



[Date]

[Counterparty name]  
[Counterparty address]

**Attention: [Counterparty contact]**

Re: Commodity Option/Cash Settlement Agreement – Deal # [internal reference number]  
Royal Bank of Canada ("Party A")/ [counterparty name] ("Party B")

Dear Sirs:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2005 ISDA Commodity Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and the provisions of this Confirmation, this Confirmation shall govern.

1. This Confirmation supplements, forms part of and is subject to, the ISDA Master Agreement dated [date of agreement] as amended and supplemented from time to time (the "Agreement"), between you and us. All provisions contained in the Agreement shall govern this Confirmation except as expressly modified below.

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

**General Terms**

Commodity:	[commodity type]
Trade Date:	[transaction trade date]
Effective Date:	[transaction effective date]
Termination Date:	[transaction termination date]
Total Notional Quantity:	[amount/volume]
Notional Quantity per Calculation Period:	See Schedule A
Calculation Periods:	See Schedule A
Business Day(s):	[cities for determining valid business days]

**Commodity Reference Price:** [reference price as selected from ISDA Commodity Definitions or otherwise agreed]

Floating Price: [price]

Pricing Date(s): [scheduled pricing dates]

**Part A:**

Seller: [Party A / Party B]

Buyer: [Party A / Party B]

Option Style: [American / European / Bermuda / Asian]

Option Type: [Put / Call]

Strike Price per Unit: [option exercise price] per [unit]

**Part B:**

Seller: [Party A / Party B]  
 Buyer: [Party A / Party B]  
 Option Style: [American / European / Bermuda / Asian]  
 Option Type: [Put / Call]  
 Strike Price per Unit: [option exercise price] per [unit]

**Premium:**

Premium per Unit: [premium payable] per [unit]  
 Total Premium: [total premium to be paid]  
 Premium Payment Date: [payment date for premium]  
 Premium Payer: [Party A / Party B]

**Schedule A**

Calculation Period No.	Calculation Period (inclusive)	Notional Quantity per Calculation Period	Settlement Date for each Calculation Period
[*]	[number of calculation periods]	[amount/volume]	[settlement date in respect of calculation period]

**Procedure for Exercise:**

Exercise period: From [time/date] to [time/date] [if applicable to type of option].  
 Expiration Date: The Last Pricing Date for each Calculation Period.  
 Cash Settlement Amount: Notional Quantity per Calculation Period X Strike Price Differential.  
 Strike Price Differential: In the case of a Call option, an amount equal to the greater of:  
 (i) the excess of the Floating Price over the Strike Price per Unit, and  
 (ii) zero  
 In the case of a Put option, an amount equal to the greater of:  
 (i) the excess of the Strike Price per Unit over the Floating Price, and  
 (ii) zero

**Market Disruption Events & Disruption Fallbacks:**

[list any applicable Market Disruption Events from ISDA Commodity Definitions or define others]

Maximum Days of Disruption: [maximum number of days of disruption before next applicable Market Disruption Event may apply]

**Cash Settlement Terms:**

Cash Settlement: Applicable.  
 Settlement Date(s): [scheduled settlement dates]

Last Pricing Date

The Pricing Date or where there are two or more Pricing Dates for each of the relevant Calculation Period, the later Pricing Date to occur.

**Business Day Convention:**

[business day convention for dates falling on days that are not Business Days], which shall apply any date referred to in the Confirmation that falls on a day that is not a Business Day other than the dates referred to in regard to the Pricing Dates which need not be Business Days.

**Calculation Agent:**

Calculation Agent:

[Party A], whose determinations and calculations shall be binding on the parties hereto in absence of manifest error.

**Additional Provision:**

If confirmations are exchanged only matched terms, and the terms of any applicable master agreement, are binding

**Account Details:**

Payments to Party A:

[payment delivery information]

Payments to Party B:

[payment delivery information]

**Offices**

The Office of Party A  
for the Transaction is:

Royal Bank of Canada  
[contact details]

The Office of Party B  
for the Transaction is:

[counterparty contact details]

This Confirmation may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case upon your confirmation in the manner prescribed hereunder, will be deemed for all purposes to be a legally binding Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning same to us by facsimile transmission, or send to us within two (2) Business Days a letter by facsimile transmission or telex or electronic messaging system similar to this letter which sets forth the material terms of the foregoing transaction to which this Confirmation relates and which indicates your agreement to those terms.

Yours sincerely,  
**ROYAL BANK OF CANADA**

Confirmed as of the date first written by:  
[counterparty name]

[SIGNATURE 1]

\_\_\_\_\_  
[name]  
[title of authorized signatory]

\_\_\_\_\_  
Authorized Signing Officer

\_\_\_\_\_  
Authorized Signing Officer