

## **INTRODUCTION TO THE 1993 ISDA COMMODITY DERIVATIVES DEFINITIONS**

The 1993 ISDA Commodity Derivatives Definitions are intended for use with agreements, such as the 1992 ISDA Master Agreements (the “ISDA Master Agreements”) published by the International Swaps and Derivatives Association, Inc. (“ISDA”), and in Confirmations of individual transactions governed by those agreements. Copies of the ISDA Master Agreements are available from the executive offices of ISDA. A sample form for a letter agreement or telex constituting a Confirmation is attached as Exhibit I to these Definitions. Sample forms of specific provisions for inclusion in a Confirmation to document different types of commodity derivative transactions are attached as Exhibits II-A through II-D to these Definitions.

These Definitions are designed for use by participants in the markets for commodity derivative transactions to document cash-settled commodity swaps, options, caps, collars, floors and swaptions or such other cash-settled commodity derivative transactions as the parties desire. These Definitions can be incorporated into Confirmations governed by an agreement such as either of the ISDA Master Agreements.

These Definitions do not contain settlement or other provisions designed to permit the documentation of transactions that settle by physical delivery of the underlying commodity. Accordingly, parties should carefully consider any necessary modifications and consult with their legal advisors before using these Definitions when documenting such a transaction.

The 1991 ISDA Definitions served as the basis for certain of the definitions and provisions contained in these Definitions. In many cases, these Definitions have been modified from the 1991 ISDA Definitions as a result of input from participants in working groups sponsored by ISDA. The definitions and provisions in these Definitions that are not part of the 1991 ISDA Definitions were developed by the working groups based, in large part, on market practice and a studied consideration of the relevant issues. These working groups included representatives from ISDA member institutions as well as representatives from institutions that are not ISDA members but specialize in commodity derivative transactions.

These Definitions may be updated periodically to include additional definitions and provisions. While the definitions and provisions contained in these Definitions may be modified in any update, it is not anticipated that they will be changed substantively unless then prevailing market practice supports such a change. At any time a copy of the then current version of these Definitions can be obtained from the executive offices of ISDA.

ISDA has no relationship with the organizations that have created or publish or provide the information that serves as a basis for the prices referred to in these Definitions. ISDA does not assume any responsibility for the non-availability or miscalculation of, or any error or omission in, any of the prices referred to in these

Definitions. ISDA assumes no responsibility for any use to which these Definitions may be put or for any use of any price in connection with a commodity derivative transaction.

ISDA has not undertaken to review all applicable laws and regulations of any jurisdiction in which these Definitions may be used, and therefore parties are advised to consider the application of any relevant jurisdiction's regulatory, tax, accounting, commodity exchange or other requirements that may exist in connection with the entering into and documenting of a commodity derivative transaction.