

76. Updated July 24, 2024 <sup>1</sup>

**Recommended FX and Currency Derivatives Market Practice for Semi-Continuous Barrier and Binary Options in Certain Non-Deliverable Currency / U.S. Dollar Currency Pairs**

Increased transacting in semi-continuous barrier and binary options for emerging market currencies against the U.S. Dollar has prompted an industry effort to clarify and increase standardization of market practices (including with respect to their documentation) with respect to this product.

Existing documentation and market practices applicable to this product include: the February 17, 2000 Barrier Options: New Best Practices (“the 2000 New Best Practices”) published by the FXC, the 2005 the Barrier Option Supplement to the 1998 FX and Currency Option Definitions (the “Barrier Option Supplement”) (amended 2006) published by EMTA and ISDA, the November 6, 2012 update to EMTA Recommended FX and Derivatives Market Practice No. 45 and the June 6, 2013 update to EMTA Recommended FX and Currency Derivatives Market Practice No. 66, addressing practices in the BRL and RUB options markets, respectively.

In addition to the foregoing documentation and market practice recommendations, unless otherwise agreed, it is recommended that, for semi-continuous barrier and binary options in those certain non-deliverable currency / U.S. Dollar Currency Pairs addressed herein:

- a. Notwithstanding the provisions of the 2000 New Best Practices, observation hours for monitoring the barrier level for such options will be the market hours of the Financial Center for the emerging market currency of the Currency Pair, provided however, that for certain specifically identified currencies, the observation hours may be the market-agreed standard as set out in a separately published EMTA FX and Currency Derivatives Market Practice;
- b. Notwithstanding the provisions of the Barrier Option Supplement, monitoring values for such option transactions shall be with reference to the current prevailing spot rate in the onshore spot market of the Financial Center for the emerging market currency of the Currency Pair, provided however, that for certain specifically identified Currency Pairs, monitoring values may refer to a market-agreed standard as set out below, or in a separately published EMTA Recommended FX and Currency Derivatives Market Practice;

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- c. Notwithstanding the provisions of the Barrier Option Supplement, transactions used to determine breach of a barrier or binary option mean only those transactions that take place in the onshore spot market during the time when the onshore spot market is open (as defined by its open and closing times); and
- d. Unless otherwise provided, on the Expiration Date for any such option, the Barrier Event End Time shall be the earliest to occur of the determination time of the Spot Rate for the Settlement Rate Option and the publication time of the Spot Rate for the Settlement Rate Option.

To further implement paragraphs a, b, c and d above, parties may wish to include the following additional provision into their confirmations:

*“The parties agree that the term “Spot Market” as defined in Section 3.9(p) of the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions shall be replaced in its entirety by the term “Onshore Spot Market” which shall be agreed to mean the spot foreign exchange market in the Financial Center for the emerging market currency of the relevant Currency Pair open during its official market hours on each Business Day in such Financial Center.”*

The Addendum hereto summarizes the recommendations contained herein, and also includes those set forth in certain previously issued EMTA Recommended FX and Currency Derivatives Market Practices. The Addendum forms an integral part of, is subject to this Market Practice, and may be amended from time to time ONLY as part of any amendment to this Market Practice.

**This Market Practice is a recommendation only, intended to promote and enhance market efficiency, and is not binding on any EMTA Member. Notwithstanding this Market Practice, EMTA Members and other market participants are free to agree on other terms and provisions with their counterparties as they deem appropriate and suitable for their transactions.**

Defined terms used herein have the meanings set forth in the 1998 FX and Currency Option Definitions (including Annex A thereto and the Barrier Option Supplement) published by ISDA, EMTA and the FXC, as amended or supplemented from time to time.

For more information on this Market Practice, please email Leslie Payton Jacobs ([lpjacobs@emta.org](mailto:lpjacobs@emta.org)).

**Addendum to  
EMTA FX and Currency Derivatives Recommended Market Practice No. 76**

Summary of Recommended Market Practices for  
Semi-Continuous Barrier and Binary Options for Certain  
Non-Deliverable Currency / U.S. Dollar Currency Pairs  
(Addendum being subject, in all respects, to  
Market Practices No. 45, No. 66 and this No. 76)

<b>Currency Pair</b>	<b>Financial Center</b>	<b>Market Hours and Observation Hours</b>	<b>Monitoring Values</b>
BRL/USD	See EMTA MP No. 45	See EMTA MP No. 45	See EMTA MP No. 45
CLP/USD	Santiago	8:30-13:30 (Santiago time)	Onshore Spot Market
IDR/USD	Jakarta	8:00-16:00 (Jakarta time)	Onshore Spot Market
INR/USD	Mumbai	9:00-17:00 (Mumbai time)	Onshore Spot Market
KRW/USD	Seoul	9:00-2:00 the next day (Seoul time)	Onshore Spot Market
MYR/USD	Kuala Lumpur	8:00-18:00 in Kuala Lumpur	Onshore Spot Market
PHP/USD	Manila	9:00-12:00 and 14:00-16:00 (Manila time)	Onshore Spot Market
RUB/USD	See EMTA MP No. 66	See EMTA MP No. 66	See EMTA MP No. 66
TWD/USD	Taipei	9:00-12:00 and 14:00-16:00 (Taipei time)	Onshore Spot Market

Practitioner's Notes:

- Because the following Currency Pairs do not commonly trade as barrier or binary options, they are not addressed in the table above: ARS/USD, COP/USD, EGP/USD, GHS/USD, KES/USD, KZT/USD, NGN/USD, PEN/USD, UAH/USD and ZMW/USD.
- For the avoidance of doubt, CNY/USD barrier and binary options are commonly traded as "discrete" (i.e., not semi-continuous) with a Barrier Event Rate Source of CNYSAEC (9:15 am, Beijing time).

Some market practitioners have indicated that they observe spot for KRW/USD barriers on Thomson Reuters Screen KFTC12 Page (Hi/Lo) and for PHP/USD barriers on Thomson Reuters Screen PDSPEO Page.