

## **INTRODUCTION TO THE 1997 ISDA SHORT FORM BULLION DEFINITIONS**

The 1997 ISDA Short Form Bullion Definitions are intended for use in confirmations of individual transactions ("Confirmations") governed by agreements such as the 1992 ISDA Master Agreement (Multicurrency - Cross Border) (the "ISDA Master Agreement") published by the International Swaps and Derivatives Association, Inc. ("ISDA"). Copies of the ISDA Master Agreement are available from the executive offices of ISDA. A sample form of 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 bullion transactions are attached as Exhibits II-A and II-B to these Definitions. As used in these Definitions "bullion" means each of gold, silver, platinum and palladium.

These Definitions were extracted from the 1997 ISDA Bullion Definitions to meet the needs of certain market participants who desired a short form set of Definitions covering only physically-settled (on an unallocated basis) bullion spot and forward trades and options.

Each user of these Definitions should review the provisions of these Definitions carefully and form its own independent judgment on the appropriateness of these Definitions for use by the institution in documenting bullion transactions.

The 1994 International Bullion Master Agreement Terms published by The London Bullion Market Association ("LBMA") served as the basis for many of the definitions and provisions contained in these Definitions. Representatives of the LBMA kindly participated in the working group which produced these Definitions.

ISDA has provided these Definitions to assist the smooth and efficient functioning of the bullion markets by providing a common set of terms for parties to use in preparing confirmations of certain bullion transactions. *The precise documentation of each individual transaction remains, however, the responsibility of the parties concerned. ISDA assumes no responsibility for any use to which these Definitions may be put, including, without limitation, any use of these Definitions in connection with any bullion transactions. Each party to a bullion transaction evidenced by documentation referring to or incorporating these Definitions must satisfy itself that the Definitions are appropriate for the transaction, have been properly used and/or adapted in the relevant documentation for the transaction and that the documentation has generally been properly drafted, in each case to reflect the commercial intentions of the parties.*

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, exchange or other requirements that may exist in connection with the entering into and documenting of bullion transactions. However parties are advised that if Bullion Trades or Bullion Options are entered into with U.S. counterparties or otherwise are subject to the U.S.

Commodity Exchange Act, parties should consult with their legal advisers to ensure compliance with that Act and the regulations adopted pursuant to that Act by the Commodity Futures Trading Commission.