



INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW
INSTITUT INTERNATIONAL POUR L'UNIFICATION DU DROIT PRIVE

**UNIDROIT Study Group on principles and
rules on the netting of financial
instruments**

Second Meeting

Rome, 13 – 15 September 2011

UNIDROIT 2011
Study LXXVIII C – Doc. 5
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ANNOTATED DRAFT AGENDA

1. Opening of the meeting
2. Adoption of the agenda and organisation of the meeting
3. Reports on the proceedings of relevant institutions
 - (a) Basel Committee on Banking Supervision
 - (b) EU Commission
4. Determining the scope of the Principles on Close-out Netting of Financial Instruments
5. Consideration of the Second Preliminary Draft of the Principles on Close-out Netting of Financial Instruments (UNIDROIT 2011 – Study LXXVIII C – Doc. 6)
6. Summary of the findings; planning of further work
7. Any other business
8. Closing of the meeting

ANNOTATIONS TO THE DRAFT AGENDA

Item No. 1 Opening of the meeting

1. The meeting will be held at the seat of Unidroit (Via Panisperna 28, 1084 Rome) and will be opened on Tuesday, 13 September 2011 at 10:00 hours.

Item No. 2 Adoption of the agenda and organisation of the meeting

2. Meeting hours will be from 10:00 to 12:30 and 14:00 to 18:00 hours.

Item No. 4 - Determining the scope of possible principles and rules on netting of financial instruments

3. At its first meeting in April 2011, the Study Group has identified important questions that should be addressed at a later stage of the proceedings, such as the definitions of eligible financial instruments and of eligible parties. Upon the request of members of the Study Group, ISDA has agreed to prepare a paper of relevant financial transactions. This document will be distributed to the members of the Study Group and made available on the [internet](#) by 31 August 2011.

4. The Study Group has also postponed a decision on whether and how to address payment and settlement systems in possible principles and rules. The Secretariat is currently preparing a paper on payment and settlement systems that apply or might interfere with close-out netting agreements (UNIDROIT 2011 – Study LXXVIII C – Doc. 8), which will also be distributed to the Members of the Study Group and published on the [internet](#) by 31 August 2011.

5. Last, the Study Group has not taken a decision yet whether multilateral netting and collateral arrangements should be covered by the Principles.

Item No. 5 - Consideration of the Second Preliminary Draft of the Principles on Close-out Netting of Financial Instruments

6. The second preliminary draft of possible principles and rules on close-out netting of financial instruments (UNIDROIT 2011 – Study LXXVIII C – Doc. 6) will be distributed to the members of the Study Group in the first weeks of August 2011.

7. The Secretariat invites the members of the Study Group to analyse mechanisms that can be used to challenge close-out netting agreements by liquidators or unsecured creditors. Ideally, the Study Group might want to develop approaches how to address these challenges in the possible principles and rules on netting of financial instruments.

8. During the deliberations of the first meeting, no decision was reached on walkaway clauses and on whether a fixed or flexible time limit for closing-out should be included in the possible principles and rules. The Study Group also addressed the potential interplay between the principles and rules and regulatory measures in the context of bank resolution. The Secretariat invites the Study Group to express its view on those issues.