

## **ISDA Uniform Settlement Agreement (USA) FAQ**

The questions below are intended for participants in the CDS market who have questions regarding the purpose of and how to sign the Uniform Settlement Agreement (USA) for: -

British Vita (UK) Limited (formerly known as TPG Spring (UK) Limited).

### **What is a uniform settlement agreement?**

A uniform settlement agreement is a contract signed by the major dealers and the clients with whom they have a large number of transactions, immediately after the credit event occurs and publicly available information is available. The parties to the USA each agree that a credit event notice and notice of publicly available information are deemed to have been validly delivered for all covered credit derivatives transactions referencing the relevant entity.

### **Why is a uniform settlement agreement necessary?**

Signing a USA avoids the operational burden of having to send notices between the most active participants in the CDS market. This significantly reduces the overall number of notices that must be sent.

### **If I sign the USA does this mean that my trades will settle pursuant to an auction?**

The USA is a separate document from a protocol, and so parties wishing to settle single name transactions entered into on any form dated prior to the October 2008 Standard Terms Supplement, or LevX transactions other than LevX Series 3 transactions, via an auction will still need to adhere to a protocol when the adherence period opens. Signing or not signing a USA will not affect a party's ability to adhere to a protocol.

In the context of LevX Series 3 transactions and transactions entered into on the October 2008 Standard Terms Supplement, signing the Uniform Settlement Agreement will allow parties to ensure that relevant loan-only CDS transactions of the relevant designated priority will be covered transactions in an auction.

### **What if I don't want to settle pursuant to an auction?**

Signing the USA does not commit you to signing the protocol. Similarly, if you do not sign the USA you are not precluded from signing the protocol.

However, the protocol will only apply to single name transactions entered into on any form dated prior to the October 2008 Standard Terms Supplement and LevX transactions other than LexX Series 3 transactions. The terms of LexX Series 3 transactions and single name transactions entered into on the October 2008 Standard Terms Supplement already include an agreement to cash settle such transactions pursuant to the final price determined by an auction and, therefore, if a credit event notice and notice of publicly available information are served in respect of such transactions (whether bilaterally or deemed served pursuant to the USA), these trades will be settled pursuant to the final

price determined by the auction without the need for any further action. Auction terms for these transactions will be published on ISDA's website in due course.

**What is the deadline for signing up to the USA agreement mentioned above?**

Friday 16 January, 2009 at 4pm London time

**How do I sign up?**

Each firm wishing to sign up to the USA for British Vita (UK) Limited should email a copy of the signature page, completed with the full legal name of each entity signing and a signature for each entity, no later than \*\*\*4pm London time, Friday January 16, 2009.\*\*\*.

Signature pages must be emailed to \*\*\*EACH OF\*\*\* the following addresses:

[Vinod.Aravind@AllenOvery.com](mailto:Vinod.Aravind@AllenOvery.com)

[Sarah.Price@AllenOvery.com](mailto:Sarah.Price@AllenOvery.com)

[Michelle.Tsikirayi@AllenOvery.com](mailto:Michelle.Tsikirayi@AllenOvery.com)

[William.Pickersgill@AllenOvery.com](mailto:William.Pickersgill@AllenOvery.com)

Please do not email signature pages to ISDA.

On Friday evening Allen & Overy will circulate to each entity that has agreed to sign a USA the full list of entities that have signed that USA