Confirmation for use with the Credit Derivatives Physical Settlement Matrix (version 26 – January 27, 2020) – 2014 Definitions Version [[1]](#footnote-1)

[Headed paper of Party A]

Date:

To: [Name and Address or Facsimile Number of Party B]

From: [Party A]

Re: Credit Derivative Transaction:

Dear \_\_\_\_\_\_\_\_\_:

The purpose of this [letter] (this “Confirmation”) is to confirm the terms and conditions of the Credit Derivative Transaction entered into between us on the Trade Date specified below (the “Transaction”). This Confirmation constitutes a “Confirmation” as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2014 ISDA Credit Derivatives Definitions (the “2014 Definitions”), as published by the International Swaps and Derivatives Association, Inc. (“ISDA®”), are incorporated into this Confirmation. In the event of any inconsistency between the 2014 Definitions and this Confirmation, this Confirmation will govern.

[This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated as of [date], as amended and supplemented from time to time (the “Agreement”), between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.][[2]](#footnote-2)

The terms of the Transaction to which this Confirmation relates are as follows:

1. General Terms

Transaction Type[[3]](#footnote-3): [ ]

Trade Date: [ ]

[Matrix Publication Date: [ ]][[4]](#footnote-4)

Effective Date: [ ]

Scheduled Termination Date: [ ][[5]](#footnote-5)

Floating Rate Payer: [ ]

Fixed Rate Payer: [ ]

Calculation Agent: [ ]

Reference Entity: [ ][[6]](#footnote-6)

Standard Reference Obligation: [Applicable][Not Applicable][[7]](#footnote-7)

[Seniority Level: [Senior Level][Subordinated Level][[8]](#footnote-8)

[Reference Obligation: The obligation identified as follows:

Primary Obligor:

[Guarantor: [ ]]

Maturity: [ ]

Coupon: [ ]

CUSIP/ISIN: [ ]][[9]](#footnote-9)

2. Fixed Payments

Fixed Rate Payer Payment Date(s): [ ][[10]](#footnote-10)

Fixed Rate: [ ][[11]](#footnote-11)

[Initial Payment Payer: [Party A/Party B]

Initial Payment Amount: [ ][[12]](#footnote-12)

[Initial Fixed Rate Payer

Calculation Period: Notwithstanding Section 12.9 of the 2014 Definitions, the initial Fixed Rate Payer Calculation Period shall commence on, and include, the Fixed Rate Payer Payment Date falling on or immediately prior to the calendar day immediately following the Trade Date.][[13]](#footnote-13)

3. Floating Payment

Floating Rate Payer Calculation Amount: [ ]

4. Credit Events

[Restructuring: [Applicable][Not Applicable]][[14]](#footnote-14)

[5. Settlement Terms][[15]](#footnote-15)

[Additional Provisions for Fixed

Recovery CDS Transactions

(September 15, 2014): [Applicable]][[16]](#footnote-16)

[Final Price: [●]][[17]](#footnote-17)

[Additional Provisions for Recovery

Lock Credit Derivative Transactions

(September 15, 2014): [Applicable]][[18]](#footnote-18)

[Reference Price: [●]][[19]](#footnote-19)

[Fixed Settlement: [Applicable] [Not Applicable]][[20]](#footnote-20)

[6. Additional Provisions]

[Additional Provisions for Monoline

Insurer Reference Entities

(September 15, 2014): [Applicable]][[21]](#footnote-21)

[Additional Provisions for a Secured

Deliverable Obligation Characteristic

(September 15, 2014): [Applicable]][[22]](#footnote-22)

[Additional Provisions for Reference

Entities with Delivery Restrictions

(February 1, 2007): [Applicable]][[23]](#footnote-23)

[[7]. Notice and Account Details:

|  |  |
| --- | --- |
| Notice and Account Details for Party A: |  |
|  |  |
| Notice and Account Details for Party B:] |  |

[8]. [Offices:]

[Seller:] [ ]

[Buyer] [ ]

[[9]. Additional Terms: ]

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us [by facsimile].

Yours sincerely,

**[PARTY A]**

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Title:

Confirmed as of the date first above written:

**[PARTY B]**

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Title:

1. This Confirmation template may be used for confirming Credit Derivative Transactions that are governed by the 2014 Definitions and the terms of the Credit Derivatives Physical Settlement Matrix. This Confirmation template has been designed for use with the Credit Derivatives Physical Settlement Matrix (version 26 – January 27, 2020). This form should not be used where the Transaction Type is a U.S. Municipal Transaction Type (as defined in the Credit Derivatives Physical Settlement Matrix). [↑](#footnote-ref-1)
2. Include if applicable. If the parties have not yet executed, but intend to execute, an ISDA Master Agreement include, instead of this paragraph, the following: “This Confirmation evidences a complete and binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. In addition, you and we agree to use all reasonable efforts promptly to negotiate, execute and deliver an agreement in the form of an ISDA Master Agreement, with such modifications as you and we will in good faith agree. Upon the execution by you and us of such an agreement, this Confirmation will supplement, form part of, and be subject to that agreement. All provisions contained in or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to an ISDA Master Agreement (each a "Confirmation") confirming transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to, an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) if any Confirmation dated prior to the date of this Confirmation refers to that ISDA Master Agreement and otherwise the 2002 ISDA Master Agreement as if we had executed an agreement in such form (but without any Schedule except for the election of [English Law][the laws of the State of New York] as the governing law and [specify currency] as the Termination Currency) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction.” [↑](#footnote-ref-2)
3. The parties should include the Transaction Type identified in the Credit Derivatives Physical Settlement Matrix that applies to the Credit Derivative Transaction transacted between the parties. For purposes of these footnotes, “Financial Transaction Type” and “Standard Transaction Type” shall have the meaning given to such terms in the Credit Derivatives Physical Settlement Matrix, and “M(M)R Transaction Type” means STANDARD EUROPEAN CORPORATE, STANDARD EUROPEAN FINANCIAL CORPORATE, STANDARD EUROPEAN COCO FINANCIAL CORPORATE, STANDARD EUROPEAN SENIOR NON PREFERRED FINANCIAL CORPORATE, STANDARD AUSTRALIA CORPORATE, STANDARD AUSTRALIA FINANCIAL CORPORATE, STANDARD NEW ZEALAND CORPORATE, STANDARD NEW ZEALAND FINANCIAL CORPORATE, STANDARD AUSTRALIA SOVEREIGN and STANDARD NEW ZEALAND SOVEREIGN, and also includes STANDARD NORTH AMERICAN CORPORATE where Restructuring is applicable, and, in each case, the related Non-Standard Transaction Type (as defined in the Credit Derivatives Physical Settlement Matrix). [↑](#footnote-ref-3)
4. Include only if the parties intend to use a version other than the most recent version of the Credit Derivatives Physical Settlement Matrix as at the Trade Date. [↑](#footnote-ref-4)
5. If the Transaction Type is a Standard Transaction Type, the Scheduled Termination Date must be either March 20, June 20, September 20 or December 20 of the year of maturation. [↑](#footnote-ref-5)
6. The Reference Entity may be identified by its legal name, or alternatively by quoting the Markit™ RED™ CDS Database and the RED™ code for such Reference Entity. [↑](#footnote-ref-6)
7. If the Transaction Type is STANDARD EUROPEAN SENIOR NON PREFERRED FINANCIAL CORPORATE or EUROPEAN SENIOR NON PREFERRED FINANCIAL CORPORATE, Standard Reference Obligation must be specified as Applicable. [↑](#footnote-ref-7)
8. Specify if required. If a Seniority Level is not specified but a Reference Obligation is specified, the Credit Derivatives Definitions provide that "Senior Level" is deemed specified if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" is deemed specified if the Original Non-Standard Reference Obligation is a Subordinated Obligation. If neither a Seniority Level nor a Reference Obligation is specified, the Seniority Level will be "Senior Level". If Standard Reference Obligation is specified as Not Applicable, a Seniority Level should not be included. If the Transaction Type is STANDARD EUROPEAN SENIOR NON PREFERRED FINANCIAL CORPORATE or EUROPEAN SENIOR NON PREFERRED FINANCIAL CORPORATE, a Seniority Level must not be included. [↑](#footnote-ref-8)
9. The Reference Obligation may be identified by its CUSIP, coupon and maturity, or alternatively by quoting the Markit™ RED™ CDS Database and the RED™ code for such Reference Obligation. [↑](#footnote-ref-9)
10. If the Transaction Type is a Standard Transaction Type, the Fixed Rate Payer Payment Dates must be March 20, June 20, September 20 and December 20. [↑](#footnote-ref-10)
11. If the Transaction Type is STANDARD EUROPEAN CORPORATE, STANDARD EUROPEAN FINANCIAL CORPORATE, STANDARD EUROPEAN COCO FINANCIAL CORPORATE, STANDARD EUROPEAN SENIOR NON PREFERRED FINANCIAL CORPORATE, STANDARD SUBORDINATED EUROPEAN INSURANCE CORPORATE or STANDARD WESTERN EUROPEAN SOVEREIGN, the Fixed Rate must be either 0.25%, 1.00%, 3.00%, 5.00%, 7.50% or 10.00%. If the Transaction Type is STANDARD JAPAN CORPORATE, STANDARD JAPAN FINANCIAL CORPORATE or STANDARD JAPAN SOVEREIGN, the Fixed Rate must be either 0.25%, 1.00%, or 5.00%. If the Transaction Type is a Standard Transaction Type other than those listed in the previous two sentences, the Fixed Rate must be either 1.00% or 5.00%. [↑](#footnote-ref-11)
12. Include Initial Payment Payer and Initial Payment Amount if the Transaction Type is a Standard Transaction Type, and otherwise exclude unless the parties have agreed an Initial Payment Amount. [↑](#footnote-ref-12)
13. Include only if the Transaction Type is a Standard Transaction Type and the Effective Date is specified as a date other than the Fixed Rate Payer Payment Date falling on or immediately prior to the calendar day immediately following the Trade Date, unless otherwise agreed between the parties. [↑](#footnote-ref-13)
14. Include only if the Transaction Type is NORTH AMERICAN CORPORATE or STANDARD NORTH AMERICAN CORPORATE. [↑](#footnote-ref-14)
15. Include only if the parties intend to specify the Additional Provisions for Fixed Recovery CDS Transactions (September 15, 2014) or the Additional Provisions for Recovery Lock Credit Derivative Transactions (September 15, 2014) as Applicable. [↑](#footnote-ref-15)
16. Include only if the parties intend to specify the Additional Provisions for Fixed Recovery CDS Transactions (September 15, 2014) as Applicable. [↑](#footnote-ref-16)
17. Include only if the Additional Provisions for Fixed Recovery CDS Transactions (September 15, 2014) are specified as Applicable. [↑](#footnote-ref-17)
18. Include only if the parties intend to specify the Additional Provisions for Recovery Lock Credit Derivative Transactions (September 15, 2014) as Applicable. Do not include if the Transaction Type is an M(M)R Transaction Type. [↑](#footnote-ref-18)
19. Include only if the Additional Provisions for Recovery Lock Credit Derivative Transactions (September 15, 2014) are specified as Applicable. Do not include if the Transaction Type is an M(M)R Transaction Type. [↑](#footnote-ref-19)
20. Include only if the Additional Provisions for Recovery Lock Credit Derivative Transactions (September 15, 2014) are specified as Applicable. Do not include if the Transaction Type is an M(M)R Transaction Type. [↑](#footnote-ref-20)
21. Include only if the Transaction Type is NORTH AMERICAN CORPORATE or STANDARD NORTH AMERICAN CORPORATE and the parties intend to specify the Additional Provisions for Monoline Insurer Reference Entities (September 15, 2014) as Applicable. [↑](#footnote-ref-21)
22. Include only if the Transaction Type is NORTH AMERICAN CORPORATE or STANDARD NORTH AMERICAN CORPORATE and the parties intend to specify the Additional Provisions for a Secured Deliverable Obligation Characteristic (September 15, 2014) as Applicable. [↑](#footnote-ref-22)
23. Include only if the Transaction Type is NORTH AMERICAN CORPORATE or STANDARD NORTH AMERICAN CORPORATE and the particular Reference Entity is subject to certain delivery restrictions under the Investment Company Act of 1940. [↑](#footnote-ref-23)