

## Corporate & Financial Weekly Digest

July 15, 2011 by [Guy C. Dempsey, Jr.](#)

### **ISDA Publishes Long-Awaited Equity Derivatives Definitions**

On July 8, the International Swaps and Derivatives Association (ISDA) published its 2011 Equity Derivatives Definitions. The 2011 Definitions were developed with significant non-dealer participation, and they allow for a great deal of flexibility in the way parties allocate risks and burdens in their over-the-counter equity derivative transactions. The 2011 Definitions consist of a main book of definitions that revises and expands the 2002 Equity Derivatives Definitions and an appendix that contains tables setting out possible elections, consequences and fallbacks for different types of trades. Although parties are now free to incorporate the 2011 Definitions into their trades, it is expected that the 2011 Definitions will be introduced incrementally via the adoption by ISDA of standard matrices of terms from the definitions for different types of transactions; the ISDA working group is expected to introduce by August 31 transaction matrices for U.S. and EU Index Variance Swaps. The publication of the 2011 Definitions will not, without further action by the parties, affect existing confirmations and other documents that incorporate either the 1996 or the 2002 versions of the ISDA Equity Derivatives Definitions.

Further information, and copies of the 2011 Definitions, are available on the ISDA website [here](#).

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