



## DERIVATIVES DOCUMENTATION LIMITED

### **COLLATERAL AND THE ISDA® CREDIT SUPPORT ANNEX UNDER ENGLISH LAW**

#### **One day course**

#### **Course Description**

It is estimated that over two thirds of OTC derivatives transactions exposure is collateralised. There has been a strong focus by the markets on counterparty credit risk since the start of the financial crisis. There has also been an increased focus on how collateral is managed and a move away from over reliance on credit ratings due to market scepticism about their accuracy. Currently the market is adopting a “back to basics” approach and now is a good time to learn about it.

This one day course provides a description of the collateral market, a discussion of credit and legal issues and a clause by clause review of the ISDA® Credit Support Annex (“CSA”) under English law. The practical exercises at the end of this course allow delegates to apply and consolidate the knowledge gained throughout the day.

#### **Learning Objectives**

Participants will take away with them the following:

- Awareness of why collateral is taken and in what forms.
- An in-depth understanding of the ISDA® Credit Support Annex under English law.
- Knowledge of the common amendments negotiated in this Annex.
- Acquaintance with the key legal issues for collateral.

#### **Who Should Attend**

- Collateral Managers
- Derivatives Documentation Negotiators
- Legal Counsel
- Treasury Managers
- Credit Risk Managers

#### **Programme points**

**Delegates need to bring their own copies of the ISDA® Credit Support Annex under English Law.**



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### Course outline

#### 1. The practicalities of taking collateral.

- Why take it?
- Collateral types
- Factors affecting choice of collateral
- Getting the collateral balance right
- Haircuts
- Varying collateral
- Controlling collateral
- Operating procedures

#### 2. Legal issues relating to collateral.

- Capacity
- Pledge and title transfer approaches
- Recharacterisation risk
- PRIMA
- Governing law
- Suspect periods
- The European Directive on Financial Collateral Arrangements.

#### 3. The ISDA® Credit Support Annex (English law).

- Detailed analysis of provisions.
- Commonly made amendments with examples.

#### 4. Other collateral documentation.

#### 5. Two case studies or a practical negotiation exercise.

**Training is charged at an agreed daily rate plus Value Added Tax.**

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