

## Hammar, Julian

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**From:** Mary Johannes <MJohannes@isda.org>  
**Sent:** Thursday, December 08, 2011 3:38 PM  
**To:** Hammar, Julian  
**Subject:** SBS Follow-Up [!]  
**Attachments:** 3204\_001 (3).pdf

Julian,

As a follow-up to your request, please find below suggested language that would provide more clarification to the issue raised in ISDA's response to the proposed definition of "swap" and "security-based swap agreement" ( ISDA Comment Letter July 22, 2011). We suggest the language below may be inserted at the end of the discussion in Section F "Use of Certain Terms and Conditions in Title VII Instruments" in the attached Federal Register notice. We trust you find this responsive to your question.

That said, changes in the terms of such a swap that are not undertaken primarily to reflect the change or changes in the characteristic of the underlying security would not cause the swap to be a security-based swap. For example, a change in the fixed rate as a result of recouping to adjust credit exposure in such a swap would not cause the swap to be a security-based swap notwithstanding that the fixed rate has varied over the life of the swap.

Please call if you have any further questions.

Best regards,

Mary

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