

December 12, 2025

ISDA letter to equity derivatives counterparties, regarding the adoption of the 2002 ISDA Equity Derivatives Definitions (Versionable Edition)

You are receiving this letter as part of your counterparty's outreach in respect of an industry initiative to transition market participants trading in the equity derivatives market to the 2002 ISDA Equity Derivatives Definitions (Versionable Edition)¹ (the "**Equity Definitions VE**").

The Equity Definitions VE

Version 1.0 of the Equity Definitions VE was published in January 2024 as a digital form of the 2002 ISDA Equity Derivatives Definitions (the "**2002 Equity Definitions**") with no substantive changes from the 2002 Equity Definitions other than the ability to be updated over time within ISDA's [MyLibrary](#) platform. Version 2.0 of the Equity Definitions VE was published in January 2025 incorporating provisions that can be specified to be applicable to transactions with time-weighted average price or volume-weighted average price features, futures price valuation for share transactions and benchmark provisions for indices.

The Equity Definitions VE has the ability to be republished as a new version each time updates are agreed with market participants, and the latest version as of the trade date will be incorporated into an equity derivatives transaction with new provisions to apply to a transaction *if specified as applicable in the related confirmation*. In contrast, the 2002 Equity Definitions was designed to be a static document and any changes to it could only be made via additional provisions or supplements that the parties had to bilaterally agree to include in their documentation.

The Equity Definitions VE provides the pathway to continued development of provisions for equity derivatives transactions and facilitates quick reactions to market or regulatory events that require new provisions. Such provisions can be easily adopted by market participants in an efficient and timely manner by specifying relevant new provisions as applicable in their equity derivatives transaction confirmations. As the 2002 Equity Definitions and the Equity Definitions VE are two distinct definitional booklets, updates made to the Equity Definitions VE will not apply to the 2002 Equity Definitions.

The equity derivatives industry is preparing to reference the Equity Definitions VE in transaction documentation from October 2026.

To facilitate this transition, ISDA has published the ISDA 2025 – 2002 Equity Definitions (Versionable Edition) Protocol (the "**Equity Definitions VE Protocol**"). ISDA has also

¹ Visit the Equity Definitions VE InfoHub for more information: <https://www.isda.org/2025/03/05/equity-definitions-ve-infohub/>

published a form of amendment agreement, both of which can be used by parties to amend equity derivatives master confirmation agreements to reference the Equity Definitions VE².

Features of the Equity Definitions VE Protocol

Over the years ISDA has published many protocols which have successfully facilitated industry-wide amendment to ISDA documentation. The benefit of using an ISDA protocol to effect amendments is that it eliminates costly and time-consuming bilateral negotiations and allows the market to transition in a synchronized manner. The Equity Definitions VE Protocol allows adherents to transition equity derivatives transactions under existing equity derivatives master confirmation agreements to the Equity Definitions VE by updating references of the 2002 Equity Definitions in those equity master confirmation agreements to the Equity Definitions VE and only amends equity derivative transactions with a trade date on or after October 26, 2026 (or, if later, the date the protocol becomes effective between the parties). The Equity Definitions VE Protocol will not amend any legacy trades executed before such time.

Reasons to adhere to the Equity Definitions VE Protocol before the October 2026 go-live date

Adhering to the Equity Definitions VE Protocol is the most efficient way for parties to update their equity derivatives master confirmation agreements so that new trades incorporate the Equity Definitions VE. For parties that adhere to the Equity Definitions VE Protocol, all in-scope documentation will be updated on one date.

Adhering to the Equity Definitions VE Protocol by October 2026, means that parties will be in the best position to adopt any new provisions to their equity derivative transactions, *if specified as applicable in the related confirmation*, as each new version is published. In contrast, under the current framework, multiple extensive bilateral negotiation and implementation efforts are required each time an update is needed.

ISDA launched the Equity Definitions VE Protocol for general adherence on **Monday October 27th, 2025**, ahead of a Protocol Effective Date, scheduled for **Monday October 26th, 2026**. This one-year period will provide time for adherents to perform any internal process and systems updates (including paper and electronic confirmation updates) and allow a greater number of adhering parties to synchronize their alignment with the Equity Definitions VE on the same date.

Institutions who adhere to the Equity Definitions VE Protocol on behalf of some of its clients or on behalf of all clients except for identified excluded clients will need to disclose such client list on the Agency Adherence Module provided by S&P Global.

² [ISDA 2025 – 2002 ISDA Equity Derivatives Definitions \(Versionable Edition\) Protocol – Form of Amendment – International Swaps and Derivatives Association](#)

The Equity Definitions VE Protocol text, the protocol FAQs and information on how to adhere to the protocol are available on the ISDA Equity Definitions VE Protocol website³.

Implementing the Equity Definitions VE in October 2026 limits the impact on existing documentation and keeps implementation costs low. While the transition to incorporate the Equity Definitions VE for equity derivative transactions may require resources for some institutions, it will be a one-time effort.

The creation of this new digital definitional booklet was driven by industry desire for gradual long-term improvements to the equity derivatives documentation framework. We believe that adopting the Equity Definitions VE from October 2026 provides market participants with a low complexity implementation solution that can set the industry up for future developments.

ISDA would welcome the opportunity to discuss these topics with you. If you have any questions about the Equity Definitions VE Protocol or the Equity Definitions VE, please do not hesitate to contact ISDA.

ISDA Contacts:

Michelangelo de Marzio (mdemarzio@isda.org)

Monica Chiu (mchiu@isda.org)

³ [ISDA 2025 – 2002 ISDA Equity Derivatives Definitions \(Versionable Edition\) Protocol – International Swaps and Derivatives Association](#)