

Derivatives

Michael Best advises dealers and end users on a full range of derivative products throughout the entire derivatives lifecycle, including regulatory compliance, transaction documentation, and enforcement.

Counseling Bank Clients

We serve as primary outside counsel to national, regional, and community banks throughout the United States for their derivatives product lines, including counsel on customer documentation and Dodd-Frank compliance.

Efficiently and cost-effectively, we prepare and negotiate International Swaps and Derivatives Association (ISDA) documents for our clients' interest rate portfolios. We work with loan counsel to ensure that the swap obligations are secured by the same collateral as the loan. In addition, we work with the bank's upstream dealer on its back-to-back trades, including negotiating the ISDA Master Agreement, Schedule, and Credit Support Annex.

Our attorneys counsel lenders, borrowers and derivatives counterparties on the LIBOR phase-out and its impact on contract terms. We carry out both large- and small-scale contract amendment projects, replacing LIBOR references with our customized fallback terms. We ensure that our clients are up to speed on the latest developments related to the Secured Overnight Financing Rate (or "SOFR," the USD-LIBOR replacement), and other industry initiatives related to the transition away from LIBOR. Our attorneys are also available for trainings on benchmark reform and how to most efficiently and effectively prepare for the "end" of LIBOR in 2021.

We also provide guidance on the evolving regulatory issues facing our bank clients, such as compliance with rules on the conduct of swap dealers, eligible contract participants, clearing, swap execution facilities, recordkeeping and reporting requirements, and the municipal advisor rules. We provide in-house training and webinars on these and other derivatives-related topics.

Advising End Users

We work with end users of almost every variety, from hedge funds to private equity sponsors, manufacturers, insurance companies, REITs and real estate developers, municipalities, and individuals. Our experience encompasses many kinds of transactions, such as:

- Interest rate swaps
- Caps, collars, and floors
- Foreign exchange transactions
- Currency swaps
- Equity options
- Total return swaps

- Credit default swaps
- Forward delivery agreements
- Commodity hedges

In every transaction, we help our end-user clients understand and negotiate all of the documentation required to make and (when applicable) clear trades. These include the ISDA Master Agreement and Schedule, Credit Support Annex, Cleared Derivatives Addenda to Futures Agreements, Cleared Derivatives Execution Agreements, Swap Execution Facility documents, and Dodd-Frank Protocols.