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A Comparison of Terms Across Master Trading Agreements

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Topics for Discussion

- Overview of the EEI, ISDA and NAESB
  - Background and Purpose
  - Typical Users and Transactions
- Key Concepts in the Master Agreements
  - Defaults and other Termination Provisions
  - Credit and Security Provisions
  - Payments
  - Miscellaneous

Overview of Master Agreements

- 1. ISDA
- 2. EEI
- 3. NAESB

ISDA Master Agreement ("ISDA")

- ***Background and Purpose*:**
  - International Swaps and Derivatives Association ("ISDA") first published the ISDA Master Agreement in 1992 for financial derivative transactions
    - 2002 ISDA Master Agreement
    - Various physical commodity annexes (power, gas, crude, coal)
    - Unlike the EEI and NAESB, the ISDA Master Agreement does *not* contain credit provisions unless affirmatively added in the ISDA Schedule or per the ISDA Credit Support Annex
  - Terms and conditions to facilitate exchange of collateral via bilateral threshold margining

ISDA

- ***Typical Users*:**
  - Banks
  - Hedge funds and investment companies
  - Energy trading companies
  - Parties transacting in both physical and financial commodities
- ***Typical Transactions*:**
  - Financial derivatives—*e.g.*, swaps, options
  - Wholesale purchase/sale of commodities via ISDA commodity annexes—*e.g.*, power/gas

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