

I. INTRODUCTION

This Guide describes how the standard form agreements published by the International Swap Dealers Association, Inc. (“ISDA”) can be used by participants in the swap market to document interest rate swaps, currency exchanges and cross-currency interest rate swaps. There are two forms, entitled “Interest Rate Swap Agreement” and “Interest Rate and Currency Exchange Agreement”, which differ principally in the types of transactions to which each is suited. The forms are complete contracts which are designed to reflect general market practice and, it is believed, provide a fair basis on which participants in the market may enter into swap transactions.

Publication of these forms represents a major step forward in the efforts that began in late 1983 to standardize and simplify swap documentation. These efforts, prompted by the rapid growth and development of the swap market, began with the publication in the fall of 1985 of the Code of Standard Wording, Assumptions and Provisions for Swaps (the “Code”) and continued with the publication of the 1986 Edition of the Code, which expanded the coverage of the Code to include subjects not dealt with in the 1985 Edition. The standard form agreements represent the next step in that process.

The forms were developed during the second half of 1986 and early 1987 by working groups in New York and London of the Documentation Task Force of ISDA. These working groups consisted of representatives of many of the commercial, investment and merchant banks which are ISDA members, as well as their counsel. In addition, comments were solicited from several companies and governmental agencies worldwide which participate in the interest rate and currency swap markets. During the first half of 1987, the Documentation Task Force developed the 1987 Interest Rate and Currency Exchange Definitions (the “Currency Definitions”) for use in conjunction with the Interest Rate and Currency Exchange Agreement.

It is hoped that the use of these forms will allow swap participants to simplify and accelerate the process of documenting swaps. In particular, use of the forms should significantly reduce time spent reviewing and negotiating mechanical provisions and enable the parties to concentrate on business terms. In addition, the forms are designed to allow users to modify any provisions as they think necessary, as described below. Copies of the forms, the Code and the Currency Definitions may be obtained from ISDA (telephone (212) 972-3088).

Part II of this Guide gives an overview of how to use the forms. For those who want a more detailed explanation of the forms, Part III contains a section-by-section guide to the provisions.

A Note on Copyright

ISDA consents to and encourages the use and photocopying of these forms for the preparation of swap agreements. ISDA does not, however, consent to the reproduction of either form for purposes of public distribution or sale.