

The 2002 ISDA Equity Derivatives Definitions (Versionable Edition)

The 2002 ISDA Equity Derivatives Definitions (Versionable Edition) is replacing the 2002 ISDA Equity Derivatives Definitions as the standard definitional booklet for over-the-counter equity derivatives transactions. The industry implementation date is set for October 26, 2026.

What's Changed?

Development of the 2002 ISDA Equity Derivatives Definitions (Versionable Edition) is an important initiative to update the industry standard documentation framework for equity derivatives, consolidate previous publications into one booklet and bring the equity derivatives market into the digital age. Available on ISDA's MyLibrary platform¹, a new consolidated version of the definitions will be published in digital form each time an update is made, avoiding the need to publish additional separate provisions – in turn, making the definitions easier to use and reducing the scope for operational mistakes.

Version 1.0 of the 2002 ISDA Equity Derivatives Definitions (Versionable Edition) was published on the ISDA MyLibrary platform in January 2024, enabling users to view the prevailing version of the definitions from that point, compare different versions and benefit from sophisticated navigation and search tools. Apart from the versioning capabilities, no other substantive changes were made to the definitions.

Version 2.0 was published in January 2025, incorporating provisions that can be used for documenting transactions with time-weighted average price or volume-weighted average price features, futures price valuation for share transactions and benchmark provisions for indices. More information is available on the ISDA website².

Why was an Update Needed?

The equity derivatives market has evolved significantly since publication of the 2002 ISDA Equity Derivatives Definitions. As a static definitions booklet, updates could only be made by publishing separate additional provisions, meaning parties not only had to incorporate the 2002 ISDA Equity Derivatives Definitions, but also had to amend or add to their documentation to apply the relevant supplemental provisions. This meant the terms applying to a particular transaction would typically be split across several documents, creating a fragmented documentation framework.

In response, ISDA's Equity Steering Committee identified three key objectives for an update:

- Produce templates for products with no ISDA standard documentation and standard provisions for concepts that are not currently part of the ISDA documentation framework.
- Streamline multiple versions of similar terms that have evolved over time as new products and market practices have been developed.
- Make it easier to implement new provisions and confirmation templates and improve the efficiency of ongoing maintenance of the equity derivatives documentation framework.

Why Should I Adopt?

Adopting the 2002 ISDA Equity Derivatives Definitions (Versionable Edition) will allow market participants to benefit from current and future enhancements while keeping implementation costs low.

Adoption is a one-off effort at the definitions level – transactions will automatically refer to the latest version of the definitions, ensuring they reflect the most up-to-date provisions at the date of the trade. This avoids the necessity for bilateral negotiation and implementation efforts each time new standardized provisions are developed. At the transaction level, parties may need to specify that new standardized provisions are applicable in a confirmation or relevant transaction supplement for them to apply to that transaction.

Adoption is achieved by updating the preamble in master confirmation agreements (via an ISDA protocol) and the preamble in long-form/standalone confirmation templates (performed by market participants) so that transaction confirmations refer to the 2002 ISDA Equity Derivatives Definitions (Versionable Edition).

Market participants will also need to update their confirmation template fields if they wish to apply any of the new provisions or pricing mechanics included in version 2.0 to their transactions. Additional confirmation template fields may be needed to apply new provisions in future versions of the definitions.

Electronic confirmation platforms are expected to allow transactions to be confirmed under the 2002 ISDA Equity Derivatives Definitions (Versionable Edition).

ISDA has published a document that sets out the benefits of adopting the 2002 ISDA Equity Derivatives Definitions (Versionable Edition) in more detail³, as well as a list of preparatory tasks⁴ that market participants may need to perform to adopt the definitions.

¹ <https://www.isda.org/isda-solutions-infohub/mylibrary/>

² www.isda.org/2025/01/21/isda-publishes-equity-definitions-ve-version-2-0/

³ www.isda.org/a/xvNgE/Benefits-of-adopting-the-Equity-Definitions-VE-011425.pdf

⁴ www.isda.org/a/lafgE/ISDA-Equity-Definitions-VE-Industry-Adoption-Playbook-050225.xlsx

ISDA Protocol

ISDA will publish a protocol that will provide market participants with an efficient method to update the preamble of master confirmation agreements with other adhering parties so they refer to the 2002 ISDA Equity Derivatives Definitions (Versionable Edition). The protocol will not amend existing transactions. The protocol will open for adherence on **October 27, 2025**, with an effective date of **October 26, 2026**.

More information on the protocol is available on the Equity Definitions VE InfoHub⁵.

Market participants should align the date they incorporate the 2002 ISDA Equity Derivatives Definitions (Versionable Edition) into their long-form/standalone equity derivatives confirmations with the protocol effective date to keep confirmation workflows (including electronic confirmations) aligned under the same definitional booklet.

When Will Version 3.0 Be Published?

Drafting for version 3.0 has not started and no publication timeline has been set. Timelines for future versions will be subject to member discussion, demand and prioritization. Participants at member firms who want to be involved in this initiative can join the ISDA Equity Definitions Legal Group⁶ (equity derivatives lawyers only) and the ISDA Equity Market Infrastructure Group⁷ (all ISDA members).

Early adherence to the protocol and adoption of the new definitions will allow market participants to be well prepared for subsequent versions of the 2002 ISDA Equity Derivatives Definitions (Versionable Edition). Further information can be found on the **Equity Definitions VE InfoHub**⁸ or contact isdaderivativeproductsandinfrastructure@isda.org.

5 www.isda.org/2025/03/05/equity-definitions-ve-infohub/

6 www.isda.org/committees?ccode=EDLG

7 www.isda.org/committees?ccode=EIG

8 www.isda.org/2025/03/05/equity-definitions-ve-infohub/

Disclaimer

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matters discussed. You should consult your legal advisors and any other advisor you deem appropriate in considering such issues. ISDA assumes no responsibility for any use to which any of these materials may be put.

About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 76 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 [LinkedIn](#) and [YouTube](#).