



What the Buy-Side Needs to Know About Dodd-Frank

**Trading Documentation:
You Are Only as Strong
as Your Weakest Link**



Disclaimer

This information and any presentation accompanying it (the “Content”) has been prepared by Schulte Roth & Zabel LLP (“SRZ”) for general informational purposes only. It is not intended as and should not be regarded or relied upon as legal advice or opinion, or as a substitute for the advice of counsel. You should not rely on, take any action or fail to take any action based upon the Content.

As between SRZ and you, SRZ at all times owns and retains all right, title and interest in and to the Content. You may only use and copy the Content, or portions of the Content, for your personal, non-commercial use, provided that you place all copyright and any other notices applicable to such Content in a form and place that you believe complies with the requirements of the United States’ Copyright and all other applicable law. Except as granted in the foregoing limited license with respect to the Content, you may not otherwise use, make available or disclose the Content, or portions of the Content, or mention SRZ in connection with the Content, or portions of the Content, in any review, report, public announcement, transmission, presentation, distribution, republication or other similar communication, whether in whole or in part, without the express prior written consent of SRZ in each instance.

This information or your use or reliance upon the Content does not establish a lawyer-client relationship between you and SRZ. If you would like more information or specific advice of matters of interest to you, please contact us directly.

© 2013 Schulte Roth & Zabel LLP. All Rights Reserved.

Introduction

- **CFTC overview**
- **Status of SEC rulemaking**
- **EMIR**
- **Key issues in trading documentation**

Mandatory Clearing vs. OTC Trading

- **U.S. entities**
- **Cost of clearing**
- **Products subject to mandatory clearing**

OTC Derivative Transactions

- **ISDA vs. Futures and Options Agreement**
- **Uncleared vs. cleared OTC derivatives**
- **Events of default and termination events**
- **Credit support annex**

Futures and Options Agreement

- **Negotiated terms**
 - Events of default
 - Position limits
 - Advanced notice of changes
 - Clearing fees
 - Transfer timing for margin
 - Return of excess collateral
 - Scope of information to be provided

Clearing Agreements

- **FIA-ISDA forms**
- **Definition of applicable law**
- **CCP membership agreement**
 - Waterfall default procedures
 - Margin methodologies

Cleared Derivatives Addendum

- **Most commonly negotiated terms**
 - Close-out event and liquidation
 - Fixed clearing limits
 - Export of default
 - Indemnification
- **Portability**

Cleared Derivatives Execution Agreement

ISDA Master Agreement

- **Segregation of independent amounts**
- **Tri-party custody agreements**
- **SEC proposal**

Customer Protection/Segregation

- **Legal Segregation and Operational Commingling (LSOC)**
- **Customer Protection Rules (MF Global)**

Equivalent Compliance

ESMA/EMIR

Substituted Compliance

CFTC

Portfolio Margining

New ISDA Protocol

Q&A



**What the Buy-Side Needs to
Know About Dodd-Frank**

**Trading Documentation:
You Are Only as Strong
as Your Weakest Link**

