

**Initial Margin Non-Cleared Margin Rules/Eligible Collateral Comparison by Jurisdiction**

June 26, 2023

This document is intended as an information resource only; it does not contain legal advice and should not be considered a guide to or explanation of all relevant issues or considerations in connection with the impact of margin rules on derivative transactions and eligible collateral thereto. The information presented here is a summary. ISDA assumes no responsibility for any use to which any of these materials may be put.

This table presents high level guidance on some of the similar aspects of the eligible collateral definitions in different rulesets. It does not list out all of the requirements for collateral eligibility in any set of rules. Firms should refer to the rules themselves to determine what collateral is eligible and what is the required haircut, under any specific margin regime. See jurisdictional-specific notes starting on page 3.

	US USPR/ CFTC/SEC <sup>1</sup>	EU	UK <sup>7</sup>	Switzerland	Mexico	Canada OSFI/AMF	HK SFC/ HKMA	Singapore	Korea	Australia	Japan	South Africa	Russia <sup>31</sup>	Brazil <sup>34</sup>	India <sup>39, 40, 41, 42</sup>	Saudi Arabia	
<b>Eligible Collateral</b>	<b>Haircuts</b>																
Cash – settlement currency	0% <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
<b>Sovereign Debt</b>																	
Residual Maturity: <1 yr	.5%/1% <sup>3</sup>						.5%	.5%/1% <sup>17</sup>						.5%/1%/15% <sup>32</sup>			.5%
Residual Maturity: ≤1 yr		.5%/1%/15% <sup>6</sup>	.5%/1%/15% <sup>8</sup>	.5%/1%/15% <sup>11</sup>	.5%/1% <sup>13</sup>	.5%/1%/15% <sup>14</sup>		.5%/1%/15% <sup>20</sup>	.5%/1%/15% <sup>23</sup>	.5% <sup>26</sup>	.5%/1%/15% <sup>28</sup>	.5% <sup>30</sup>		.5% <sup>35</sup>	.5%		
Residual Maturity: ≥1 yr to ≤ 5 yrs	2%/4%						2%	2%/3%						2%/3%/15%			2%
Residual Maturity: >1 yr to ≤ 5 yrs		2%/3%/15%	2%/3%/15%	2%/3%/15%	2%/3%	2%/3%/15%		2%/3%/15%	2%/3%/15%	2%	2%/3%/15%	2%		2% <sup>36, 37</sup>	2%		
Residual Maturity: >5 yrs	4%/8%	4%/6%/15%	4%/6%/15%	4%/6%/15%	4%/6%	4%/6%/15%	4%	4%/6%	4%/6%/15%	4%/6%/15%	4%	4%/6%/15%	4%	4%/6%/15%	4%	4%	4%
<b>Debt Securities</b>																	
Residual Maturity: <1 yr	1% <sup>4</sup>						1%	1%/2% <sup>18</sup>						1%/2% <sup>33</sup>			1%
Residual Maturity: ≤1 yr		1%/2%/Not applicable <sup>6</sup>	1%/2%/Not applicable <sup>8</sup>	1%/2%/Not recognized <sup>12</sup>	1%/2%	1%/2%/Not eligible		1%/2%/20% <sup>21</sup>	1%/2% <sup>24</sup>	1% <sup>27</sup>	1%/2%	1%		15% <sup>38</sup>	4%		
Residual Maturity: ≥1 yr to ≤ 5 yrs	4%						4%	4%/6%									4%
Residual Maturity: >1 yr to ≤ 5 yrs		4%/6%/Not applicable	4%/6%/Not applicable	4%/6%/Not recognized	4%/6%	4%/6%/Not eligible		4%/6%/20%	4%/6%	4%	4%/6%	4%	4%/6%	15%	6%		
Residual Maturity: >5 yrs	8%	8%/12%/Not applicable	8%/12%/Not applicable	8%/12%/Not recognized	8%/12%	8%/12%/Not eligible	8%	8%/12%	8%/12%/20%	8%/12%	8%	8%/12%	8%	8%/12%	15%	8%	8%

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<b>Eligible Collateral</b>	<b>Haircuts</b>															
Special Cases – See endnotes for details																
Residual Maturity: ≤1 yr		2%/4%/ Not applicable <sup>9</sup>	2%/4%/ Not applicable <sup>9</sup>			2%/4%/ Not eligible <sup>15</sup>										
Residual Maturity: >1 yr to ≤ 5 yrs		8%/12%/ Not applicable	8%/12%/ Not applicable			8%/12%/ Not eligible										
Residual Maturity: >5 yrs		16%/24%/ Not applicable	16%/24%/ Not applicable			16%/24%/ Not eligible										
Equities/Securities																
Equity Securities within main stock index/S&P 500 or related index	15%	15% <sup>10</sup>	15% <sup>10</sup>	15%	15%	15%	15% <sup>19</sup>	35%/15% <sup>22</sup>	15% <sup>25</sup>	15%	15% <sup>29</sup>	15%	25%	15%		15%
Equity securities within S&P 1500 Composite or related index, not S&P 500 or related index	25%					25%								15%		
<i>Collective Investment Scheme/ UCITs/ MMF/ Securities Funds</i>	Weighted average on all assets within the fund at the end of the prior month. <sup>5</sup> Repo and sec lending within fund prohibited.	Weighted average applied to the assets in which the EU fund is invested.	Weighted average applied to the assets in which the UK or third country fund is invested.	Haircut applicable to invested assets (weighted average).		Highest haircut applicable to any security in which the fund can invest. <sup>16</sup>		Higher of 25% or the highest haircut applicable to any security in which the fund can invest.						The greatest of the Haircut amounts applicable to the assets that make up the investment fund portfolio.		

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<b>Eligible Collateral</b>	<b>Haircuts</b>															
FX Mismatch	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Gold	15%	15%	15%	15%		15%	15%	15%	15%	15%		15%	15%	15%		15%

<sup>1</sup> SEC rules allow parties to use either standardized deductions from the relevant capital rules for the regulated entity in § 240.15c3-1 or § 240.18a-1 (as applicable), or to use the haircuts specified in the CFTC margin rules (in 17 CFR 23.156), as long as they apply only one approach for each relationship. This comparison assumes the CFTC haircuts are used.

<sup>2</sup>USPR and CFTC (not SEC): For VM only, a covered swap entity shall post/collect to or from a counterparty that is a swap entity only immediately available cash funds that are denominated in: U.S. dollars, another major currency, or the currency of settlement of the uncleared swap.

<sup>3</sup> USPR, CFTC, and SEC: The USPR, CFTC, and SEC rules (which are assumed to follow the CFTC rules for purposes of this comparison) do not define “sovereign debt”. Sovereign debt for purposes of this section of the chart includes: Securities issued or guaranteed by the ECB or a sovereign entity with a risk weight of 20% or less under applicable regulatory capital rules, certain multilateral development banks and International organizations, and publicly traded debt securities issued by, or asset-backed securities fully guaranteed as to the payment of principal and interest by, a U.S. Government-sponsored enterprise that is operating with capital support or another form of direct financial assistance received from the U.S. government / publicly traded debt securities that are investment grade under US capital rules and are neither asset-backed securities, nor issued by the pledgor or an affiliate or a financial institution.

<sup>4</sup>USPR, CFTC, and SEC: Publicly traded debt securities that are investment grade under US capital rules and are neither asset-backed securities, nor issued by the pledgor or its affiliates or a financial institution.

<sup>5</sup> USPR only.

<sup>6</sup>EU: Debt securities issued by EU Member State central governments or central banks, EU regional governments, local authorities or public sector entities meeting certain requirements under Regulation (EU) No 575/2013, multilateral development banks, international organizations, third countries’ governments or central banks, or third countries’ regional governments or local authorities meeting certain requirements under Regulation (EU) No 575/2013. The different ratings in the table refer to credit quality step 1 / 2-3 / 4 or below (4 or below only permitted for certain issuers.)

<sup>7</sup> UK: Statutory instrument 2019 n°335 [www.legislation.gov.uk/uksi/2019/335](http://www.legislation.gov.uk/uksi/2019/335).

<sup>8</sup> UK: Debt securities issued by credit institutions or investment firms, corporate bonds and debt securities issued by central and regional governments, local authorities or public sector entities (in each case, other than those referred to in footnote 4). The different ratings in the table refer to credit quality step 1 / 2-3 / 4 or below (4 or below only permitted for certain issuers.)

<sup>9</sup> EU and UK: The most senior tranche of a securitization, as defined in Article 4(61) of Regulation (EU) No 575/2013 (in the EU) or UK CRR (in the UK) that is not a re-securitization as defined in Article 4(63) of that Regulation.

<sup>10</sup> EU and UK: Includes bond convertible to equities in main indices.

<sup>11</sup> Switzerland: Rating class as per Annexes 2 to 4 CAO: 1 or 2, or 1 for short-dated debt securities / 3 or 4, or 2 or 3 for short-dated debt securities / 5.

<sup>12</sup> Switzerland: Includes high-quality mortgage bonds (*Pfandbriefe*) and other covered debt securities.

<sup>13</sup> Mexico: See tables within Banco de Mexico’s margin rules for long-term and short-term credit ratings for both local scale and global scale for haircut delineation by credit quality.

<sup>14</sup> Canada: OSFI includes: For sovereigns, multilateral development banks or public sector entities treated as sovereigns by the national supervisor: AAA to AA- or A-1/ A+ to BBB- or A-2, A-3 or P-3 / BB+ to BB-. For other issuers that are not securitization exposures: AAA to AA- or A-1/ A+ to BBB- or A-2, A-3 or P-3 and unrated bank securities per paragraph 36(d). AMF includes same parameters as OSFI except the AMF Guideline does not include debt securities not rated by a recognized rating agency, and haircuts are not different by recognized rating agency.

<sup>15</sup> Canada: OSFI includes: Securitization Exposures. AAA to AA- or A-1 / A+ to BBB-, A-2, A-3 or P-3 and (if securitization exposure is issued by a bank) unrated bank securities per paragraph 36(d). AMF includes same parameters as OSFI except the AMF Guideline does not include debt securities no rated by a recognized rating agency.

<sup>16</sup> Canada: AMF Guideline does not include certain UCITS/mutual funds.

<sup>17</sup> HK SFC and HKMA: Haircut credit quality grade 1/Haircut credit quality grades 2 & 3.

<sup>18</sup> HK SFC and HKMA: Marketable debt securities associated with a credit quality of investment grade that are publicly traded for SFC, subject to paragraph 38 for SFC, and haircut credit quality grade 1/Haircut credit quality grades 2 & 3 for HKMA.

<sup>19</sup> HK SFC and HKMA: Eligible equities. Please refer to paragraph 37(g) for details for SFC. Publicly traded equities in the Hang Seng Index or any other main index as specified in Section 51 of the BCR for HKMA.

<sup>20</sup> Singapore: Sovereign Debt: Debt securities with a credit quality grade of “1” or short term credit quality grade of “1” / Debt securities with credit quality grade of “2” or “3” or short-term credit quality grade of “II” or “III” / Debt securities with a credit quality grade of “4” and for all maturities.

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- <sup>21</sup> Singapore: Debt Securities: Debt securities with a credit quality grade of “1” or short term credit quality grade of “1” / Debt securities with credit quality grade of “2” or “3” or short-term credit quality grade of “II” or “III” / Debt Securities issued by Financial Institutions with a credit quality grade of “1”, “2” or “3” or short-term credit quality grade of “I”, “II” or “III.”
- <sup>22</sup> Singapore: Equity securities (including convertible bonds) in a main stock index of a regulated exchange issued by a Financial Institution/Equity securities (including convertible bonds) in a main stock index of a regulated exchange issued by Other issuers.
- <sup>23</sup> Korea: Government bonds: Credit rating of AAA~AA (or equivalent) /Credit rating of A+~BBB- (or equivalent) /Credit rating BB+~BB- (or equivalent).
- <sup>24</sup> Korea: Corporate bonds: Credit rating of AAA~AA- (or equivalent)/Credit rating of A+~BBB- (or equivalent).
- <sup>25</sup> Korea: A stock that comprises the liquidity recognition index defined in the <Table 2> of Annex 5 of the Detailed Regulations of the Regulations on Financial Investment Business.
- <sup>26</sup> Australia: Debt securities rated by an ECAI with a credit rating grade of either three (or better) for securities issued by: Commonwealth, State and Territory governments in Australia (including State and Territory central borrowing authorities); central, state, and regional governments in other countries; the Reserve Bank of Australia; central banks in other countries; and the international banking agencies and multilateral development banks.
- <sup>27</sup> Australia: Debt securities rated three or better by an ECAI for securities issued by ADIs, overseas banks, Australian and international local governments and corporates; debt securities not rated by an ECAI where these securities are issued by an ADI or overseas bank as senior debt and are listed on a recognized exchange, subject to the condition that all rated issues of the same seniority by the issuing ADI or overseas bank have a long-term or short-term credit rating grade of at least three and the APRA covered entity holding the security has no information suggesting that the security justifies a rating below this level; covered bonds rated by an ECAI with a credit rating grade of either three (or better) and senior securitization exposures rated by an ECAI with a credit rating grade of one.
- <sup>28</sup> Japan: Sovereign Debts includes debt securities issued by central banks, municipalities and supranational entities designated as “specified issuer” by JFSA in the JFSA Public Notice No. 16 of 2016. The haircut depends on the relevant credit risk categories designated in the JFSA Public Notice No. 19 of 2006.
- <sup>29</sup> Japan: Shares included in the representative index of a Designated Country as defined in Article 1, item 38 of the JFSA Public Notice No. 59 of 2007 and debt securities convertible into such shares, except for those issued by an issuer whose debt securities fall within a credit risk category of 4-4 or 5-4 (as applicable) or lower.
- <sup>30</sup> South Africa: South African central government bonds with the credit rating issued by a licensed credit rating agency, as defined in section 1 of the Credit Rating Services Act, 2012 (Act No. 24 of 2012), constitute eligible collateral as outlined in Joint Notice 2 of 2022.
- <sup>31</sup> Russia rules are not yet final.
- <sup>32</sup> Russia: For purposes of this chart, Public Securities = Sovereign; Private Securities = Publicly Traded Debt for purposes.
- <sup>33</sup> Russia: Credit quality step (CQS) 1/ 2-3 / 4. Private Securities with a CQS of 4 are inadmissible assets.
- <sup>34</sup> Brazil: Analysis has been completed based on translation by a third party.
- <sup>35</sup> Brazil: Cash and time deposits, interbank deposits, financial bills, real estate credit bills, agribusiness credit bills and structured credit certificates issued by the covered institution recipient of the collateral, kept in custody by the institution itself or by third parties, in its favor.
- <sup>36</sup> Brazil: Federal government securities accepted by the Central Bank of Brazil in intraday rediscount transactions; securities issued by the EU, ECB or the other entities listed in article 2, paragraph 1, IV of Resolution 4,622 of 2018;
- <sup>37</sup> Brazil: Securities issued by central governments of foreign jurisdictions and respective banks with risk rating given by a credit risk rating agency registered or recognized in Brazil by BSC in equal to or higher than AA- or equivalent rating
- <sup>38</sup> Brazil: Credit instruments issued by non-financial entities whose shares are included in a relevant indices of a stock exchange subject to governmental regulation and oversight and whose external issuer risk rating given by a credit risk rating agency registered or recognized in Brazil by the BSC is higher than or equal to brAAA national scale or equivalent rating.
- <sup>39</sup> India: Eligible collateral parameters have only been published for Variation Margin with effect on 1 December 2022.
- <sup>40</sup> India: Two Domestic Covered Entities can only exchange Indian currency, debt securities issued by Indian central/state government or listed rupee bonds with a credit rating of AAA. A Domestic Covered Entity and a Foreign Covered Entity are allowed to exchange freely convertible foreign currency and debt securities issued by foreign sovereigns with a credit rating of AA- and above or AA3 and above; in addition to the aforementioned eligible collateral.
- <sup>41</sup> India: Securities issued by either of the counterparties to an NCDD transaction, or their related parties, shall not be accepted as collateral.
- <sup>42</sup> India: Additional haircut of 5% will be assessed on listed Rupee bonds issued by financial institutions (to address possible wrong way risk)