



Swaps Update: Segregation of Initial Margin for Uncleared Swaps

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Timing

- **If you entered into an ISDA Master (or other agreement) on or after January 6, the deadline is May 5**
- **If you entered into an ISDA Master (or other agreement) before January 6, the deadline is November 3**

CFTC IM Segregation Rule

- **CFTC 23.701**

- Swap dealers need to deliver notices once each calendar year
- Funds need to identify a “collateral officer”
- Funds need to elect whether they want CFTC-compliant segregation

Ways to Implement

- **ISDA forms: bilaterally**
- **ISDA Amend**

Should You Segregate Your Collateral?

Bankruptcy Concerns

Investment Advisor Issues

CFTC IM Segregation Rules

- **Segregation must be with a separate legal entity**
- **The agreement must be in writing**
- **Turnover of control of the collateral must be made upon presentation to the custodian of a statement in writing, made under oath or under penalty of perjury as specified in 28 U.S.C. 1746, by an authorized representative**

Investment of Segregated Margin

- **Margin must only be invested in assets consistent with § 1.25**
- **The allocation of gains and losses resulting from the investment of margin**

Dealer Notification

Summary

Speaker Biographies



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Daniel F. Hunter, a partner in the New York office, concentrates his practice on the design, structure and regulation of alternative investment products, including hedge funds, hybrid funds and private equity funds. He regularly advises funds that invest in distressed debt, asset-backed securities and bank loans. Dan also provides day-to-day regulatory, operational, M&A and restructuring advice to his fund clients, and advises funds regarding the receipt or allocation of seed capital.

As part of his compliance practice, Dan advises clients on the Treasury Forms (TIC Forms), the CFTC rules and regulations, as well as the recently adopted Form PF. Dan received his A.B., *cum laude* and with high honors in history, from the University of Michigan in 1991, and his J.D. from the University of Michigan Law School, where he was Articles Editor of the *University of Michigan Journal of Law Reform*, in 1995.

Speaker Biographies



Craig Stein

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Craig Stein is a partner in the New York office and co-head of the Structured Products & Derivatives Group. His practice focuses on swaps and other derivative products, including credit- and fund-linked derivatives, prime brokerage and customer trading agreements, and structured finance and asset-backed transactions. He represents issuers, underwriters and portfolio purchasers in public and private structured financings, including collateralized loan obligations (CLOs). Craig has been recognized in this area by the prestigious legal directory *Chambers USA: America's Leading Lawyers for Business*, which noted that satisfied clients praised him as “proactive and quick in responding” and stated: “He is known for his work in derivative products, representing issuers, underwriters and portfolio purchasers in CLOs. Peers find his work in structured products and derivatives impressive.”

Craig is a member of the American Bar Association, the New York State Bar Association, the Loan Syndications and Trading Association, the International Swaps and Derivatives Association and the Structured Finance Industry Group. He is a much sought-after speaker for hedge fund industry conferences and webinars and the author of numerous articles on advanced financial products. He recently authored “CLOs: An Expanding Platform” for *The International Comparative Legal Guide to: Securitisation 2013* and “Collateralized Loan Obligations: What to Expect When You Are Expecting Your First CLO” for *The Hedge Fund Journal*. Craig earned his undergraduate degree, *cum laude*, from Colgate University in 1989 and his J.D., *cum laude*, from the University of Pennsylvania Law School in 1992.

Speaker Biographies



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Kristin Boggiano is a special counsel in the New York office, where she advises private funds and other financial institutions on a broad range of trading related issues. She also assists clients with seed arrangements and fund formation. In addition, Kristin provides guidance to clients on a variety of regulatory, compliance, risk management and operational issues related to the implementation of the Dodd-Frank Act. Prior to joining SRZ, Kristin was with Merrill Lynch, where she was a member of the investment bank's global equity-linked products team.

Kristin is a frequent speaker at conferences and seminars on a variety of topics, including issues such as collateral, clearing, extraterritoriality, SEFs, counterparty credit risk, Form PF, Form PQR and recordkeeping and reporting obligations related to private investment funds. She is also an avid writer on industry-related topics and was recently quoted by *Compliance Intelligence* on CFTC documentation rules. Kristin is a founder of Women in Derivatives (a 1,200+ person trade organization), a member of the International Swaps and Derivatives Association Inc., and active in the Asset Management Group of the Securities Industry and Financial Markets Association. She is also a member of the New York State Bar Association, New York City Bar Association, the American Bar Association and the Managed Funds Association. Kristin participates on a number of these organizations' committees and is active in industry-based initiatives through them. Kristin earned a J.D., with a concentration in finance and specialty coursework in derivatives, from Northeastern University School of Law, an M.B.A. from Northeastern University Graduate School of Business, and a B.A. from Sarah Lawrence College. While attending Northeastern University School of Law, Kristin worked in the Division of Enforcement at both the CFTC and the SEC.