



ISDA’s 2021 Definitions Hit Key Adoption Landmark

NEW YORK, April 11, 2022 – The International Swaps and Derivatives Association, Inc. (ISDA) and post-trade services provider OSTTRA have announced that the interest rate derivatives market has overwhelmingly transitioned to the 2021 ISDA Interest Rate Derivatives Definitions, hitting a key adoption landmark six months after implementation.

All major central counterparties incorporated the new definitions into their rule books in the last quarter of 2021, meaning all legacy and new cleared trades reference the 2021 Definitions, accounting for approximately 75% of the total interest rate derivatives market. Latest figures from OSTTRA’s MarkitWire platform show that 68% of non-cleared interdealer and 65% of non-cleared client interest rate derivatives electronically confirmed on the platform also now reference the new definitions. That compares with around 15% in October 2021, after the definitions went live.

“The latest figures show the market has reached a tipping point in the adoption of the 2021 Definitions. This is now the de facto market standard for interest rate derivatives. Given ISDA has now stopped updating the old 2006 Definitions, the 2021 Definitions will be the only ones to fully reflect current market practices and regulatory requirements. We will continue to work with market participants and infrastructure providers to accelerate adoption even more broadly,” said Scott O’Malia, ISDA’s Chief Executive.

“At the heart of OSTTRA’s mission is driving maximum post-trade efficiencies via our shared trade processing services. As a result, we’re committed to supporting the ongoing transition to the 2021 Definitions. We worked in partnership with ISDA and the industry to ensure our infrastructure was ready for a safe and efficient transition from the implementation date – and will continue to provide transparency around adoption metrics to encourage the widest possible uptake over the coming months,” said Guy Gurden, Head of Rates and Credit Product Management at OSTTRA.

Version five of the 2021 Definitions, published on March 25, was the first update not to be accompanied by a corresponding revision to the 2006 Definitions via a supplement. A further three updates to the 2021 Definitions are planned for this year.

The 2021 ISDA Interest Rate Derivatives Definitions represent the first major overhaul of the definitional booklet since 2006 and are the first to be published in natively digital form, creating significant efficiencies in how firms use and interact with the definitions.

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The new definitions consolidate the 91 supplements to the 2006 ISDA Definitions into a single electronic booklet, reducing complexity and the potential for error. Each time updates are required, a revised digital version of the 2021 Definitions is republished in full, eliminating the need for further supplements.

Key enhancements to the 2021 Definitions include:

- The ability to easily compare and highlight changes between different versions of the 2021 Definitions via ISDA's new electronic documentation platform, [MyLibrary](#).
- The methodology used to determine a cash settlement amount for swaptions and trades subject to early termination has been replaced to align with current collateral and valuation practices.
- The naming conventions for floating rate options have been amended to make them more standardized, with the [publication source removed](#) as a defining characteristic to help streamline the definitions.
- Certain payment and calculation provisions have been revised to make the definitions more robust in the face of market closures.
- A new fallback trigger has been introduced that would take effect if a party is prohibited from using a benchmark to perform its obligations. Generic fallbacks have also been added for those floating rate options without existing fallback arrangements, complementing the existing ISDA fallbacks for interbank offered rates.
- The calculation agent provisions have been modified, with the addition of a framework for disputing determinations made under the cash settlement and generic fallback methodologies.

The 2021 ISDA Interest Rate Derivatives Definitions are available [here](#).

Click [here](#) for more information on the key changes in the 2021 Definitions and [here](#) to visit the 2021 Definitions web page.

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About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 980 member institutions from 78 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org. Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).

About OSTTRA

The new home of industry-shaping businesses MarkitServ, Traiana, TriOptima and Reset, OSTTRA (www.osttra.com) brings the expertise, processes and networks together to solve the post-trade challenges of the global financial markets. OSTTRA strengthens the post-trade infrastructure and ecosystem with robust and progressive end-to-end post-trade solutions and unrivalled connectivity.

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