

A Comparison of Terms Across Master Trading Agreements

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A Special Thank You to the IECA Gap Risk Working Group

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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

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Overview of Master Agreements

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

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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

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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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