction that is within the scope of Section 1.

What if adhering to the ISDA 2015 Universal Protocol violates the rules of a clearinghouse of which I am a member or which clears my transactions?

The terms of the ISDA 2015 Universal Protocol do not apply to a Protocol Covered Agreement if the terms of the ISDA 2015 Universal Protocol violate the rules of an applicable clearinghouse.

By adhering to the ISDA 2015 Universal Protocol, what is the maximum length of stay that I can be subject to under an SRR?

It depends. Under Section 1, Adhering Parties essentially opt in to the foreign resolution regimes of their counterparties and their counterparties’ related entities. Some of those regimes impose a 48-hour stay; others implement a stay until the end of the following business day. Where the resolution is successful, the stay may become permanent.
If my counterparty or a related entity enters resolution, can I suspend performance?

When a party opts in to an SRR, its rights to take actions with respect to a particular agreement, including to suspend performance as a result of an event of default or a potential event of default, are governed by that SRR. For example, in the United States, a counterparty to an institution subject to proceedings under OLA can suspend performance during the one-business-day stay period; however, a counterparty to a subsidiary or affiliate of the party in resolution would be required to continue to perform. Parties opting in to OLA via the ISDA 2015 Universal Protocol would generally be able (or not), upon a resolution of their counterparty or an affiliate of their counterparty under OLA, to suspend performance in accordance with these rules.

What if I have specified that Automatic Early Termination (AET) applies to my counterparty to an ISDA Master Agreement or that a similar provision applies to my counterparty under another Covered Agreement?

Under the ISDA 2015 Universal Protocol, the automatic termination of transactions under a Covered Agreement is treated the same as the exercise of any default right that would terminate a transaction. Therefore, the opt in under Section 1 and the overrides in Section 2 would both apply to the operation of AET and similar provisions. In other words, if a party is stayed from exercising its default rights as a result of the ISDA 2015 Universal Protocol, the operation of AET and similar provisions would also be stayed, to the extent so provided under the applicable SRR.

What happens under Section 1 if I enter resolution proceedings under a particular SRR and am required to transfer my Protocol Covered Agreement to a successor, but my Protocol Covered Agreement contains restrictions on such transfers?

Under Section 1, an Adhering Party’s ability to transfer a Protocol Covered Agreement is governed by the SRR that it has opted into. Although a Protocol Covered Agreement may include provisions that prohibit or restrict transfers to successors, if an entity becomes subject to resolution proceedings under a particular SRR, a transfer will be effective to the same extent that it would be if the Protocol Covered Agreement were governed by the laws of the jurisdiction of the SRR. In other qualifying FSB jurisdictions and G-SIB Jurisdictions, unlike in the six Home Authority jurisdictions, this override of transfer restrictions will apply only if the exercise of authority under that regime complies with certain creditor safeguards.


Why has Section 2 been included? Why isn’t the US Bankruptcy Code covered by Section 1?

The US Bankruptcy Code does not provide for statutory stays on the exercise of cross-default rights or the exercise of related default rights under certain financial contracts, which means that there are no provisions for a counterparty to opt in to, as there would be under an SRR under Section 1. Similarly, the FDIA does not provide for a statutory stay on the exercise of cross-default rights. The Federal Reserve and the Federal Deposit Insurance Corporation (FDIC) have
identified this as a common obstacle to orderly resolution and have directed certain SIFIs, as part of their required resolution planning efforts under the Dodd-Frank Act, to address this issue.

As a result, Section 2 establishes a contractual limitation on the exercise of certain rights that would otherwise be triggered if an affiliate of the counterparty were to enter proceedings under certain US insolvency regimes, including Chapter 7 and Chapter 11 of the US Bankruptcy Code and the FDIA, subject to conditions designed to protect the interest of counterparties. For example, if the affiliate is a Credit Support Provider, the ISDA 2015 Universal Protocol requires that the credit support be transferred to a newly-formed bridge company or third party, or alternatively that the claims under the credit support be elevated to priority status in the affiliate’s Chapter 11 proceedings. In addition, the ISDA 2015 Universal Protocol requires that the direct counterparty continue to meet all of its payment and delivery obligations under the relevant Covered Agreement.

When Section 2 becomes effective, will all of my Covered Agreements and Credit Enhancements with all other Adhering Parties be subject to Section 2?

Your Protocol Covered Agreement with another Adhering Party will only become subject to Section 2 if the other party to the agreement is the kind of entity required by the US regulations described above to have its counterparties give up certain default rights. If the other party to your Protocol Covered Agreement is not subject to such US regulations, your agreements will not be subject to the terms of Section 2.

Why does Section 2 cover only cross defaults to a failing affiliate and certain direct defaults related to such failure?

The provisions of Section 2 are intended to support a “single point of entry”-style resolution (i.e., resolution with only a top-tier parent company entering proceedings, rather than a troubled operating company subsidiary entering proceedings) of a parent entity of a financial group pursuant to which the rights of creditors are preserved against their direct operating subsidiary counterparties. As a result, Section 2 generally only limits the exercise of default rights related to the entry of an affiliate of a direct counterparty into US insolvency proceedings. Direct default rights based on the insolvency or failure to pay or perform of a direct counterparty are always exercisable, unless overridden by an SRR.

Isn’t this extending the reach of US bankruptcy laws?

No. Just as under the US Bankruptcy Code, Section 2 preserves a counterparty’s right to close out a Covered Agreement if the other party enters into bankruptcy proceedings.

Does Section 2 override the US Bankruptcy Code safe harbors relating to close-out rights or my right to terminate based on a counterparty’s insolvency or failure to pay or perform?
No. Under Section 2, a counterparty can always close out a Covered Agreement if the other party fails to pay it, fails to deliver margin to it or enters insolvency proceedings (other than an SRR that overrides such rights).

**If an affiliate of my counterparty or a Credit Support Provider to my Covered Agreement enters into US insolvency proceedings, can I suspend performance?**

If an affiliate of your counterparty enters US insolvency proceedings or a Credit Support Provider enters into Chapter 11 proceedings, both parties to the relevant Covered Agreement must continue to perform so long as the conditions set forth in Section 2 are satisfied.

**How do the rights that are overridden in Section 2 compare to the rights that are overridden under OLA?**

With respect to cross-default rights, Section 2 aims to track the application of section 210(c)(16) of the Dodd-Frank Act and the FDIC’s Final Rule implementing section 210(c)(16); however, there may be instances where Section 2 and OLA diverge with respect to the override of cross-default rights.

Section 2 does not attempt to track OLA’s provisions relating to the financial condition or receivership of a direct counterparty to a Covered Agreement. Section 2 does not override such direct-default rights, although such rights may be stayed under OLA.

**Under Section 2, can a Credit Support Provider that has entered insolvency proceedings in the United States opt to transfer the credit support to a successor, even if the credit support agreement contains restrictions on such transfers?**

Section 2 allows a party in proceedings to transfer credit support with respect to a Covered Agreement to a transferee. Section 2 overrides any restrictions on such transfer, assuming certain creditor protections are satisfied.

**What happens if a Credit Support Provider enters proceedings under a regime other than Chapter 11 or FDIA (e.g., under SIPA or Chapter 7)?**

Section 2 overrides default rights that arise in respect of a Credit Support Provider if the Credit Support Provider enters into proceedings under Chapter 11 or FDIA and certain conditions are satisfied. As a result, Section 2 does not override any default rights arising as a result of a Credit Support Provider’s entry into proceedings under other legal frameworks, including Chapter 7 and SIPA. However, Section 2 overrides Specified Entity cross defaults to an affiliate that is subject to proceedings under Chapter 7, Chapter 11, FDIA or SIPA.

**Are cleared transactions subject to Section 2?**

Just as under Section 1, cleared transactions that are documented under a Covered Agreement are subject to Section 2, with certain exceptions to preserve the operation of provisions in documentation for client cleared transactions that provide for termination of the cleared client
transaction in the event the clearing house terminates the corresponding transaction with the clearing member.

**What if adhering to the ISDA 2015 Universal Protocol violates the rules of a clearinghouse of which I am a member or which clears my transactions?**

Just as under Section 1, the terms of the ISDA 2015 Universal Protocol do not apply to a Protocol Covered Agreement if the terms of the ISDA 2015 Universal Protocol violate the rules of an applicable clearinghouse.

**By adhering to the ISDA 2015 Universal Protocol, what is the maximum length of stay that I can be subject to under US insolvency proceedings?**

Under Section 2 of the ISDA 2015 Universal Protocol, the stay generally lasts the longer of one business day or 48 hours following the commencement of proceedings. A stay may become permanent upon satisfaction of certain criteria.

**Operational questions**

**Can I use ISDA Amend for this ISDA 2015 Universal Protocol?**

Not currently. As of the time of publication, ISDA Amend is not available for use in respect of this ISDA 2015 Universal Protocol.

**Does ISDA maintain a database of “opt-out” notices as provided under Section 4(b) of the ISDA 2015 Universal Protocol?**

No. Notices would need to be sent bilaterally to your counterparty in accordance with the terms of Section 4(b).
PART II - OTHER AGREEMENTS ANNEX

1. WHAT IS THE OTHER AGREEMENTS ANNEX?

The ISDA 2015 Universal Protocol currently only amends ISDA Master Agreements and SFT Master Agreements. The Other Agreements Annex was created at the request of members of the ISDA Working Group for Adhering Parties to expand the scope of Covered Agreements beyond ISDA Master Agreements and SFT Master Agreements. This was in part motivated by the expectation that legislation or regulations would be enacted in relevant jurisdictions requiring certain parties to contractually recognize the application of certain “special resolution regimes” to their counterparties, which is one of the core features of the ISDA 2015 Universal Protocol (these measures are generally referred to throughout this Part II as Regulations). Because these Regulations are not expected to be limited to ISDA Master Agreements and SFT Master Agreements, Working Group members requested that ISDA develop an approach that would expand the scope of Covered Agreements to match the scope of applicable Regulations. As with the ISDA 2015 Universal Protocol, adherence to the Other Agreements Annex is voluntary.

The Other Agreements Annex is an annex to the ISDA 2015 Universal Protocol that amends the definition of Covered Agreements as discussed in Part II, Section 4 below. It will only amend the ISDA 2015 Universal Protocol as between any two Adhering Parties that adhere to the Other Agreements Annex pursuant to the manner described in Part II, Section 6 below (each, an Annex Adhering Party).

2. WHO CAN ADHERE TO THE OTHER AGREEMENTS ANNEX?

Only those entities that are Adhering Parties to the ISDA 2015 Universal Protocol can adhere to the Other Agreements Annex.

3. HOW DOES THE OTHER AGREEMENTS ANNEX RELATE TO THE ISDA JURISDICTIONAL MODULAR PROTOCOL?

The ISDA 2015 Universal Protocol was generally developed for the purpose of amending agreements between global banks. ISDA is currently developing another protocol, the ISDA Jurisdictional Modular Protocol, aimed at achieving the same policy goals as the ISDA 2015 Universal Protocol with respect to the orderly resolution of systemically important financial institutions. Whereas the ISDA 2015 Universal Protocol was developed in advance of Regulations, the ISDA Jurisdictional Modular Protocol is being designed to facilitate compliance with the specific requirements of Regulations in different jurisdictions. Although any entity may adhere to the ISDA 2015 Universal Protocol and the Other Agreements Annex, other market participants, including buy-side institutions, are expected to adhere to the ISDA Jurisdictional Modular Protocol. It is expected that parties that adhere to the ISDA 2015 Universal Protocol will also adhere to the ISDA Jurisdictional Modular Protocol.

Because the ISDA 2015 Universal Protocol was drafted in advance of Regulations, the substantive provisions of the ISDA 2015 Universal Protocol may or may not match all requirements under such Regulations, even if the scope of agreements covered by the ISDA 2105
Universal Protocol, as amended by the Other Agreements Annex, matches the scope of agreements covered by the relevant Regulations (see Part II, Section 4). As an alternative, the ISDA Jurisdictional Modular Protocol is being developed to reflect the specific provisions of Regulations. Therefore, it is expected that market participants generally will comply with Regulations through the ISDA Jurisdictional Modular Protocol.

Adhering Parties may choose to utilize the Other Agreements Annex to the ISDA 2015 Universal Protocol to comply with Regulations in advance of the publication of the ISDA Jurisdictional Modular Protocol, but as noted above, the provisions of the ISDA 2015 Universal Protocol may not match the requirements of Regulations. Adhering Parties may also choose to adhere to the Other Agreements Annex to amend a broader scope of agreements by the provisions in the ISDA 2015 Universal Protocol, which may provide a benefit to their resolvability.

4. WHAT AGREEMENTS DOES THE OTHER AGREEMENTS ANNEX COVER?

The Other Agreements Annex is designed to match the scope of agreements covered by the ISDA 2015 Universal Protocol with the scope of agreements that Annex Adhering Parties would be required to amend as a result of applicable Regulations. Because Regulations enacted in different jurisdictions are each expected to apply to a different scope of agreements, the relevant types of agreements for Annex Adhering Parties located in different jurisdictions (and therefore subject to different Regulations) will be different. In the Other Agreements Annex, the term Regulation Covered Agreement is used to define the types of agreements that are within the scope of Regulations that are applicable to an Annex Adhering Party.

Some Regulations could indirectly apply to Annex Adhering Parties even if the Annex Adhering Parties are not located in the jurisdiction where the Regulations are adopted. This could happen if, for example, the Annex Adhering Party is a subsidiary of an entity subject to Regulations in a jurisdiction and such Regulations require both the entity and the subsidiary to amend certain contracts. To make sure that the ISDA 2015 Universal Protocol amends all agreements that an Adhering Party could be required to amend, directly or indirectly, the term Regulation Covered Agreement with respect to an Annex Adhering Party would also include any agreements that are within the scope of Regulations applicable to a Related Entity of such Annex Adhering Party if such Regulations would require the Annex Adhering Party to amend its contracts.

Because different Regulations could apply to different Annex Adhering Parties, the set of agreements that are Regulation Covered Agreements will be different with respect to different Annex Adhering Parties. Under the Other Agreements Annex, an Annex Adhering Party agrees to amend, with each other Annex Adhering Party, the set of Regulation Covered Agreements that are relevant to the other Annex Adhering Party. The following examples illustrate how the Other Agreement Annex works.

**Example 1:** In November 2015, the Prudential Regulation Authority (PRA) adopted a final rule on “Contractual stays in financial contracts governed by third-country law” (PRA Final Rule), that requires certain entities to amend their “third-country law financial arrangements,” as defined in the PRA Final Rule (Third-Country Law Financial Arrangements). The PRA Final Rule applies directly to certain entities (U.K. Regulated Entities) but also requires that
those U.K. Regulated Entities ensure that their subsidiaries amend Third-Country Law Financial Arrangements as well, so the PRA Final Rule applies indirectly to those subsidiaries. Under the PRA Final Rule, each of these U.K. Regulated Entities and their subsidiaries must amend their Third-Country Law Financial Arrangements to provide that their counterparty agrees to be subject to the provisions of the U.K. Banking Act of 2009 if the U.K. Regulated Entity enters resolution proceedings.

Under the Other Agreements Annex, for any U.K. Regulated Entity or its subsidiary that is an Annex Adhering Party, Regulation Covered Agreements would include all Third-Country Law Financial Arrangements that it has entered into with other Annex Adhering Parties. As a result, each other Annex Adhering Party agrees to amend its Third-Country Law Financial Arrangements with such U.K. Regulated Entity by the terms in the ISDA 2015 Universal Protocol.

Under the Other Agreements Annex, amendments to the definition of Covered Agreement are not effective until the Regulations in the relevant jurisdiction become effective. For example, the PRA Final Rule has staggered compliance dates depending on the classifications of the counterparties, i.e., June 1, 2016 for banking and similar entities and January 1, 2017 for other counterparties. This means that even if a U.K. Regulated Entity and its counterparties adhere to the Other Agreements Annex, the amendments would not be effective until the relevant compliance date.

This also means that for counterparties subject to different Regulations, the times when each opts in to the special resolution regime of the other may be different. For example, assume that the U.K. Regulated Entity had a counterparty that is a U.S. financial institution (U.S. Regulated Entity), that will be subject to U.S. Regulations once they are enacted and that such Regulations would apply to all “qualified financial contracts” (QFCs) as defined under U.S. law.

If both the U.K. Regulated Entity and the U.S. Regulated Entity adhere to the Other Agreements Annex and the compliance date under the PRA Final Rule for such entities is June 1, 2016, the U.S. Regulated Entity would opt in to the U.K. Banking Act of 2009 with respect to the resolution of the U.K. Regulated Entity as of June 1, 2016 for all Third-Country Law Financial Arrangements. However, the U.K. Regulated Entity will not opt in to the resolution regime applicable to the U.S. Regulated Entity for all QFCs until U.S. Regulations are effective. Even though both parties adhere to the Other Agreements Annex at the same time, one party may be agreeing to give up certain rights prior to the other, depending on when Regulations become effective.

Example 2: As described above, an Annex Adhering Party may be subject, directly or indirectly, to multiple Regulations adopted in different jurisdictions.

For example, assume that a financial institution located in Switzerland had a U.K. subsidiary (U.K. Sub) that was subject to the PRA Final Rule and had to amend its Third-Country Law Financial Arrangements appropriately. The U.K. Sub may also be indirectly subject to legislation in Switzerland that requires Swiss financial institutions to ensure that their
subsidiaries amend all of their agreements to ensure that stays on termination of contracts under
Swiss law would be enforceable.

Under the Other Agreements Annex, for the U.K. Sub, Regulation Covered Agreements would
include the scope of agreements covered by the PRA Final Rule, i.e., Third-Country Law
Financial Arrangements, but would also include the scope of agreements covered by applicable
Swiss law, i.e., all agreements. As a result of these multiple Regulations, each other Annex
Adhering Party agrees to amend all of its Third-Country Law Financial Arrangements with the
U.K. Sub to opt in to the special resolution regimes applicable to the U.K. Sub (U.K. Banking
Act of 2009) and to amend all of its agreements with the U.K. Sub to opt in to the special
resolution regimes applicable to its Swiss Related Entity.

Finally, Section 2 of the ISDA 2015 Universal Protocol is primarily concerned with Regulations
in the United States and it is expected that the scope of agreements subject to those Regulations
will be QFCs. For this reason, for purposes of Section 2, the Other Agreements Annex amends
the definition of Covered Agreements to include any QFC entered into by an Annex Adhering
Party.

5. HAS ISDA PERFORMED ANY DILIGENCE ON AGREEMENTS THAT MAY
BE SUBJECT TO THE ISDA 2015 UNIVERSAL PROTOCOL AS A RESULT OF
ADHERENCE TO THE OTHER AGREEMENTS ANNEX?

No. ISDA has not independently investigated the application of the ISDA 2015 Universal
Protocol to any of the agreements covered by the scope of the Other Agreements Annex,
including any potential effects on the enforceability of netting provisions or the treatment of such
agreements for capital purposes. As with the ISDA 2015 Universal Protocol, Adhering Parties to
the Other Agreements Annex will be solely responsible for understanding its effects and any
consequences of their adherence.

6. HOW TO SIGN UP TO THE OTHER AGREEMENTS ANNEX.

Is there a closing date for adherence to the Other Agreements Annex?

There is currently no cut-off date for adherence to the Other Agreements Annex. However,
ISDA reserves the right to designate a closing date of the ISDA 2015 Universal Protocol by
giving 30 days’ notice on this site.

How do I submit an Other Agreements Annex Adherence Letter?

Adhering Parties to the ISDA 2015 Universal Protocol are able to adhere to the Other
Agreements Annex by submitting an Other Agreements Annex Adherence Letter.

Each entity executing an Other Agreements Annex Adherence Letter will access the Protocol
Management section of the ISDA website at www.isda.org to enter information online that is
required to generate its form of Other Agreements Annex Adherence Letter. Either by directly
downloading the populated Other Agreements Annex Adherence Letter from the Protocol
Management system or upon receipt via e-mail of the populated Other Agreements Annex Adherence Letter, the entity must print, sign and upload the signed Other Agreements Annex Adherence Letter as a PDF (portable document format) attachment into the Protocol Management system. Once the signed Other Agreements Annex Adherence Letter has been approved and accepted by ISDA, the Other Agreements Annex adherent will receive an e-mail confirmation of the Other Agreements Annex adherent’s adherence to the Other Agreements Annex.

Are there any costs to adhere to the Other Agreements Annex?

No.