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# **KDPW\_CCP implementation of 2021 ISDA Interest Rate Derivatives Definitions**

**Warsaw, September 2021**

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- **ISDA – the International Swaps and Derivatives Association – has finalised the 2021 ISDA Interest Rate Derivatives Definitions which are an update of the 2006 ISDA Definitions**
- **The 2006 ISDA Definitions will be replaced by the 2021 ISDA Interest Rate Derivatives Definitions as market standard**
- **New 2021 ISDA Definitions will consolidate over 75 supplements into 1 single document**
- **The 2006 Definitions will cease to be updated from the market adoption date of the 2021 Definitions (4th October 2021)**
- **New Floating Rate Option (FRO) labels will be introduced for transactions referencing the ISDA 2021 Definitions**

### 4<sup>th</sup> October 2021 – adoption date of the new definitions

- **KDPW\_CCP will start accepting trades for clearing that are submitted under the 2021 Definitions AND will continue to accept trades for clearing submitted under the 2006 Definitions**
- **No changes to KDPW\_CCP clearing rules (i.e. the contractual agreement with our members) required since they do not directly refer to specific ISDA Definitions**
- **Regardless of which ISDA Definitions set is the base for the trade and which agreement governs the original trade, after novation at KDPW\_CCP the trade becomes subject to KDPW\_CCP Rules of Transaction Clearing**

1. **COMMUNICATION WITH MEMBERS:** No changes to xml messages sent to KDPW\_CCP clearing members – after the receipt of a trade from MarkitWire, the trade gets mapped into KDPW\_CCP clearing system and the internal labelling conventions will remain the same; examples:

→ for PLN:

➤ trade under 2006 ISDA Definition:

MarkitWire label: PLN-WIBOR-WIBO → KDPW\_CCP internal label: PLN\_WIBOR

➤ trade under 2021 ISDA Definition:

MarkitWire label: PLN-WIBOR → KDPW\_CCP internal label: PLN\_WIBOR

→ for EUR:

➤ trade under 2006 ISDA Definition:

MarkitWire label: EUR-EURIBOR-Reuters → KDPW\_CCP internal label: EURIBOR

➤ trade under 2021 ISDA Definition:

MarkitWire label: EUR-EURIBOR → KDPW\_CCP internal label: EURIBOR

#### 1. COMPRESSION (netting):

The implementation of the 2021 ISDA Definitions will not affect compressions at KDPW\_CCP as such. Trades under the 2006 and 2021 ISDA Definitions are eligible for netting.

In the case of a partial netting, the remnant (new) trade refers to these ISDA Definitions which were referred to in the gross trade with the bigger notional.

#### 2. REPORTING:

No adjustments needed in the reports sent to the Trade Repository resulting from the implementation of the new Definitions.

## Contacts

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THANK YOU

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