

# ISDA

International Swaps and Derivatives Association, Inc.

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July 12, 2002

Central Bank of Brazil  
Department of the Finance System Rules (DENOR)  
SBS, Quadra 3, Bloco "B", 15º andar,  
Edifício Sede, 70074-900  
Brasilia, DF

Dear Sirs:

**Re: Comments on Implementing Regulations of Article 30 of Provisional Measure No. 2192-70**

The International Swaps and Derivatives Association, Inc. ("ISDA") welcomes the opportunity to comment on the draft resolution publicized by the Central Bank of Brazil under Public Hearing Notice No. 016/2002 (the "Proposed Regulation"), which supplements the provisions of Art. 30 of the Provisional Measure No. 2192-70 relating to close-out netting of financial transactions in Brazil.

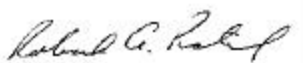
ISDA is the global trade association representing leading participants in the privately negotiated derivatives industry. ISDA was chartered in 1985, and today has more than 575 member institutions from 46 countries on six continents. These members include most of the world's leading dealers in privately negotiated derivatives, as well as many of the businesses, financial institutions, governmental entities and other end users that rely, as do ISDA's dealer members, on over-the-counter derivatives to manage the financial market risks inherent in their core economic activities, with a degree of efficiency and effectiveness that would otherwise not be possible.

ISDA commends the Central Bank for publishing the Proposed Regulation that provides for greater legal certainty for over-the-counter derivatives and permits future market innovation and competition. As an international organization, ISDA is committed to working for effective regulation and legislation that establish the enforceability of netting for derivatives transactions on a cross-border basis and urges the Central Bank to continue to work toward recognizing netting for broad range of over-the-counter derivatives transactions between Brazilian entities and off-shore counterparties.

ISDA has had the opportunity of reviewing the letter of FEBRABAN including Brazilian ISDA members containing suggestions to the Proposed Regulation. ISDA supports the efforts of FEBRABAN and the Brazilian ISDA members in working with the Central Bank to develop a comprehensive legal framework for close-out netting in Brazil. However, as a non-Brazilian organization, ISDA does not feel that it is appropriate to comment on the substance of the suggestions that are subject to relevant local legal considerations.

Thank you for providing this opportunity. We would be delighted to discuss this further at your convenience.

Very truly yours,



Robert Pickel  
Executive Director & CEO