

A Comparison of Terms Across Master Trading Agreements

Craig R. Enochs
Jim Pappenfus
Ali Burner

Craig R. Enochs
cenochs@reedsmith.com
Reed Smith LLP
811 Main Street, Suite 1700
Houston, Texas 77002
(713) 469-3884 phone

1

1

A Special Thank You to the IECA Gap Risk Working Group

**Paul Breme
Craig Enochs
K.C. Hairston
Douglas Lanzo
Tara Liscombe
Kari Olesen**

**Michele Owens
Kevin Page
Ginger Price
Jeremy Weinstein
Christopher York
Joseph Yu**

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2

2

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

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3

3

Overview of Master Agreements

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

4

4

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

5

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

6

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First appeared as part of the conference materials for the
18th Annual Gas and Power Institute session
"Key Documents 101"