

**Guidance for Confirmation of Bespoke Tranched Transactions that Include Reference Entities Excluded from the ISDA 2014 Credit Derivatives Definitions Protocol –**

**May 22, 2015**

ISDA has produced the following guidance for a Confirmation of a bespoke tranched Credit Derivative Transaction that references more than one Reference Entity (a “Bespoke Tranched Transaction”), where the parties intend that Reference Entities that were excluded from the ISDA 2014 Credit Derivatives Definitions Protocol (the “Protocol”) should be governed by the 2003 ISDA Credit Derivatives Definitions, as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement published on July 14, 2009 (the “Updated 2003 Definitions”) and the remaining Reference Entities should be governed by the 2014 ISDA Credit Derivatives Definitions (the “2014 Definitions”). The Protocol provides a mechanism for parties to confirm such a Bespoke Tranched Transaction. However, the Protocol will not apply if (a) the Confirmation incorporates the 2014 Definitions, (b) one of the parties to the transaction did not adhere to the Protocol, (c) the Trade Date of the transaction is after September 18, 2015 or (d) the transaction is a Novation Transaction.

To replicate the mechanism contained in the Protocol, parties may document such Bespoke Tranched Transactions or novations of such Bespoke Tranched Transactions by using the Global Tranched Transactions Standard Terms Supplement published by ISDA on February 1, 2011 (or, in the case of a novation of an earlier Bespoke Tranched Transaction, such other standard terms supplement or such other terms specified in the “Old Confirmation” relating to such Bespoke Tranched Transaction, provided that such supplement or terms incorporate the Updated 2003 Definitions), and including the following additional paragraph in the Confirmation:

“Notwithstanding anything to the contrary contained in the ISDA 2014 Credit Derivatives Definitions Protocol as published by ISDA on August 21, 2014 and the Supplement to the ISDA 2014 Credit Derivatives Definitions Protocol as published by ISDA on September 15, 2014 (as supplemented, “Protocol”) or any prior agreement to the contrary between the parties, the parties agree that the terms of this Transaction incorporate the applicable amendments to this Confirmation set out in Schedule 1 (Amendments) to the Protocol and, for such purpose, the portion of this Transaction that is not an Affected Portion (as defined in the Protocol) shall be deemed to be a Protocol Covered Transaction for purposes of the Protocol and the Amendment Effective Date for purposes of the Protocol shall be deemed to be the Trade Date of the Transaction, provided that if this Transaction is a Novation Transaction, references in this paragraph to “this Transaction”, “this Confirmation” and “the Trade Date of the Transaction” shall be deemed to be references to “the New Transaction”, “the New Confirmation” and “the Novation Trade Date”, respectively.”

**Capitalized terms not otherwise defined herein have the meanings given to them in the relevant ISDA definitional booklet. This guidance does not constitute legal, accounting or financial advice. ISDA assumes no responsibility for any use to which this guidance may be put. Each party following a recommendation in this guidance must satisfy itself that the recommendation is appropriate for the transaction and has been properly applied in the context of the transaction to reflect the commercial intention of the participants.**