

USER'S GUIDE TO THE
1995 ISDA CREDIT SUPPORT ANNEX (SECURITY INTEREST
SUBJECT TO JAPANESE LAW)

I. GENERAL

A. Background

The 1995 ISDA Credit Support Annex (Security Interest Subject to Japanese Law) (the "Annex") to which this User's Guide relates was prepared for use in documenting bilateral security and other credit support arrangements between counterparties for transactions documented under an ISDA Master Agreement ^{1/} for which the parties intend to use assets located in Japan as credit support. The Annex assumes that Japanese law will govern questions of perfection and priorities relating to Posted Collateral, and is designed to provide documentation for parties wishing to minimize exposure to counterparties through collateral arrangements in respect of cash, deposit accounts, Japanese government bonds ("JGBs") or other readily marketable securities situated in Japan.

The structure and wording of the Annex were designed to conform, as much as possible, to the 1994 Credit Support Annex (the "1994 Annex") in order to facilitate its use by those already familiar with the 1994 Annex. Therefore, parties generally should refer to the User's Guide to the 1994 Annex (the "1994 User's Guide") for a more complete discussion and explanation of the Annex's general provisions. Salient differences between the Annex and the 1994 Annex are discussed below. Capitalized terms not defined in this Guide have the meanings specified for such terms in the Annex or the ISDA Master Agreement, as applicable.

^{1/} This Annex may be used with any of the ISDA master agreements published to date. These master agreements include the 1992 Master Agreement (Multicurrency--Cross Border), the 1992 ISDA Master Agreement (Local Currency--Single Jurisdiction), the 1987 ISDA Interest Rate and Currency Exchange Agreement and the 1987 Interest Rate Swap Agreement (each referred to herein as the "ISDA Master Agreement"). Parties to either 1987 Master Agreement should consult Appendix G of the 1994 User's Guide for suggested technical modifications to the Annex.