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## **ISDA BEST PRACTICES STATEMENT FOR CERTAIN ENERGY TRANSACTIONS**

**NEW YORK, May 12, 2006** – The International Swaps and Derivatives Association ("ISDA") today announced a statement of best practices for all parties to over-the-counter ("OTC") transactions that are affected by the NYMEX's discontinuation of its New York Harbor Unleaded Gasoline ("HU") futures contract in January 2007.

In October 2005, the NYMEX announced that it would discontinue the listing of its HU futures contract in January 2007 and began listing a new futures contract for reformulated gasoline blendstock for oxygen blending ("RBOB"). The RBOB contract is currently trading side-by-side with the HU contract, however, many energy market participants have outstanding OTC trades that reference the HU futures contract as a commodity reference price (whether incorporated as "GASOLINE-NEW YORK-NYMEX" or otherwise) and have a term beyond January 2007 (such transactions, the "Affected Transactions").

Members of the ISDA Energy, Commodities and Developing Products Committee met on March 29, 2006 and again by teleconference on April 26, May 3 and May 9, 2006 to discuss Affected Transactions. ISDA is issuing this statement of best practices as a means of assisting energy market participants in treating Affected Transactions. Parties are not obligated to follow the best practice guidelines below and may choose to negotiate alternative means of treating Affected Transactions. ISDA encourages member firms to refer their clients (who may not be ISDA members) to this Best Practices Statement in the interest of informing all market participants of the NYMEX contract changes and the recommended response described below. ISDA notes that many Affected Transactions may be governed by bilateral agreements that offer other responses to this situation, unless the parties agree otherwise.

**The precise documentation of each individual Affected Transaction remains the responsibility of the parties concerned. ISDA assumes no responsibility for any use to which this Best Practices Statement may be put.**

**Each party following the recommendations contained in this Best Practices Statement should satisfy itself that those recommendations are appropriate to reflect the commercial intentions of the parties.**

## *Statement*

ISDA, in consultation with energy market participants, recommends that the following methodology be applied to Affected Transactions in response to the discontinuation of NYMEX HU in January 2007.

Parties to Affected Transactions should amend the terms of such transactions to replace references to the HU futures contract with references to the RBOB futures contract. For additional clarity and consistency, ISDA recommends that parties make reference to the following RBOB definition as a commodity reference price (which definition has been issued as of today's date as a Supplement to the 2005 ISDA Commodity Definitions):

"GASOLINE RBOB-NEW YORK-NYMEX" means that the price for a Pricing Date will be that day's Specified Price per gallon of New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Pricing Date.

Parties electing to amend the Affected Transactions as described above may do so with immediate effect or with effect as of an agreed upon future date.

ISDA is the global trade association representing leading participants in the privately negotiated derivatives industry. ISDA was chartered in 1985, and today has more than 700 member institutions from 50 countries on six continents. These members include most of the world's major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities. Information about ISDA and its activities is available on the Association's web site: [www.isda.org](http://www.isda.org).

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