

1. Amended March 13, 2009

Recommended EMTA-ISDA Market Practice for BRL CDI Non-Deliverable Interest Rate Swap Transactions

Rapid growth in the trading of, and an increasing maturation in the market for, emerging markets derivatives and swap products over the last several years has led to a need for recognized market practices and the use of standardized documentation among market participants in order to reduce documentation backlog and reduce market disputes. In particular, market participants have identified an immediate need for agreed best practices in the trading of BRL CDI¹ non-deliverable interest rate swaps (a "BRL CDI Swap") to reduce a current documentation backlog and to lay the groundwork for possible documentation standardization in the future.

Accordingly, EMTA and ISDA jointly recommend that, in any BRL CDI Swap:

1. Disruption fallbacks in the event of a failure in the publication of the CDI Rate be included, in the following order:
 - (a) the overnight deposit rate published for the relevant date by the Bolsa de Mercadorias & Futuros (BM&F) (see http://www.bmf.com.br/portal/pages/boletim1/bd_manual/indicadoreFinanceiros1.asp),
 - (b) agreement of the parties, to be reached in not more than one Brazil Business Day²,
 - (c) a reference dealer poll³, and, ultimately
 - (d) Calculation Agent Determination;
2. The CDI Rate applicable for a Reset Date shall be the CDI Rate published by CETIP for such Reset Date, provided however, that
 - (i) the publication of such rate for such Reset Date must occur not later than 12:00 pm on the next Brazil Business Day and
 - (ii) any adjustments made by CETIP to such rate, if made any time later than the end of the business day on such Reset Date, shall not be taken into account by the parties.

3. Contracts for BRL CDI Swaps should replicate the onshore BMF contract in order to reduce market risk. To implement this approach in a uniform manner for the market, contracts for BRL CDI Swaps shall specify values for present notional amounts (as of the trade date of the contract), future value notional amounts (as of the termination date of the contract) as well as a fixed rate day count fraction that reflects a set number of calculation days for the transactions fixed as at the trade date.⁴
4. Relevant Cities for Business Day for Reset Dates for the CDI Rate be a Brazil Business Day⁵;
5. Relevant Cities for Business Day for BRL / USD Valuation Dates be a (i) Brazil Business Day AND (ii) New York; and
6. Relevant Cities for Business Day for Payment Dates (including the Termination Date) be (i) a Brazil Business Day AND (ii) New York; provided however, that in the event of an Unscheduled Holiday following the Trade Date, then New York only.

Defined terms used in the preceding paragraphs have the meanings set forth in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (“ISDA”) and the 1998 FX and Currency Option Definitions published by ISDA, EMTA, Inc. and The Foreign Exchange Committee.

For more information on this joint Market Practice, please contact Leslie Payton Jacobs (lpjacobs@emta.org) or Katherine Darras (kdarras@isda.org).

¹ “CDI Rate” refers to the Overnight Brazilian Interbank Deposit Rate Annualized known as the average (“Media”) of the DI-OVER-EXTRA Grupo as published by CETIP (Câmara de Custódia e Liquidação).

² “Brazil Business Day” means a business day in any of São Paulo, Rio de Janeiro or Brasilia not otherwise declared as a financial market holiday by the BM&F (see www.andima.com.br).

³ A specific methodology for the reference dealer poll should be agreed between the parties. Suggested provisions are: inclusion of not less than 6 (but not more than 8) onshore dealers, minimum required responses from four dealers, attempting the poll no more than four times (twice a day for not more than 2 Brazil Business Days) before abandoning it for the next disruption fallback and determining the rate by excluding the highest and the lowest quotes and then calculating the rate based on the arithmetic mean of the remaining responses.

⁴ To implement this recommendation, parties may wish to include terms and provisions such as (or substantially similar to) the following:

- “Trade Date Present Value Notional Amount” (defined as a BRL amount).
- “Termination Date Future Value Notional Amount” (defined as a BRL amount).

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- “Calculation Days means, as of the Trade Date, the number of Brazil Business Days (each such Day, a “Scheduled Reset Date”) from and including the Effective Date to but not including the Termination Date, which number of Brazil Business Days shall be ___ days.”
 - “Fixed Rate Day Count Fraction means Calculation Days / 252”.
 - “Fixed Rate Amount means Trade Date Present Value Notional Amount * [(1+Fixed Rate) ^ (Fixed Rate Day Count Fraction)]”.
 - “Reset Date means each Scheduled Reset Date from and including the Effective Date up to and excluding the Termination Date”.
 - For purposes of the Floating Rate Amount formula, “Notional Amount means Trade Date Present Value Notional Amount”.

⁵ For a current list of Business Days / holidays in Brazil, see www.andima.com.br.