

**Supplement number 58 to the 2006 ISDA Definitions  
published on 21 November 2018**

**ARTICLE 14 GENERAL TERMS AND PROVISIONS RELATING TO SETTLEMENT OF SWAPTIONS**

**Section 14.1. Certain Definitions Relating to Settlement of Swaptions.**

(a) Section 14.1(f) is hereby amended by deleting it in its entirety and restating it as follows:

“(f) **Mutually Agreed Clearinghouse.** “Mutually Agreed Clearinghouse” means, in respect of a Swaption for which “Cleared Physical Settlement” or “Collateralized Cash Price” is specified or deemed specified in the related Confirmation, the clearinghouse specified in the related Confirmation; provided, however, in the case of “Cleared Physical Settlement”, if as of the relevant Exercise Date, the Mutually Agreed Clearinghouse no longer accepts for clearing swaps with the terms of the Relevant Swap Transaction, then Cash Settlement shall apply to the Swaption and the Cash Settlement Amount will be an amount calculated by using the “Collateralized Cash Price” Cash Settlement Method.”

**ARTICLE 18 CASH SETTLEMENT**

**Section 18.3. Cash Settlement Methods.**

(b) Section 18.3(g) is hereby amended by deleting it in its entirety and restating it as follows:

“(g) **Collateralized Cash Price.**

(i) Subject to subparagraphs (iii) and (v) below, if “Collateralized Cash Price” is specified in the related Confirmation to be the Cash Settlement Method applicable to an Option Transaction or Swap Transaction to which Optional Early Termination or Mandatory Early Termination is applicable or Collateralized Cash Price applies pursuant to Section 14.1(f) or Section 15.2, the Cash Settlement Amount will be an amount calculated as the present value of an annuity equal to the difference between:

(A) the amounts that would be payable by the Fixed Rate Payer under the Relevant Swap Transaction if the Fixed Rate were the Settlement Rate; and

(B) the amounts payable by the Fixed Rate Payer under the Relevant Swap Transaction.

(ii) The discount factors used to calculate such present value will be calculated from a current zero coupon curve agreed between the parties, derived on the Cash Settlement Valuation Date at the Cash Settlement Valuation Time from the interest rate used to calculate payments on Cash collateral denominated in the same currency as the Relevant Swap Transaction, where the parties to the Relevant Swap Transaction are deemed to have a bilateral, zero-Threshold ISDA Credit Support Annex, with Cash denominated in the same currency as the Relevant Swap Transaction as the only Eligible Collateral or Eligible Credit Support, as applicable (each of the terms “Threshold”, “Cash”, “Eligible Collateral” and “Eligible Credit Support” have the same

meaning as set forth in the ISDA Credit Support Annex). Notwithstanding the preceding sentence of this sub-paragraph (ii), for the purposes of calculating the Cash Settlement Amount pursuant to this Section 18.3(g), unless otherwise specified in the related Confirmation, (A) the interest rate used to determine the zero coupon curve shall be (x) if “Mutually Agreed Clearinghouse” is specified in the Confirmation, such discount rate that would apply if the Relevant Swap Transaction were cleared through the relevant Mutually Agreed Clearinghouse (the “**Clearing Discount Rate**”) as mutually agreed by the parties (acting in good faith and using commercially reasonable procedures), and (y) if “Mutually Agreed Clearinghouse” is not specified in the Confirmation, the Discount Rate specified in the ISDA Collateral Cash Price Matrix with respect to the currency of the Relevant Swap Transaction, and (B) the Settlement Rate used to determine the amounts payable under (i)(A) shall be the Settlement Rate specified in the ISDA Collateral Cash Price Matrix with respect to the currency of the Relevant Swap Transaction. If (1) “Mutually Agreed Clearinghouse” is not specified in the Confirmation and no Discount Rate is specified in the ISDA Collateral Cash Price Matrix for the Relevant Swap Transaction currency, or (2) no Settlement Rate is specified or deemed specified in the ISDA Collateral Cash Price Matrix for the Relevant Swap Transaction currency, the Discount Rate used to calculate the zero coupon curve and/or the Settlement Rate used to determine the amounts payable under (i)(A) above will be determined by the Calculation Agent in good faith and using commercially reasonable procedures.

(iii) If “Collateralized Cash Price” is specified in the related Confirmation to be the Cash Settlement Method applicable to a Swap Transaction to which Optional Early Termination or Mandatory Early Termination is applicable, and the Optional Early Termination Date or Mandatory Early Termination Date, as the case may be, falls on a date which is not both a Fixed Rate Payer Payment Date and a Floating Rate Payer Payment Date under that Swap Transaction, then the Cash Settlement Amount will be an amount equal to the Cash Settlement Amount determined pursuant to subparagraphs (i) and (ii) above in respect of the period from, and including, the next such date, together with an amount in respect of amounts accrued but in respect of which the originally scheduled Payment Date has not yet arisen as of the Optional Early Termination Date or Mandatory Early Termination Date, as the case may be.

(iv) If the parties are unable to agree on the Cash Settlement Amount, the Calculation Agent will request the Cash Settlement Reference Banks to provide a quotation using the Collateralized Cash Price methodology described above in this Section 18.3(g). If at least three quotations are provided, the Cash Settlement Amount will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If fewer than three quotations are provided, the Cash Settlement Amount will be determined by the Calculation Agent in good faith and using the Collateralized Cash Price methodology described in this Section 18.3(g).

(v) (A) For purposes of calculating the Cash Settlement Amount pursuant to subparagraph (i) above, if “Mutually Agreed Clearinghouse” is specified in the Confirmation, then, if either party so elects, by giving notice to the other party prior to the Cash Settlement Valuation Time on the Cash Settlement Valuation Date, the Settlement Rate used to determine the amounts payable under subparagraph (i)(A) above shall be increased, decreased, or unaltered, as applicable, by the Adjustment Amount.

(B) Notwithstanding any provision to the contrary in subparagraph (v)(A) above, if the relevant process for the determination of the Adjustment Amount is the process set out in Section 14.1(g)(B) above and if the Settlement Rate in respect of which the Adjustment Amount is being determined is itself required to be determined on the basis of quotes received by Cash Settlement Reference Banks pursuant to the provisions of Section 18.2(f)(iii), no separate quotations will be required to be provided by Cash Settlement Reference Banks in connection with the determination of the Adjustment Amount but the Cash Settlement Reference Banks shall instead be requested to factor into their quotations of the Settlement Rate the amount by which such Cash Settlement Reference Banks would adjust the relevant Settlement Rate determined pursuant to Section 18.2(f)(iii), if the Cash Settlement Valuation Date were the Trade Date of the Relevant Swap Transaction and such Relevant Swap Transaction were to be cleared through the relevant Mutually Agreed Clearinghouse.”

## **ARTICLE 19 ISDA SETTLEMENT MATRICES**

### **Section 19.1. Application of ISDA Settlement Matrices.**

(c) Section 19.1 is hereby amended by deleting the words,

“Unless otherwise specified in the related Confirmation, the ISDA Collateral Cash Price Matrix, as amended and supplemented through the Trade Date of the relevant Swap Transaction, will apply in respect of a Swaption to which Cleared Physical Settlement is applicable.”

and replacing them with the following:

“Unless otherwise specified in the related Confirmation, the ISDA Collateral Cash Price Matrix, as amended and supplemented through the Trade Date of the relevant Swap Transaction, will apply in respect of a Swaption to which Cleared Physical Settlement or Collateralized Cash Price is applicable or is specified or deemed to be specified in the Confirmation.”