

28 July 2014

ISDA proposal regarding outstanding issues on the Historical Succession Event list: Explanatory Statement to accompany the decisions of the Determination Committees on 28 July 2014

The Historical Succession Event (**HSE**) list consists of a list of potential Succession Event questions that were submitted to the DCs prior to the coming into force on 20 June 2009 of the 90 day look back period under the March 2009 Supplement and the Big Bang Protocol (and subsequent July 2009 Supplement and Small Bang Protocol).

Under the 2003 ISDA Credit Derivatives Definitions (incorporating the March 2009 or July 2009 Supplement), any event occurring more than 90 calendar days before the issue is raised to the relevant DC or counterparty (the Succession Event Backstop Date) can not be a Succession Event. The intention behind the HSE list was to protect events that had occurred before 20 June 2009 from the application of the Succession Event Backstop Date so that the market would have time to work with the DCs to resolve such events over time.

Each of the DCs has considered and resolved those events on the HSE list in respect of which the market required resolution and / or for which public information was available to enable them to reach a conclusion. The resolution of all other events currently remains deferred indefinitely. Please see, by way of example, the EMEA DC statement of 19 November 2010 (which can be accessed at <http://dc.isda.org/cds/emea-historical-succession-events/>).

As the market moves towards implementation of the 2014 ISDA Credit Derivatives Definitions in September this year, it has been suggested that these events could now be dismissed. The implication of dismissing any event would be to prevent such event from being considered a Succession Event. Given the significant length of time that has passed since their inclusion on the HSE list in 2009 and the fact that no market participant has since that time approached the relevant DC asking for resolution of any such issue, the DCs are of the opinion that it would now be an appropriate act to dismiss these outstanding questions. (For information relating to the implementation of the 2014 ISDA Credit Derivatives Definitions, please refer to the ISDA website, which can be accessed by the following link: <http://www2.isda.org/asset-classes/credit-derivatives/2014-isda-credit-derivatives-definitions/>.)

Whilst the DCs have each voted now to dismiss the remaining questions, the effective date on which the issues will be dismissed is deferred to Monday 8th September. This is to allow any Eligible Market Participant time to review the HSE list and to raise any particular issue on the list that they consider should be resolved and not dismissed to the relevant DC. Any such request should be raised through the ISDA website (<http://dc.isda.org/submit-a-request/>) by 5:00pm (GMT) on Monday 1st September and should include supporting public information to enable the relevant DC to properly consider the issue.

For further information about the list including a link to the HSE list itself, please see: <http://dc.isda.org/historical-succession-events/>.