



CFTC Initial Margin Segregation Fact Sheet

April 2014

1. What are the CFTC Initial Margin Segregation Regulations?

- In November 2013, the CFTC published final rules requiring swap dealers and major swap participants to notify counterparties of their right to require segregation of initial margin ("IM") for uncleared swap transactions¹
- The notification must be made to an officer (your "collateral contact") responsible for the management of collateral. If no such officer is identified by the counterparty, the notification is to be made to the Chief Risk Officer of the counterparty, or, if there is no such officer, to the Chief Executive Officer. If no Chief Executive Officer exists, the notice may be given to the highest level decision-maker for the counterparty²
- The swap dealer and major swap participant must obtain the counterparty's confirmation of receipt by the collateral contact for such notification³
- The swap dealer and major swap participant must obtain the counterparty's election about whether or not the counterparty requires segregation of IM in accordance with the rule⁴

2. Why am I receiving this notification?

- You have been identified as a counterparty who may post IM to Deutsche Bank AG ("DB") with respect to uncleared swap transactions. Please note the regulation applies to each such counterparty at the legal entity counterparty level (e.g., fund or managed account level)

3. What is the compliance date?

- May 5, 2014, if no agreement (e.g., an ISDA Master Agreement) existed between the counterparty and DB concerning uncleared swap transactions as of January 6, 2014 ("new counterparties")⁵
- November 3, 2014, if an agreement did exist between the counterparty and DB concerning uncleared swap transactions as of January 6, 2014 (existing counterparties)⁶

4. What right does the regulation give to counterparties that post IM?

- The right to have IM segregated with a third-party custodian. This right is only with respect to uncleared swap transactions entered into on or after the relevant compliance date (May 5, 2014 for new counterparties and November 3, 2014 for existing counterparties)

5. Which custodians may hold the segregated IM?

- The regulation requires DB to identify one or more acceptable custodians, one of which must be a creditworthy non-affiliate and each of which must be a legal entity independent of DB and the counterparty⁷. DB is identifying Deutsche Bank Trust Company Americas, an affiliate of Deutsche Bank AG (the swap dealer) and State Street and Trust Company, as acceptable custodians

¹ For the full text of the CFTC Regulation, see 78 Fed. Reg. 66621 (Nov. 6, 2013) (adopting CFTC Regulations 23.700-23.704)

² CFTC Regulation 23.701(c)

³ CFTC Regulation 23.701(d)

⁴ CFTC Regulation 23.701(d)

⁵ See Fed. Reg. at 66621 & n. 1

⁶ See Fed. Reg. at 66621 & n. 2

⁷ CFTC Regulation 23.701(a)(2)