

Credit Default Swap Changes

Old

- Effective Date = T+1
- Physical Settlement standard; replaced by Cash Settlement on ad hoc basis
- Modified Restructuring as a standard Credit Event in corporate CDS
- CDS spreads
 - Single name: Quoted spreads for single-name
 - Index: Fixed spreads with up-front payment
 - Distressed names: 500 bps spread plus up-front payment

New

- Big-Bang Protocol
 - Rolling "look-back" Effective Dates
 - Determinations Committee includes dealers and buy-side
 - Standard cash auction followed by cash settlement
- Changes in trading practice
 - No Restructuring will be standard in North America
 - Standard coupons of 100/500bps ± up-front payment