**Instructions**

The below Non-Cleared Derivatives Initial Margin Questionnaire (“Questionnaire”), and separately the Non-Cleared Derivatives Initial Margin Annex I (“Annex”), are available for use by both SIFMA AMG, and non SIFMA AMG members. The Questionnaire contains certain optional provisions for firms to use at their election. These options include:

1. ***Including the Informational Annex.*** Firms may choose whether they’d like to include the separate Annex. The Annex was designed to provide clients with background information on the initial margin rules, however, it does not provide legal advice to the client. It was designed as a companion piece to the Questionnaire, and meant to answer some questions clients, who may not be as familiar with the incoming initial margin rules, may have for their asset manager.
2. ***Including the Client’s Gross Notional Amount of Non-Cleared Derivatives.*** Firms may choose whether they’d like to provide clients with the client’s gross notional amount of non-cleared derivatives, physically-settled FX swaps, and physically-settled FX forward as of [DATE]. SIFMA AMG encourages firms, if possible, to provide this information to assist clients with their answering Question (2) in the Questionnaire.
3. ***Including the Custodian Language.*** Where applicable, firms may add a sentence directing clients that they may be able to obtain from their custodians the information required to answer Question (2).
4. ***Contact Information***. Firms may also add relevant contact information.

All of the above options are bracketed and highlighted in the document below.

***NOTE:*** *The Non-Cleared Derivatives Initial Margin Questionnaire and Derivatives Initial Margin Questionnaire Annex have been revised to reflect the April 3, 2020 Basel Committee on Banking Supervision and the International Organization of Securities Commissions (BCBS-IOSCO) statement recommending a delay of the final two phases of implementation schedule by one-year due to the Covid-19 Pandemic.*

**Non-Cleared Derivatives Initial Margin Questionnaire**

[**Name of Client**]

**[ADDRESS]**

**[City/State]**

**[LEI:]**

Re: Non-Cleared Derivatives Initial Margin Questionnaire (“Questionnaire”)

As your investment manager, we are permitted to, and may trade over-the-counter (“OTC”) derivatives on your behalf which are not cleared. We are writing to you regarding new regulatory margin rules which are being implemented for OTC derivatives that are not cleared through a central counterparty (“Non-Cleared Derivatives”). [[[1]](#footnote-2)] These rules are being implemented globally in annual phases through September 1, 2022.[[2]](#footnote-3)

Generally speaking, whether or not you will be in scope for regulatory margin rules will be based on an analysis that takes into account the average aggregate or sum of your notional amounts (at the legal entity level) of Non-Cleared Derivatives, physically-settled foreign exchange (FX) swaps, and physically-settled FX forwards combined with the notional amounts of your affiliates which are consolidated on the same financial statement as you. This will include activity across all of your asset managers as well as any direct activity you may have with counterparties.

In order to assess whether or not you will need to comply with the upcoming regulatory margin rules, and to determine whether or not we need to further engage with you, your assistance is required in completing the questions below.

**Step 1**

|  |  |
| --- | --- |
| **Question** | **Answer** |
| Do you and/or your affiliate(s) trade Non-Cleared Derivatives away from us? | Yes \_\_\_\_\_ - Continue to next step No \_\_\_\_\_ - No further steps required, please return to us. |

**Step 2**

Per your answer of “Yes” to Step 1, you and/or your affiliate(s) trade derivatives away from us. Accordingly, we cannot independently determine whether you would likely be in scope for the upcoming regulatory margin rules, and we request that you answer the following question to assist us:

|  |
| --- |
| **Question** |
| For the **last business day in the most recent calendar month**, is the total gross notional amount of your Non-Cleared Derivatives, physically-settled FX swaps, and physically-settled FX forwards combined with your affiliates’ Non-Cleared Derivatives, physically-settled FX swaps, and physically-settled FX forwards (i.e. AANA) either of **the following:** |
| **Answer (Please Check one of the Following)** |
| Greater Than USD $40 billion: |  |
| Equal to USD $5 billion but Less Than $40 billion: |  |
| Less Than USD $5 billion: |  |
| If You are Unsure, Please Check This Box: |  |

[For your reference, on [DATE] the total gross notional amount of your Non-Cleared Derivatives, physically-settled FX swaps, and physically-settled FX forwards based solely on your account(s) with us under the above-mentioned LEI, was \_\_\_\_\_\_\_\_\_\_\_\_.[[3]](#footnote-4)]

[You may be able to obtain from your custodian(s) some or all of the information needed to answer the question above. ][[4]](#footnote-5)

If you checked a box above that your total gross notional is “Greater Than USD $40 billion” or “Equal to USD $5 billion but Less Than $40 billion”, please reach out to us as soon as possible. This does NOT mean that you will be subject to the rules, but this will enable us to better assist you in making a determination and deciding on next steps.

**[Step 3**

Please provide us with the best point of contact should we have any questions:

**Step 4**

Return your responses to:

[ ]

If you have any questions for us, please contact [] **]**[[5]](#footnote-6)

[SIGNATURE BLOCK]

1. Annex is optional to include. (If included, footnote would read: “For more information on the rules, please see the attached Annex I.”) [↑](#footnote-ref-2)
2. Note: The final phase-in dates for clients with an $50 billion AANA and $8 billion AANA have been delayed until September 1, 2021 and September 1, 2022 respectively, due to the Covid-19 Pandemic. This delay was recommended by the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) in a statement on April 3, 2020. *See* BCBS-IOSCO Margin Requirements for Non-Centrally Cleared Derivatives (April 2020), available at <https://www.bis.org/bcbs/publ/d499.pdf>. For consistency purposes, this document assumes jurisdictions referenced herein will adopt the April 2020 BCBS-IOSCO delay. [↑](#footnote-ref-3)
3. Optional to include. [↑](#footnote-ref-4)
4. Optional to include [↑](#footnote-ref-5)
5. Step 3, Step 4, and the Signature Block are optional. [↑](#footnote-ref-6)