

# ISDA

International Swaps and Derivatives Association, Inc.  
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March 12, 2004

Pinheiro Neto – Advogados  
Rua Boa Vista, n° 254  
9 andar  
São Paulo,  
Brazil

Dear Sirs:

The International Swaps and Derivatives Association, Inc. (“ISDA”) has been informed by our Brazilian members that, under the sponsorship of Câmara de Administração de Assuntos de Riscos (CAAR), ISDA member Pinheiro Neto Advogados has developed a local market master agreement, *Contrato Global de Derivativos*, governing local market over-the-counter derivatives transactions. ISDA members with offices in Brazil had requested active guidance from ISDA’s Latin American Committee to benefit from the experiences of ISDA in similar situations in other jurisdictions. Accordingly, ISDA members in Brazil and elsewhere have provided extensive commentary during the preparation of *Contrato Global de Derivativos*.

As the international organization concerned with privately negotiated derivatives transactions, however, ISDA continues to support use of the ISDA Master Agreement to govern all cross border bilateral counterparty arrangements in connection with over-the-counter derivatives transactions. Each year ISDA obtains updated netting opinions for 41 jurisdictions on the enforceability of the bilateral close-out and termination provisions in its ISDA Master Agreements, and thus, local law agreements would not be covered by this library of legal advice.

ISDA assumes no responsibility for any use to which *Contrato Global de Derivativos* may be put. The precise documentation of each individual transaction and the governing counterparty master agreement, if any, remain the responsibility of the parties concerned. Each party to a *Contrato Global de Derivativos* must satisfy itself that the agreement is appropriate for the relationship between the parties and for each covered derivatives transaction, that they have been properly used or adapted in the Confirmation for the transaction and that the Confirmation has

generally been properly drafted, in each case to reflect the commercial intentions of the parties.

Brazilian laws and market practice relating to over-the-counter derivatives are evolving rapidly; parties are therefore advised to monitor changes in relevant Brazilian law since the date of publication of the Contrato Global de Derivativos. ISDA has not undertaken to review applicable laws and regulations in Brazil and will rely on CAAR to assure updating of Contrato Global de Derivativos to include additional provisions to account for substantive changes in relevant law or market practice. Parties are advised to consider the application of any relevant regulatory, tax, accounting, exchange or other requirements that may exist in connection with the entering into and documenting of Contrato Global de Derivativos and the over-the-counter derivatives transactions between the counterparties.

If you have any questions, please do not hesitate to call me (202-756-2980).

Sincerely,

A handwritten signature in black ink, appearing to read "John Anderson", written in a cursive style.

John Anderson  
Policy Director

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