From Exposure to Claim:

The Formation of Frontier Financial Markets and ISDA

Lauris Z.
laurisz.com | Formation Markets

Abstract

An institution may have capital and a reason to trade yet lack a financial claim it can use. This paper calls the requirements for obtaining, supplying or holding a particular claim the access threshold. Three cases examine how parties can change an arrangement to meet those requirements: compute rental protection, a claim on company sales and protection for GPU financing. ISDA's common terms reduce repeated work, while the parties negotiate references, decision rights, holding forms and funding that determine their obligations and ability to participate. Drawing on Coase, the paper argues that the cost of investigating these alternatives helps determine which claims become available, since institutions incur it before knowing whether they will agree. By reducing the work of preparing and assessing revised offers across institutions, software agents could make further negotiations worthwhile, allowing participants to begin with an economic objective and develop the claim through successive exchanges. Other institutions could then reuse accepted definitions and provisions to arrange further products, expanding the range of financial activity they can undertake.

1. Introduction

CoreWeave's USD 2.6 billion GPU financing runs for approximately five years, against customer contracts averaging about three.[1] The business must renew those contracts or find new customers before the loan matures, and its agreement can require an early repayment if the replacement contracts fail the loan's tests.[2] A rental-price hedge can pay as agreed while the operator still lacks customer commitments that satisfy those tests.

A useful claim has to fit the business's exposure and the terms on which other institutions will participate, so the parties may have to change the promised payment, arrange a funded investment or seek lender agreement before they can trade. The product takes shape through negotiation, including negotiation with institutions that will not be parties to the same contract.

Coase's account of transaction costs explains why this work affects which exchanges take place.[3] For unfamiliar risks, the parties must investigate the exposure, find counterparties and agree how the contract will operate, incurring costs before they know whether the investigation will produce acceptable terms. Common forms reduce some of that expense by giving institutions shared wording and procedures they can use while negotiating the choices specific to their trade.

Aquinas asked whether two angels could occupy the same place.[4] ISDA lawyers ask whether two hundred trades can become one obligation at default.

Medieval canon law grew through shared texts, trained interpreters and later amendments.[5] Wholesale derivatives acquired a comparable apparatus: Definitions supply a common vocabulary, Schedules and Confirmations adapt it, protocols amend participating agreements, and netting opinions explain enforceability under stated assumptions. Close-out performs a small legal transubstantiation: hundreds of gross obligations can become a net balance under the governing agreement and insolvency law.[6] This paper calls such rules *Drafted Nomos*: deliberately drafted terms that develop through adoption, interpretation and amendment.

The three cases examine what parties can reuse under ISDA and what they must still arrange, beginning with compute rental protection, where agreement on the reference, replacement powers and collateral determines the hedge the buyer obtains. The sales case considers how a dealer can use funded securities to bring investors into a trade on a public reporting figure, and CoreWeave's financing shows why protection must also work with customer commitments and the loan. In each case, the access threshold depends on the proposed claim and the institutions being asked to enter it.

Software agents could conduct these negotiations for separate institutions, each working with its own exposures, book and funding constraints. Reducing the work of preparing and assessing successive offers could make further negotiations worthwhile, with the claim changing in response to each institution's terms. If other institutions adopt the resulting definitions and provisions, later trades require less repeated work, raising the economic question of which claims participants then find worth creating and using.

2. Claims and common terms

2.1 Payment and evidence

A state of the world is an event or condition. A payoff maps a defined input to an amount, and a price records what someone will pay for the claim. The contract identifies who owes payment, the conditions for payment and the evidence used to calculate it.

A contract on reported comparable sales adopts the company's rules for which restaurants and periods to compare, so the parties must decide how corrections and changes in reporting affect payment. A rental index likewise reflects choices about which transactions to include and how to combine them,[7] and even a well-measured index can track the buyer's exposure poorly.[8]

As Verstein explains, appointing someone to decide an issue the parties cannot settle in advance can be valuable when seeking a new agreement or court ruling would be costly or slow.[9] The appointment must specify what that person can decide, since checking arithmetic from published data, estimating an unpublished quantity and choosing a new reference require different powers.

2.2 Liability and funding

The same contingent payment can be promised under a bilateral swap or a security issued by a vehicle, with each arrangement specifying who owes the money and which assets support payment. An investor permitted to hold the underlying risk may be able to buy a funded security even when its mandate excludes bilateral derivatives.

A dealer's quote reflects its hedges, collateral, funding and the risk it retains.[10] Because an offsetting contract can reduce that risk while leaving the dealer responsible for paying its customer, the buyer cares about the dealer's credit and the collateral supporting its promise, as well as the payoff.

2.3 The access threshold

The **access threshold** is the set of requirements a participant must meet to obtain, supply or hold a particular claim. It includes permission to take the risk, evidence on which to assess it, a willing counterparty, funding and the ability to administer the contract. Meeting these requirements involves the work of discovering prices, negotiating, inspecting and enforcing agreements described by Coase.[3]

The threshold depends on both the participant and the proposed claim. An established ISDA relationship may let a firm trade familiar risks while leaving it without a dealer willing to quote its operating exposure. For an investor with capital available, the obstacle may be a mandate requiring

a funded security; for the dealer, it may be the evidence or offsetting position needed to offer an acceptable price. A larger transaction can justify more preparation, but size alone does not resolve those differences.

Reusing work can make some requirements cheaper to meet, while others call for a change in the transaction. A common definition can reduce repeated investigation, a different holding form can bring in a permitted investor, and a negotiated lender consent can make protection usable within a financing. The parties may also conclude that the reference fits the exposure too poorly or that the price is unacceptable.

A dealer may offer a lower price for a broader replacement power, or an investor may require a cap before committing funds. Accepting those terms changes the protection obtained and the risk each party retains, so the cheapest contract to arrange need not provide the protection the buyer needs.

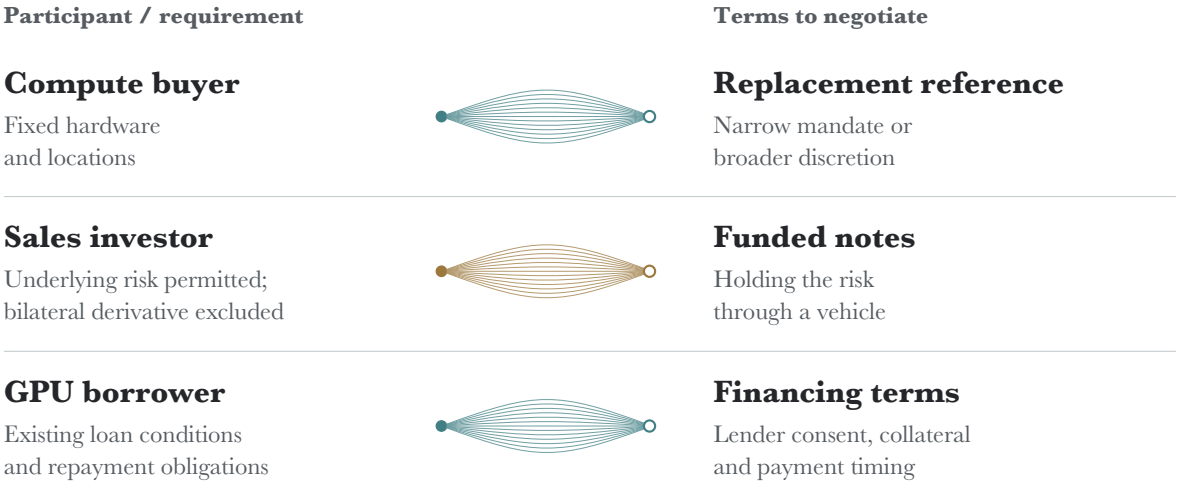


Figure 1. Access depends on the arrangement. The three cases connect a participant's requirements to the terms that matter for its participation. Changing those terms can alter access without increasing capital or appetite for risk.

2.4 What ISDA standardisation makes possible

The ISDA framework separates terms for a continuing relationship from those of an individual trade. The Master Agreement supplies common payment, default and termination provisions, the Schedule records the parties' elections and changes, and Confirmations specify the transactions. Together they form a single agreement between the two parties,[6] allowing the participants to settle much of their relationship once and use it for subsequent trades.

ISDA's operational guidance addresses the further agreements and operating capacity needed for collateral, including onboarding, credit-support documentation, valuation, margin calls and collateral eligibility.[11] A business entering an unfamiliar swap may need to fund collateral calls and resolve valuation differences while continuing to finance its operations. These obligations affect whether it can use the hedge, as well as what the dealer is willing to charge.

An existing relationship can make the next trade easier to arrange, whereas a new participant must establish the relationship, obtain credit approval and agree terms it can operate. For a new reference, even experienced counterparties must decide what is being measured, how to value the obligation and what happens when the source changes. Standard documents make those decisions easier to record and compare, but reaching agreement on them remains a commercial task.

Research on security design examines how issuance and information costs affect the instruments firms offer,[12] with Gale relating standardisation to the cost of learning about unfamiliar securities.[13] Common terms make claims easier to compare, and their adoption establishes expectations about how transactions will operate.[14]

Hayek distinguished Nomos, rules of conduct developed through practice, from Thesis, rules deliberately made for organised purposes.[15] Hasnas argues that Hayek conflates customary law with modern common law, which judges deliberately develop.[16] The Master Agreement is deliberately drafted, but its wider use depends on adoption by separate institutions and subsequent interpretation and amendment, a combination of drafting and use described here as *Drafted Nomos*.

Ariyo's study traces bespoke terms to negotiations among dealer departments with different priorities.[17] Courts interpret shared wording, and later drafts respond to disputes and operating experience.[18,19] Once a form is embedded in legal opinions, calculations and collateral systems, replacing it requires further work, creating switching costs that can help the institutions controlling an established form retain terms favourable to themselves.[20,21]

3. Compute prices and rental protection

GPU rentals differ by hardware, location, duration and service, so an index selects price observations and adjusts for some of those differences to produce a comparable measure. A contract settling on the index uses that measure to determine payment.

Compute Desk's published indexes target US one-year reserved rentals, blending completed transactions with neocloud list prices after adjusting for the reference hardware and term.[22] Ornn's OCPI measures prices paid on active on-demand rentals across its contributor network, with reserved and forward contracts sitting outside OCPI and informing a separate forward curve.[23] Both quote a price per GPU-hour, but they measure different rental commitments.

ICE announced GPU futures linked to Ornn's OCPI in May 2026.[24] Architect's July announcement proposes Compute Desk-backed products for its American Innovation Exchange, subject to regulatory review. Its ComputeConnect partnership with Compute Desk would let holders exchange futures positions for physical capacity, adjusting for differences in hardware and location.[25]

3.1 The rental hedge

Consider an AI developer expecting to rent 10,000,000 H100 GPU-hours per month, using a hypothetical one-year swap that pays fixed and receives floating monthly:

$$\text{Net Amount}_m = Q \times (R_m - K)$$

Q is the quantity, K the fixed price per GPU-hour and R_m the monthly rental reference. A positive amount is payable by the dealer; a negative amount by the developer. The developer continues buying capacity from providers and bears the difference between its actual bill and the indexed cost.[26]

The swap initially uses Silicon Data's SDH100RT neo-cloud H100 series, so in a month averaging USD 2.70, with $Q = 10{,}000{,}000$ and $K = 2.40$, the dealer pays USD 3,000,000. The scheduled fixed leg is USD 24 million per month, or USD 288 million over the year, with monthly payments netted.

The developer and dealer can document this obligation under an ISDA Master Agreement, with the rental series, quantity, averaging method and payment dates specified in the Confirmation. ISDA's 2005 Commodity Definitions provide an established approach to commodity references and disruption fallbacks that parties incorporate into individual transactions.[27] Applying that approach

to GPU rental prices still requires them to agree which terms fit the selected series, since the choice between reserved and on-demand prices changes how closely the swap tracks the developer's purchases.

Silicon Data's December 2025 announcement records changes to methodology and provider coverage, with historical restatement,[28] illustrating why the swap needs terms governing what happens if its reference changes or disappears. Under a narrow replacement mandate, a successor must preserve or reconstruct the agreed hardware, geography and observation type, and the dealer can propose one subject to challenge and independent review. Changing the exposure under this mandate requires both parties' agreement, whereas a broader mandate can allow revised weights or an expanded regional series.

3.2 Choosing replacement powers

The developer can assess these mandates before agreeing the swap by comparing its rental expense after a reference failure. Assume the narrow mandate leads to valid termination before the final rental month, with an agreed USD 6,000,000 close-out receipt, although the developer still needs 10,000,000 GPU-hours. In two equally likely states, actual rent is USD 2 or USD 4 per GPU-hour. With the USD 2.40 fixed price retained under both broader mandates, replacement A produces the same rates as actual rent, while replacement B produces USD 3.50 and USD 2.50 because its regional population moves differently.

All three arrangements have expected net receipts of USD 6,000,000; their market values are left unspecified. The illustration assumes prompt payment, no discounting, funding, margin, fees or default, and no replacement hedge after exit.

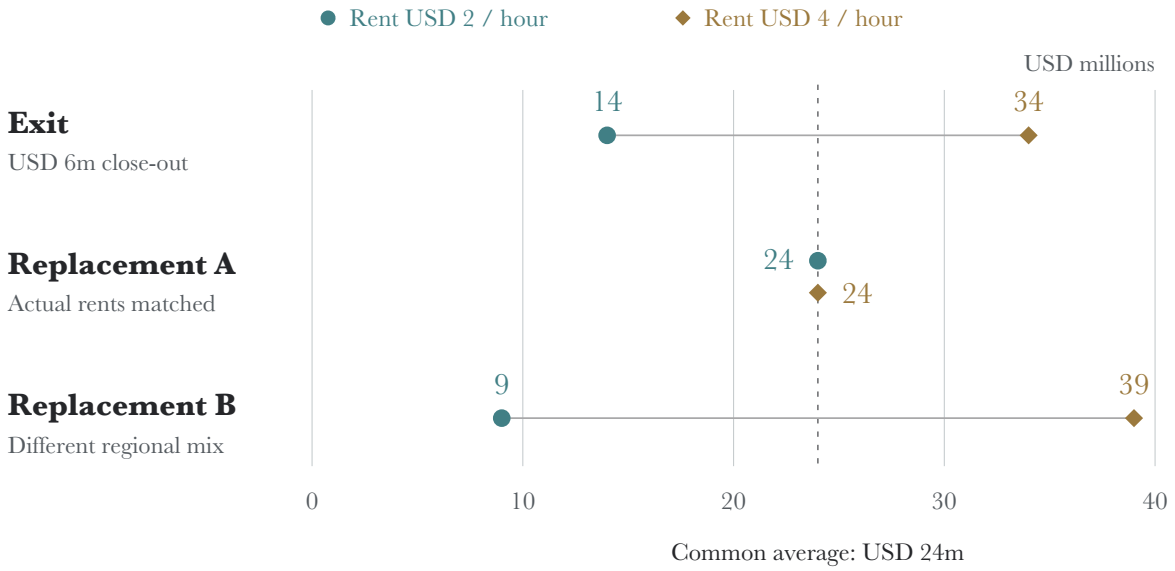


Figure 2. Equal expected receipts, different protection. For 10 million GPU-hours, the USD 2 and USD 4 rental states imply expenditures of USD 20 million and USD 40 million. The states are equally likely conditional on reference failure. All three arrangements have expected net receipts of USD 6 million and average expense of USD 24 million; market values are unspecified.

Replacement A holds the developer's expense at USD 24,000,000, whereas replacement B leaves it needing more cash than exit when rent is high, despite paying more when rent is low. The three arrangements have the same average expense and very different consequences for the developer's cash needs.

For a purchaser tied to particular hardware and locations, restricting replacement prevents a change in reference it has not accepted, but can also end protection when another hedge is unavailable. A developer able to shift purchases may prefer a broader reference. In either case, payments that rise with rental costs can preserve funds for investment when external finance is expensive.[29]

Delegation can save work when the appointee can obtain and assess information more cheaply,[30] although a dealer making that decision also has its own hedge and funding position to consider. The choice of replacement powers therefore affects both the cost of maintaining the contract and the protection it provides. If the swap ends, the parties must value the remaining obligation while the developer continues to incur rental costs.

3.3 Agreeing the reference and collateral

ISDA's commodity documentation gives the parties a vocabulary for missing prices, changed references and alternative determinations.[27] The developer and dealer still have to decide how each fallback would affect protection for the developer's purchases, since a fallback suitable for a broad commodity exposure may be unacceptable to a buyer committed to one type of hardware in particular locations.

The developer needs enough information to assess both the original reference and a proposed successor, and the dealer needs information on which to value the payment and manage its own position. A published index can support the scheduled calculation while leaving either party with too little evidence to evaluate a change in provider coverage, so they must agree what records can be obtained, who can use them and what decision is possible from that evidence. Wider discretion may keep the contract running, but the matched comparison shows why the developer may pay to retain control over that choice.

Agreeing to exchange variation margin adds a separate cash requirement, for which the parties need both a method of valuing the remaining swap and assets available to meet calls. ISDA's collateral practices cover the operational process, leaving the parties to value this particular obligation.[11] Lower expected rental prices do not ensure that the developer has cash available for a margin call, so it must assess the combined cost of renting capacity and maintaining the hedge over its life.

An institution already trading under ISDA may meet the documentation and credit requirements yet remain unable to agree on the rental evidence, replacement powers or valuation. Buyers with different procurement commitments may accept different provisions, so common terms would need to preserve the choices that matter to them.

4. A claim on company sales

4.1 A public result and private exposures

A large franchise operator expects a weak sales quarter while continuing to pay rent, wages and refurbishment bills, and wants protection against part of the revenue decline while retaining its restaurants. An equity put on the franchisor would pay according to the share price, which also reflects financing, valuation and expectations beyond the quarter, whereas a contract on reported comparable sales ties payment to sales performance.

McDonald's publishes global and US comparable-sales growth, covering both company-operated and franchised restaurants.[31] Consider a hypothetical contract on the global quarterly figure, with USD 500 million reference notional, paying USD 5 million for each percentage point below 1% growth, capped at USD 20 million:

$$\text{Payout}_q = 5{,}000{,}000 \times \min\left(4,\ \max(0,\ 1 - g_q)\right)$$

Here g_q is reported growth in percentage points. The payout is zero at 1% or above, USD 5 million at zero growth and USD 20 million at −3% or below. The notional scales the payoff, and the operator pays an agreed premium.

Local competition, closures and regional spending can hurt the operator's restaurants while the global result remains positive, so the operator uses its private accounts to assess how much of its sales risk the public measure covers. Dealers and investors can then price the defined payment without valuing the operator's entire business.

An investor seeking exposure to the sales result could initiate the trade by specifying a loss limit and required premium, giving a dealer terms on which to seek buyers with corresponding protection needs. The public measure gives operators, lenders and investors a common reference despite their different private exposures.

Within an ISDA relationship between the operator and dealer, the Confirmation must turn the company's reporting convention into a payment rule, specifying which quarterly result counts, how a correction affects it and what happens if the company changes the measure. Payment after publication may arrive after the operator's wages or refurbishment bills are due, so borrowing or cash reserves must cover that interval.

McDonald's supplies information but owes no payment under this hypothetical swap, which gives the operator a claim against the dealer for payment determined by the reported result. Participants can use the public measure while keeping their own sales records, credit exposures and investment assessments private.

4.2 Bringing investors into the trade

To fund the protection, a vehicle could issue notes and use USD 20 million of subscriptions as collateral for protection sold to the dealer. Investors would earn premium and collateral income, while payouts on the sales contract would reduce the principal available for repayment. Investors permitted to hold this risk through funded securities could participate by buying the notes, and making the notes transferable would let them sell their positions without ending the operator's hedge.

Although the dealer remains responsible for paying the operator, funding part of its obligation through the vehicle can change the size and price it is willing to quote.

Bringing in the vehicle creates a second derivative relationship, between the dealer and vehicle, while investors hold notes specifying their rights to income and repayment. Both derivative relationships can use ISDA terms, but using the same form does not combine obligations between different parties.[6] The note terms, collateral arrangements and dealer–vehicle contract must be designed to support the client protection the dealer has promised.

The operator needs payment after a weak sales quarter, and investors need to know their maximum loss, the assets supporting the notes and the conditions for repayment or sale. The dealer must assess any difference between what it owes the operator and what it can obtain from the vehicle, because mismatched correction rules or payment dates can leave it exposed even when the headline sales formula matches.

ISDA supplies common terms for the two derivative relationships, while the funded investment requires a vehicle and separate terms. A funded security can bring in an investor whose mandate excludes bilateral derivatives, provided that investor is permitted to take the underlying risk. The dealer has to compare the expense of establishing the vehicle and agreeing its terms with the additional capacity and terms the investor supplies.

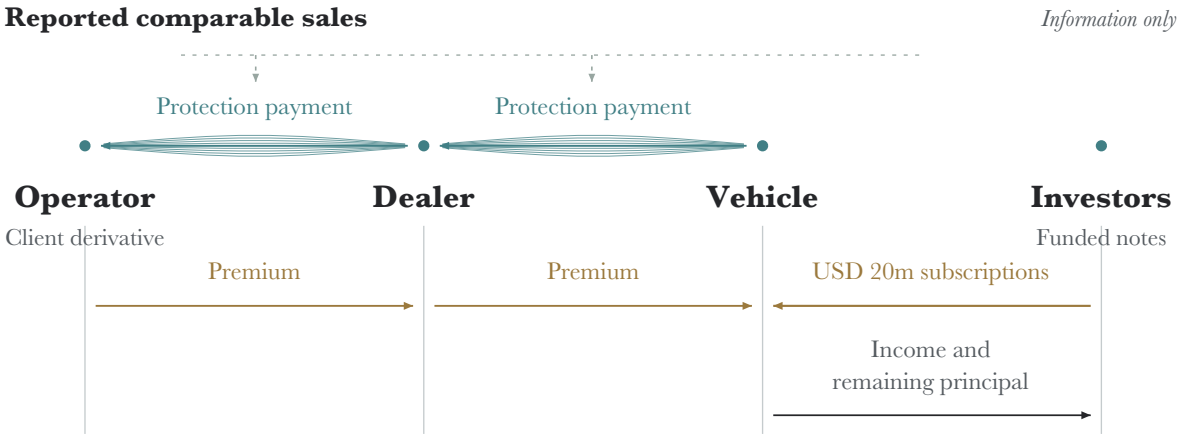


Figure 3. How funded investors support the sales claim. Investors' subscriptions collateralise protection sold by the vehicle to the dealer, while sales payouts reduce the principal available to noteholders. The operator–dealer and dealer–vehicle derivatives remain separate, and the dealer remains liable to the operator. McDonald's supplies the reported result and owes no payment under the swap.

5. GPU rental contracts and debt repayment

5.1 Rental commitments and repayment

An operator financing GPUs relies on rental income to service its debt, but its customers may commit for less than the term of the loan. CoreWeave's August 2026 DDTL 5.5 facility provides USD 2.6 billion of financing over approximately five years, against customer contracts averaging about three.[1] When those contracts expire, the new rental commitments determine how much debt the business can continue to support.

The filed agreement requires eligible renewals or replacement contracts meeting projected debt-service coverage of at least 1.35 and a projected contract-value ratio of at least 2.40. If the renewal requirements are not met, the borrower must make the required early repayment within five business days after the applicable renewal deadline.[2]

Lower rents or a shortage of customers willing to commit for the required term can trigger a repayment, even when a rental-price hedge performs as agreed. Its proceeds can help meet the resulting cash demand, but they do not themselves supply customer commitments that satisfy the loan's tests, and even profitable rentals may support less debt than the agreement requires at renewal.

Compute Desk's reserved-rental measure may track renewal pricing more closely than Ornn's on-demand OCPI, although Ornn also publishes reserved quotes separately from OCPI.[22,23] Futures covering later rental periods could fix part of the price exposure, and puts could pay on declines below a chosen level while leaving the operator the benefit of stronger rents.

The loan also limits which swaps the borrower may enter, with Section 6.03 permitting specified interest-rate hedges and Permitted Commodity Agreements. The latter include ordinary-course energy or capacity transactions for actual or reasonably expected exposures, on reasonable terms with specified counterparties, or other Commodity Agreements approved in writing by the Required Lenders.[2] A proposed repayment-linked contract would have to be assessed against those permissions, so finding a willing protection seller is one part of arranging a transaction the borrower can use.

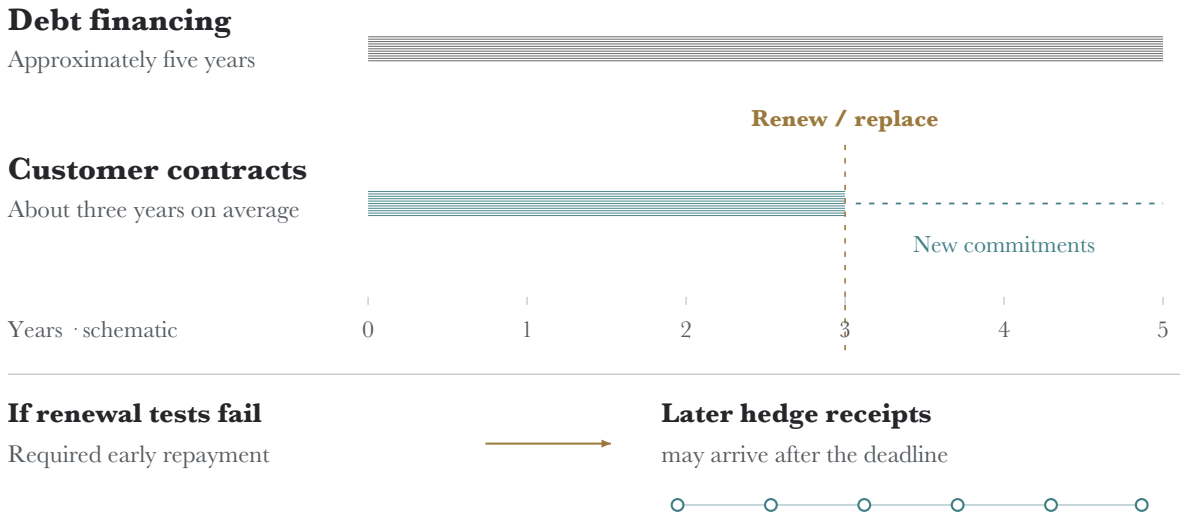


Figure 4. Rental commitments and financing run on different schedules. Approximate contract lengths illustrate the renewal problem; they do not locate the contractual renewal deadline. If the loan's renewal requirements are not met, early repayment is due within five business days after the applicable deadline. Hedge receipts paid over later rental months may arrive too late.

5.2 The swap and the loan

Protection against the repayment requirement would need a seller willing to commit revenue for capacity left without customers or to pay against a defined part of the required debt reduction. To make that commitment, the seller would need to assess the operator's renewal decisions and the loan calculation, including later amendments, and the lender would need to agree how to treat the protection and how its proceeds can be used.

An ISDA contract can specify the contingent payment and the relationship between borrower and protection seller, provided the parties agree which loan calculation determines payment, what information supports it and what happens if the borrower and lenders amend the financing. Because the borrower and lenders can change the seller's exposure by amending the loan, the seller will price the discretion they retain and may seek limits on amendments that enlarge its obligation.

The 2002 Master Agreement allows parties to elect Cross-Default and to specify Additional Termination Events,[6] so they need to examine whether borrowing difficulties could permit the protection seller to end the swap during the period it was intended to cover. A renewal shortfall, a required prepayment and a failure to make that payment are different events, and the choice matters because ending the swap may leave the operator relying on a close-out amount instead of the payment schedule around which it planned its financing.

Because hedge receipts paid over later rental months may arrive after the repayment deadline, the operator could seek a hedge payment at renewal, borrow under a committed liquidity facility or agree a later repayment date with the lender.

Collateral must also fit both agreements, since assets committed to the lenders may be unavailable for a separate margin call and a protection seller may seek security or credit support that the borrowing terms do not already permit. The borrower, lender and seller must therefore agree how their claims are supported and how the relevant payments can be made.

A future buyer of compute may want to fix rental costs for the same hardware and period, making it a possible counterparty for the price exposure, whereas a seller covering the required debt reduction must also assess the operator and its loan. Price hedges, funding and a further contingent payment could distribute the exposure among parties willing to hold its different parts.

The operator must negotiate with these sellers and investors alongside its lender, since a longer customer commitment can reduce the protection needed and an acceptable protection arrangement can change what the lender is prepared to finance. The borrower may therefore need changes to several agreements before it can use the proposed claim, making its access threshold depend partly on decisions by institutions outside the swap, whose consent a standard Confirmation cannot supply.

6. Agents and the formation of claims

Suppose the dealer finds the sales exposure costly to retain and quotes a premium exceeding what the franchise operator will pay. An investor is willing to bear the defined sales risk through a funded note, within the USD 20 million loss limit and at a required return, although its mandate excludes the proposed bilateral derivative.

After comparing the investor's required return, issuance expenses and the cost of its retained exposure with the cost of holding the original position, the dealer can return a revised offer if the funded arrangement supports a lower premium. The operator may accept the offer or ask for less protection in return for a lower premium. Such a request would leave more of its sales losses uncovered and lead the dealer and investor to reassess the effect on their obligations and returns. The investor's terms can make protection affordable even though it never contracts directly with the operator: the operator holds a derivative against the dealer, the vehicle sells protection to the dealer, and the investor holds the vehicle's notes.

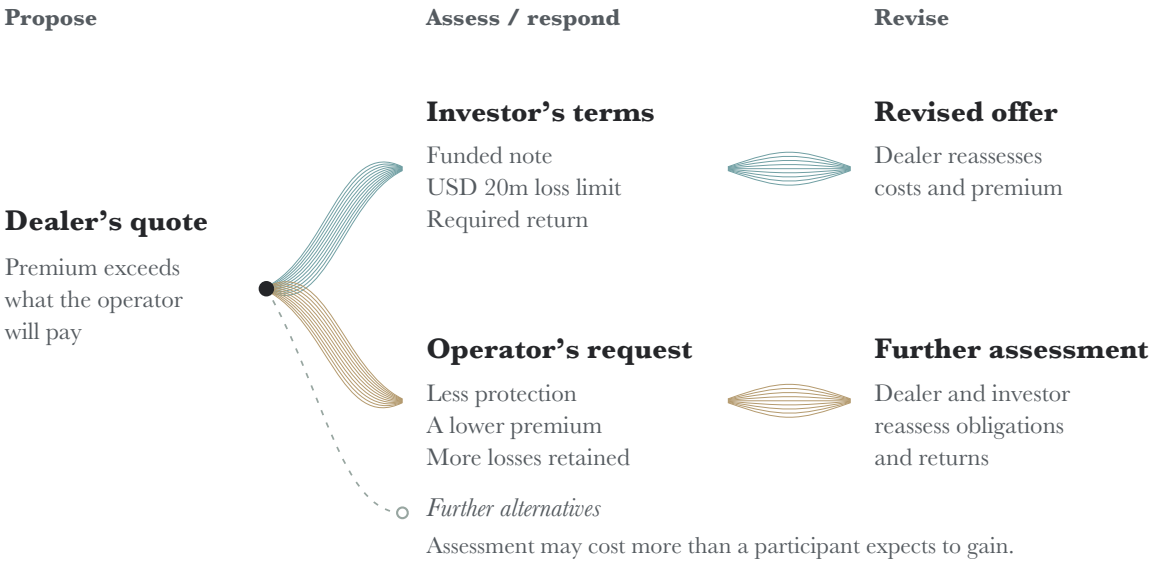


Figure 5. The claim changes during negotiation. Illustrative paths through the sales negotiation. Each institution assesses revised proposals against its own position and requirements. Agents could lower the work required on both sides, making further rounds and alternatives worth investigating.

Structuring desks already investigate and negotiate such alternatives, doing much of the work before knowing whether a trade will result. Obtaining investors' terms, assessing the vehicle and preparing a revised quote require work from several institutions, each weighing its cost against its prospective gain. An arrangement that would suit the participants if fully investigated can remain unexplored when a necessary participant expects too little benefit from pursuing it.

Software agents could lower these costs by preparing and assessing successive proposals for the institutions they represent, each using its own institution's private evidence, book and limits to evaluate the proposed payments and funding. The institution would specify whether its agent may investigate, propose or accept terms.

Any saving also depends on what the receiving institution must do, since a proposal that requires its recipient to reconstruct the reporting definition, calculations and funding assumptions leaves much of the cost in place. With the underlying evidence and calculations available, the recipient's agent can check revised terms against its own institution's position. If this makes further rounds worthwhile, the parties can investigate alternatives and approach counterparties they would otherwise have left aside, gaining different terms and additional transactions as well as doing less work on trades already being pursued.

The process can begin with an economic objective: reducing an exposure, earning a return on a risk the investor understands or changing an existing portfolio. Without first identifying a ticker or specifying the complete instrument, the participant can have its agent investigate suitable references and seek terms from other institutions, whose responses change the proposal. The sales investor can initiate this process by specifying a loss limit and required return, just as the operator can request protection.

In the compute case, cheaper investigation may make bilateral approval worth retaining by reducing the cost of obtaining evidence and comparing successors. Better information can instead support broader delegation where that suits the parties' exposures, so the cost of assessing a replacement affects how much control they are willing to give up when agreeing the original contract.

Once a sales transaction has been arranged, later participants can reuse its reporting definition, treatment of corrections and payment calculations, drawing on experience coordinating the derivative with the funded notes to identify mismatches in timing or obligations. They still negotiate the premium, cap and collateral for their own transaction, but using terms they understand reduces repeated assessment and the cost of administering the trade. This gives institutions a reason to adopt common provisions even when they disagree about the likely sales result.

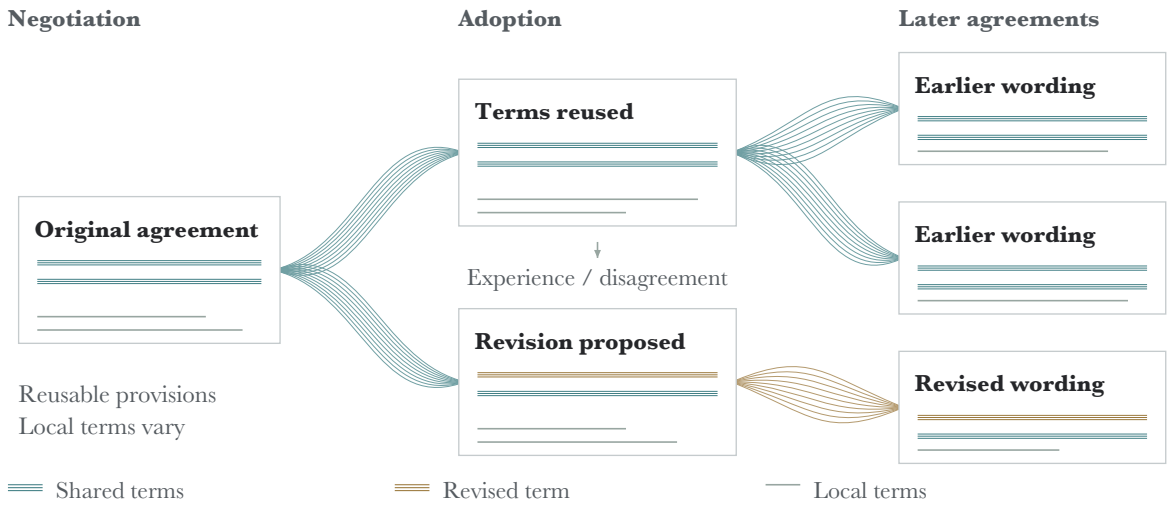


Figure 6. How particular agreements become common terms. Shared provisions can be reused while commercial terms remain open to negotiation. Experience and disagreement can prompt revisions, whose adoption depends on other institutions' decisions. Earlier wording can remain in use alongside revised terms.

Institutions may revise a form in response to a recurring investor objection or disagreement over how a correction rule applies, and agents could help by comparing accepted provisions, identifying recurring difficulties and preparing revisions for institutions to assess and adopt. ISDA's Clause Library and the Common Domain Model already provide ways to organise shared terms and agreements.[32,33] Findings from unsuccessful proposals can also be shared where disclosure is permitted, helping others avoid repeated investigation. Institutions would decide which findings to share while retaining control of their confidential exposures, current quotes and available capacity.

The development of common terms through use and amendment is the process described here as Drafted Nomos. A dealer may prefer discretion over replacement while its customer wants to retain approval; both can assess the alternatives more easily when the provisions have an agreed meaning. Adoption depends on whether institutions find those provisions worth using, and they can preserve choices where their interests differ. The work of forming one claim can then reduce the work of forming others, including for participants who took no part in the original negotiation.

7. Conclusion

The access threshold depends on the arrangement being offered: changing a reference, decision right, holding form or source of funding can let an institution participate without any increase in its capital or appetite for risk. Since those changes also alter the obligations and protection of the other parties, access is part of product design, and the available products depend on institutions' ability to negotiate terms they can use.

Investigating an alternative costs time and money before anyone knows whether it will be accepted, so that cost helps determine which exposures institutions investigate, whom they approach and how far negotiations proceed. Agents acting across institutions could make more of this work worthwhile by reducing the effort required to prepare and assess revised offers. Participants could then pursue objectives for which they do not yet know a suitable product, with the contract taking shape as they obtain evidence, prices and counterparties' conditions.

As institutions administer their contracts, others can reuse the definitions and calculations and learn from their operating experience. ISDA demonstrates how institutions can adopt common terms while continuing to negotiate the choices that divide them. The adoption and revision of those terms can support further contracts and recurring programmes without requiring each participant to repeat the original investigation.

A familiar exposure can then become tradable by different participants, through a different instrument or under a different institutional arrangement. Businesses specialising in references, structuring or distribution can use common trading infrastructure to serve those participants without each operating a venue, and the same reference and contractual work may support several products across institutions and markets. Participants can also seek a claim to express an investment view or take a speculative position, creating markets that can inform decisions and coordinate commitments as well as transfer risk. The ambition is to make creating a usable claim an ordinary capability of market participants.

Notes

1. CoreWeave, 'CoreWeave Closes $2.6 Billion Loan Facility, Expanding Financing Flexibility for AI Infrastructure' (10 August 2026).
2. CoreWeave Financing DDTL V-V, LLC, Credit Agreement (7 August 2026), §2.09(b)(iii), 'Maturing MSA Non-Replacement'; §6.03, 'Swap Agreements'; definitions of 'Permitted Commodity Agreement' and 'Specified Swap Counterparty'.
3. Ronald H Coase, 'The Institutional Structure of Production' (Nobel lecture, 9 December 1991), discussion of positive transaction costs and the legal system.
4. Thomas Aquinas, *Summa Theologiae*, I, q 52, art 3, trans Fathers of the English Dominican Province (2nd revised edn, 1920).
5. Wilfried Hartmann and Kenneth Pennington (eds), *The History of Medieval Canon Law in the Classical Period, 1140-1234: From Gratian to the Decretals of Pope Gregory IX* (Catholic University of America Press 2008), especially the chapters on Gratian, decretal collections and juristic commentary; R H Helmholz, *The Spirit of Classical Canon Law* (University of Georgia Press 2010), especially the discussion of the *Corpus iuris canonici* and its juristic commentary.
6. ISDA, 2002 Master Agreement, ss 1(b)–(c), 2(a), 2(c), 5(a)(vi), 5(b)(vi), 6(d)–(e) and 14 ('Close-out Amount'); copy published by Standard Chartered.
7. Gabriel Rauterberg and Andrew Verstein, 'Index Theory: The Law, Promise and Failure of Financial Indices' (2013) 30 *Yale Journal on Regulation* 1, 10 to 11, 18 to 25 and 44 to 50.
8. James Brugler, Marta Khomyn and Tālis Putniņš, 'Benchmarking benchmarks' (2025) 168 *Journal of Financial Economics* 104018, ss 3.2 to 3.4 and 4.3.
9. Andrew Verstein, 'Ex Tempore Contracting' (2014) 55 *William & Mary Law Review* 1869, 1881 to 1887, 1908 to 1915 and 1918 to 1925.
10. Nicolae Gârleanu, Lasse Heje Pedersen and Allen M Poteshman, 'Demand-Based Option Pricing' (2009) 22 *Review of Financial Studies* 4259, 4259 to 4267; Markus K Brunnermeier and Lasse Heje Pedersen, 'Market Liquidity and Funding Liquidity' (2009) 22 *Review of Financial Studies* 2201, 2201 to 2206.
11. ISDA, *Collateral Management Suggested Operational Practices*, sections on onboarding and documentation, margin calculation, valuation differences and collateral eligibility (accessed 30 October 2026).
12. Franklin Allen and Douglas Gale, 'Optimal Security Design' (1988) 1 *Review of Financial Studies* 229; Darrell Duffie and Matthew O Jackson, 'Optimal Innovation of Futures Contracts' (1989) 2 *Review of Financial Studies* 275.
13. Douglas Gale, 'Standard Securities' (1992) 59 *Review of Economic Studies* 731.
14. Bruce G Carruthers and Arthur L Stinchcombe, 'The Social Structure of Liquidity: Flexibility, Markets, and States' (1999) 28 *Theory and Society* 353, 353 to 360.
15. F A Hayek, *Law, Legislation and Liberty, Volume 1: Rules and Order* (University of Chicago Press 1973) chs 2, 5 and 6.
16. John Hasnas, 'Hayek, the Common Law, and Fluid Drive' (2005) 1 *NYU Journal of Law & Liberty* 79; Jo Braithwaite, 'Standard Form Contracts as Transnational Law: Evidence from the Derivatives Markets' (2012) 75 *Modern Law Review* 779.
17. Omotola Ariyo, 'Institutional dynamics in the production of non-standard derivative terms on the ISDA Framework' (2026) 21(4) *Capital Markets Law Journal* kmag034, ss IV to VII and Appendix A.
18. Glenn Morgan, 'Market Formation and Governance in International Financial Markets: The Case of OTC Derivatives' (2008) 61 *Human Relations* 637; author manuscript, 12 to 28 and 31 to 34.
19. Enrico Partiti, Stephanie Bijlmakers and Panagiotis Delimatsis, 'Evolutionary Dynamics of Transnational Private Regulation' (2022) 13 *Transnational Legal Theory* 431, 437 to 445 and 456 to 465.

20. M Konrad Borowicz, 'Contracts as Regulation: The ISDA Master Agreement' (2021) 16 *Capital Markets Law Journal* 72, 73 to 81, 85 to 86 and 89 to 94; cf Kai Tik Au Yeung, 'Relevance of regulatory objectives in interpretating the ISDA Master Agreement' (2025) 18 *Law and Financial Markets Review* 187.

21. Dan Awrey, 'The Limits of Private Ordering Within Modern Financial Markets' (2014-2015) 34 *Review of Banking & Financial Law* 183, 191 to 200, 217 to 222 and 245 to 252.

22. Compute Desk, GPU Rental Price Index Methodology, 'What the indexes measure' and 'How they are built' (accessed 30 October 2026).

23. Ornn, OCPI Methodology, §2, 'Universe Creation' (accessed 30 October 2026).

24. ICE, 'ICE and Ornn to Launch GPU Compute Futures Contracts' (19 May 2026).

25. Architect, 'Architect Financial Technologies Partners with Compute Desk to Launch Exchange-for-Physical Market for GPU Compute' (8 July 2026).

26. Federico M Bandi and Yinan Su, '(Early) AI Compute Asset Pricing' (2026), arXiv:2607.12156, version 3 (10 September 2026), ss 3.1 to 3.2, 4.1 and 5.2 (preprint).

27. ISDA, *2005 Commodity Definitions and User's Guide*, especially the incorporation provisions and §§7.4–7.5 on market disruption and fallbacks; copy published by Standard Chartered. See also ISDA's publication description.

28. Silicon Data, H100 Rental Price Index and GPU Index Announcements, announcement 251203-1 (effective 4 December 2025).

29. Kenneth A Froot, David S Scharfstein and Jeremy C Stein, 'Risk Management: Coordinating Corporate Investment and Financing Policies' (1993) 48 *Journal of Finance* 1629, 1629 and s II.A.

30. Wouter Dessein, 'Authority and Communication in Organizations' (2002) 69 *Review of Economic Studies* 811, 811 to 812.

31. McDonald's, 'McDonald's Reports Second Quarter 2026 Results' (4 August 2026), comparable-sales table and definitions.

32. ISDA, *What is the ISDA Clause Library?* (2020), standard-form drafting options and clause variants organised by business outcome.

33. FINOS, *Common Domain Model*, 'Legal Agreements', 'Legal Agreements in the CDM' and 'Modelling Approach' (accessed 28 October 2026).