

## TCH Comments on ISDA Announcement Concerning Progress on Cross-Border Bank Resolutions

*Industry's voluntary adoption of new ISDA protocol will significantly improve resolvability*

SEAN OBLACK  
Office: 202.368.4629  
[sean.oblack@theclearinghouse.org](mailto:sean.oblack@theclearinghouse.org)

New York, NY – October 11, 2014 – “This is a huge step forward. Voluntary adoption of the ISDA protocol further demonstrates the industry’s commitment to ensuring that even the largest global banks can be resolved in an orderly way without cost to taxpayers,” said Paul Saltzman, President of The Clearing House Association.

Of particular importance for globally active U.S. banks, the contractual stay provisions will apply both to an ordinary bankruptcy proceeding under Title I of the Dodd-Frank Act, as well as to a special resolution conducted under Title II’s Orderly Liquidation Authority. By including bankruptcy proceedings under Title I, the ISDA protocol, once fully adopted, will resolve one of the few remaining key concerns raised by regulators and policymakers about living will plans – namely, that early termination by derivatives counterparties could disrupt an otherwise orderly recapitalization-based bankruptcy. The stay ensures that there is sufficient time for a troubled firm to restore itself to health, without subjecting the firm to potentially destabilizing capital and liquidity pressures associated with early terminations.

On this issue, Saltzman continued, “There is broad consensus that adoption of the ISDA protocol effectively addresses one of the primary impediments to orderly resolution recently identified by regulators in the living will plans.”

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