

ISDA 2021 Definitions

CME Implementation Plan

June 2021

ISDA 2021 Definitions: Background

The ISDA 2021 Definitions will be implemented as a replacement to the currently used ISDA 2006 Definitions for cleared OTC IRS. The new version consolidates the 70+ supplements added over the past 15 years into a single document.

The ISDA 2021 Definitions will introduce changes to the Floating Rate Option (FRO) labels for many of CME's cleared swap population, amending the official names found in the 2006 Definitions. This update includes eliminating the publication source and/or the administrator's name while making the FRO labels more consistent going forward.

While the official FRO labels will change, trades under the existing (2006 Definitions) and new (2021 Definitions) FRO labels will remain fungible under CME's Rulebook.

CME Implementation

- As shown on the following slide, CME plans to:
 - a) Support **both** the legacy (2006) and new (2021) FRO labels for all **new** swaps submitted to clearing
 - b) Trades submitted with the 2006 labels will retain that label on the cleared trade record
 - c) The existing population of swaps will continue to reference the 2006 FRO labels (**no impact**)
- CME plans to account for the new FRO labels within the CME Rulebook and update swap clearing eligibility accordingly. The entirety of CME's legacy and new cleared trades will incorporate the ISDA 2021 Definitions from adoption by CME, subject to regulatory review.

ISDA 2021 Definitions: CME Implementation

<p>New Trades (under legacy and new FRO labels)</p>	<ul style="list-style-type: none">• CME will support both the legacy (2006) and new (2021) FRO labels for all new swaps submitted to clearing<ul style="list-style-type: none">• Legacy FRO under 2006 Definitions• New FRO under 2021 Definitions• Upon clearing, CME will retain the FRO label on the swap<ul style="list-style-type: none">• e.g., GBP-LIBOR-BBA → GBP-LIBOR-BBA GBP-LIBOR → GBP-LIBOR• Clearing confirmed messaging and reporting to clearing members will reflect the same FRO label as provided on the incoming trade submission to CME
<p>Existing Trades* (under legacy FRO label)</p>	<ul style="list-style-type: none">• CME will retain the 2006 (legacy) FRO label on all existing trades; no impact to this trade population<ul style="list-style-type: none">• <i>Note: Existing population are those trades in a “cleared” status as of close of business Friday, October 1, 2021</i>• End-of-day reporting for this population will retain the 2006 (legacy) FRO label

* The ISDA 2021 Definitions will apply to all CME cleared trades from adoption by CME

ISDA 2021 Definitions: Detailed Impacts

	CME Support	Input Trade(s)	Output Trade(s)
New Trade Submission	CME accepts both legacy and new FRO labels on submission to clearing	ISDA 2006 (legacy)	ISDA 2006 (legacy)
		ISDA 2021 (new)	ISDA 2021 (new)
Transfers	Transferred trades will retain their current FRO labels	ISDA 2006 (legacy)	ISDA 2006 (legacy)
		ISDA 2021 (new)	ISDA 2021 (new)
Unilateral Compression	Compression logic will be updated to ensure trades under the 2006 and 2021 FRO labels are netting/blending eligible; trades will be treated as fungible	All ISDA 2006 (legacy)	ISDA 2006 (legacy)
		All ISDA 2021 (new)	ISDA 2021 (new)
		Mix of 2006 and 2021	Remnant(s) will reference the FRO label of the most recent trade in the compression group (2006 or 2021)
Multilateral Compression	<ul style="list-style-type: none"> <u>Residual Trades</u>: CME will honor the FRO label provided by the compression vendor, accepting both 2006 (legacy) and 2021 (new) FRO labels <u>Risk Replacement Trades</u>: CME will book under ISDA 2021 (new) FRO label if at least one trade in the multilateral compression results is under the 2021 label; ISDA 2006 (legacy) if not 		

ISDA 2021 Definitions: Detailed Impacts

	CME Support	Input Trade(s)	Output Trade(s)
FRA Conversion & Basis Swap Splitting*	All new trades booked as a result of this conversion/splitting process will remain under the <u>2006 FRO label</u>	ISDA 2006 (legacy)	ISDA 2006 (legacy)
Other IBOR Conversions (EONIA & LIBOR)	All new trades booked as a result of these conversion processes will reference the new <u>2021 FRO label</u>	ISDA 2006 (legacy)	ISDA 2021 (new)
		ISDA 2021 (new)	ISDA 2021 (new)
		Mix of 2006 and 2021	ISDA 2021 (new)
Daily Reporting	Reports will be enhanced to support the 2021 FRO labels. Key reports: <ul style="list-style-type: none"> • IRS Trade Register (IRSTR) • IRS Rate Reset (IRSRR) 	N/A	<ul style="list-style-type: none"> • IRS Trade Register will support both FRO labels (LEG1_INDEX and LEG2_INDEX columns) • IRS Rate Reset report to be enhanced to include ISDA 2021 FRO labels where applicable

** This conversion/splitting process occurs prior to the October 4th ISDA 2021 FRO implementation*

ISDA 2021 Definitions: FRO List

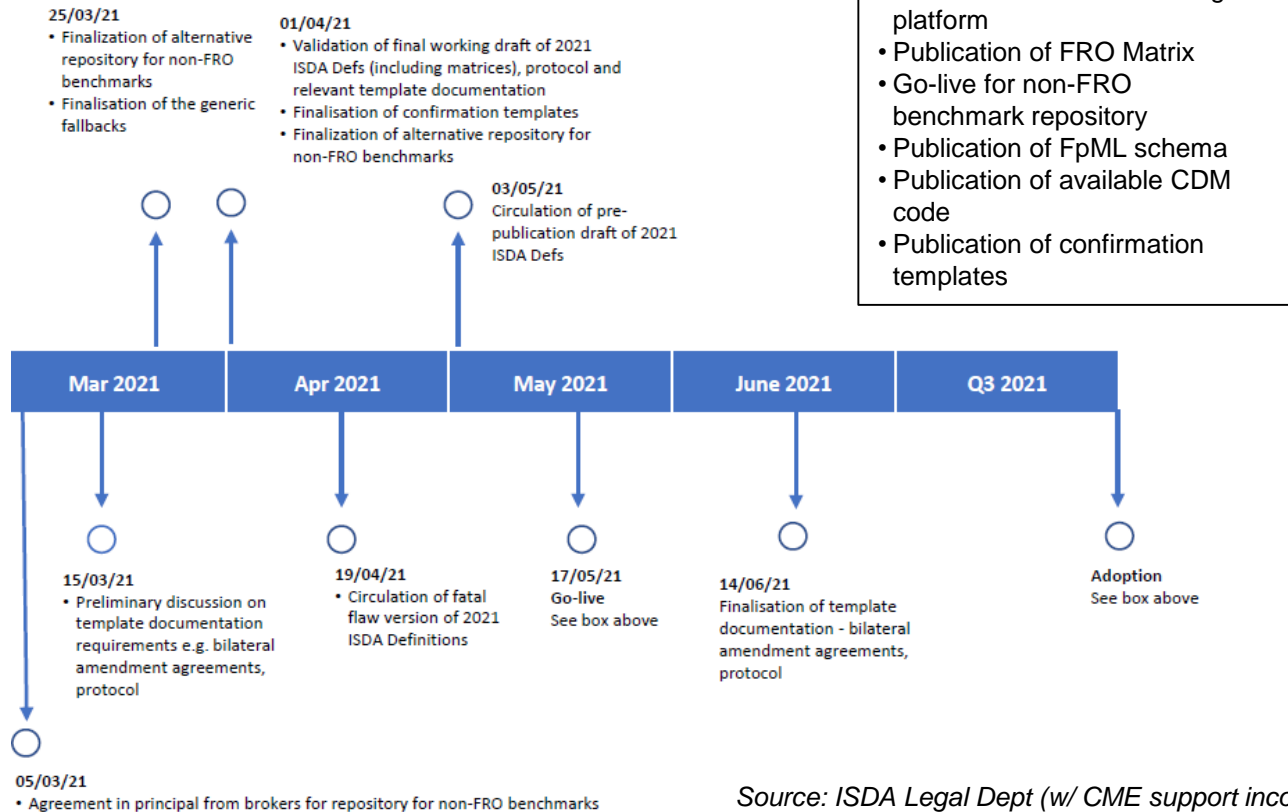
The below 2006 FRO labels have been replaced in the 2021 Definitions (excluding BRL):

2006 Label	CCY	Replaced-by 2021 Label
AUD-AONIA-OIS-COMPOUND	AUD	AUD-AONIA-OIS Compound
AUD-BBR-BBSW	AUD	AUD-BBSW
CAD-BA-CDOR	CAD	CAD-CDOR
CAD-CORRA-OIS-COMPOUND	CAD	CAD-CORRA-OIS Compound
CHF-LIBOR-BBA	CHF	CHF-LIBOR
CHF-SARON-OIS-COMPOUND*	CHF	CHF-SARON-OIS Compound
CNY-CNREPOFIX=CFXS-Reuters	CNY	CNY-CNREPOFIX
COP-IBR-OIS-COMPOUND	COP	COP-IBR-OIS Compound
CZK-PRIBOR-PRBO	CZK	CZK-PRIBOR
DKK-CIBOR-DKNA13	DKK	DKK-CIBOR
DKK-CIBOR2-DKNA13	DKK	DKK-CIBOR2
EUR-EONIA-OIS-COMPOUND	EUR	EUR-EONIA-OIS Compound
EUR-EURIBOR-Reuters	EUR	EUR-EURIBOR
EUR-EuroSTR-COMPOUND*	EUR	EUR-EuroSTR-OIS Compound
GBP-LIBOR-BBA	GBP	GBP-LIBOR
GBP-SONIA-COMPOUND	GBP	GBP-SONIA-OIS Compound
HKD-HIBOR-HKAB	HKD	HKD-HIBOR
HUF-BUBOR-Reuters	HUF	HUF-BUBOR
INR-FBIL-MIBOR-OIS-COMPOUND	INR	INR-MIBOR-OIS Compound

2006 Label	CCY	Replaced-by 2021 Label
JPY-LIBOR-BBA	JPY	JPY-LIBOR
JPY-TONA-OIS-COMPOUND	JPY	JPY-TONA-OIS Compound
KRW-CD-KSDA-Bloomberg	KRW	KRW-CD
MXN-TIIE-Banxico	MXN	MXN-TIIE
NOK-NIBOR-OIBOR	NOK	NOK-NIBOR
NZD-BBR-FRA	NZD	NZD-BBR FRA
PLN-WIBOR-WIBO	PLN	PLN-WIBOR
SEK-STIBOR-SIDE	SEK	SEK-STIBOR
SGD-SOR-VWAP	SGD	SGD-SOR VWAP
USD-Federal Funds-H.15	USD	USD-Federal Funds
USD-Federal Funds-H.15-OIS-COMPOUND	USD	USD-Federal Funds-OIS Compound
USD-LIBOR-BBA	USD	USD-LIBOR
USD-SOFR-COMPOUND	USD	USD-SOFR-OIS Compound
ZAR-JIBAR-SAFEX	ZAR	ZAR-JIBAR
CLP-TNA	CLP	CLP-ICP
BRL-CDI (no changes to this index)	BRL	n/a

* To be supported for clearing by CME prior to October 2021

ISDA 2021 Definitions: Timeline



Adoption:

- Adoption of 2021 ISDA Defs by the market including but not limited to dealers/ buyside/SEFs/MTFs/brokers/ middleware/CCPs
- Cessation of updates to the 2006 ISDA Definitions
- Protocol implementation
- **October 1, 2021 (COB):** CME supports 2021 FRO labels for all new cleared swaps, with CME Rulebook updated to reference the ISDA 2021 Definitions

Source: ISDA Legal Dept (w/ CME support incorporated)

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