

Supplement number 7 to the 2000 ISDA® Definitions and Annex to the 2000 ISDA Definitions (June 2000 Version)

(Posted April 3, 2003)

Section 7.1. Rate Options.

Section 7.1(j) is amended by adding a new definition (xiv) as follows:

“JPY-TONA-OIS-COMPOUND”

Means that the rate for a Reset Date, calculated in accordance with the formula set forth below, will be the rate of return of a daily compound interest investment, (it being understood that the reference rate for the calculation of interest is the arithmetic mean of the daily rates of the day-to-day interbank JPY market in Tokyo).

“JPY-TONA-OIS-COMPOUND” will be calculated as follows, and the resulting percentage will be rounded, if necessary, in accordance with the method set forth in Section 8.1(a) of the Definitions:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{TONAi \times ni}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“d₀” for any calculation period is the number of Tokyo Banking Days in the relevant Calculation Period;

“i” is a series of whole numbers from one to d₀, each representing the relevant Tokyo Banking Day in chronological order from, and including, the first Tokyo Banking Day in the relevant Calculation Period;

“TONAi”, for any day “i” in the relevant Calculation Period, is a reference rate equal to the Tokyo OverNight Average rate (TONA) as published by the Bank of Japan on Reuters Screen TONAT as of approximately 10:00 a.m., Tokyo time, on the Tokyo Banking Day next following that day “i”. If such rate does not appear on Reuters Screen TONAT in respect of any day “i”, the rate for that day will be as agreed between the parties, acting in good faith and in a commercially reasonable manner. If the parties cannot agree, the rate for that day will be the rate displayed on Reuters Screen TONAT in respect of the first preceding Tokyo Banking Day;

“n_i” is the number of calendar days in the relevant Calculation Period on which the rate is TONAi; and

“d” is the number of calendar days in the relevant Calculation Period.

Commentary to the New JPY OIS Rate Options:

The ISDA Interest Rate Products Working Group, a working group of the ISDA Operations Committee, submits this definition in response to the increased volume of Overnight Index Swap (“OIS”) trading in this and other currencies, which have no ISDA floating rate definition, as well as the need to standardize OIS definitions for Swapswire use. The format of this definition follows the calculation and format of other OIS Floating Rate Definitions previously defined and published in the June 2000 Annex to the 2000 ISDA Definitions, with the obvious exception of the rate source page, time and location of the rate fixing. In addition, to be consistent with most other Floating Rate Options in the 2000 Definitions, a fallback provision has been added. This fallback provision states that if the rate does not appear on the quoted page, and the parties then cannot agree on a substitute rate, the rate from the quoted page of the previous day is observed. This is our understanding of fallback market practice. It is intentionally general, and flexible enough to accommodate local currency and rate differences, and therefore can be applied to most if not all OIS rate definitions.