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**1992 ISDA**

**U.S. Municipal  
Counterparty  
Definitions**

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**ISDA®**

INTERNATIONAL SWAP DEALERS ASSOCIATION, INC.

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## INTRODUCTION

The 1992 U.S. Municipal Counterparty Definitions (the “Definitions”) are intended for use with agreements, such as the [Local Currency—Single Jurisdiction version of the 1992 ISDA Master Agreement](#) accompanied by the U.S. Municipal Counterparty Schedule (the “Standard Agreement”) published by the International Swap Dealers Association, Inc. (“ISDA”), and in [Confirmations](#) of individual [Transactions](#) governed by those agreements. Copies of the Standard Agreement are available from the executive offices of ISDA. A sample form for a letter agreement or telex constituting a [Confirmation](#) is attached as [Exhibit I](#) to these Definitions. Sample forms of specific provisions for incorporation in a [Confirmation](#) to document different types of [Transactions](#) are attached as [Exhibits II-A](#) and [II-B](#) to these Definitions.

The Definitions are designed for use by participants in the markets for [Transactions](#) with U.S. municipal counterparties and may be used for such purposes without reference to the [1991 ISDA Definitions](#) (the “1991 Definitions”) for those [Transactions](#) covered by the Definitions. [The 1991 Definitions](#) remain a current and viable source for other types of transactions not covered by the Definitions.

The Definitions are essentially an abridged version of the [1991 Definitions](#). The Definitions include many of the definitions and provisions from the 1991 Definitions for the documentation of interest rate swap transactions and caps, collars and floors and also add certain definitions and provisions used in the markets for [Transactions](#) with U.S. municipal counterparties such as the definitions of Kenny Index, PSA Municipal Swap Index and Government Bond Basis. The Definitions can be incorporated into future [Confirmations](#) governed by an agreement such as the Standard Agreement. Existing [Confirmations](#) that incorporate the [1991 Definitions](#) will not, without further action by the parties, be affected by the use of the Definitions for future [Transactions](#).

The Definitions may be updated periodically to include additional definitions and provisions. While the definitions and provisions contained in these Definitions may be modified in any update, it is not anticipated that they will be changed substantively unless then prevailing market practice supports such a change. At any time a copy of the then current version of the Definitions may be obtained from the executive offices of ISDA.

ISDA has no relationship with the organizations that have created or publish or provide the information that serves as a basis for the rates referred to in the Definitions other than an agreement with Reuters Limited pursuant to which it calculates and publishes the rates listed on the [Reuters Screen ISDA](#) page. ISDA does not assume any responsibility for the non-availability or miscalculation of, or any error or omission in, any of the rates referred to in these Definitions. ISDA assumes no responsibility for any use to which the Definitions may be put or for any use of any rate, price or index in connection with a [Transaction](#) or in connection with any other transaction. Parties may wish to consult with their legal or tax advisors before using the Definitions.

ISDA began the project to produce the Definitions in mid-1991. During the course of the project ISDA has received assistance from the Public Securities Association. ISDA gratefully acknowledges the contributions of the Public Securities Association to the Definitions as well as the U.S. Municipal Counterparty Schedule referred to above.

## 1992 ISDA U.S. MUNICIPAL COUNTERPARTY DEFINITIONS

Any or all of the following definitions and provisions may be incorporated into a document by wording in the document indicating that, or the extent to which, the document is subject to the 1992 ISDA U.S. Municipal Counterparty Definitions (as published by the International Swap Dealers Association, Inc.). All definitions and provisions so incorporated in a document will be applicable to that document unless otherwise provided in that document, and all terms defined in these Definitions and used in any definition or provision that is incorporated by reference in a document will have the respective meanings set forth in these Definitions unless otherwise provided in that document. Any term used in a document will, when combined with the name of a party, have meaning in respect of the named party only.

### ARTICLE 1

#### CERTAIN GENERAL DEFINITIONS

**Section 1.1. Transaction.** “Transaction” means (a) any transaction which is a rate swap transaction, basis swap, cap transaction, floor transaction, collar transaction or any other similar transaction, (b) any combination of these transactions and (c) any other transaction identified as a Transaction in the related Confirmation.

**Section 1.2. Confirmation.** “Confirmation” means, with respect to a Transaction, one or more documents (or other confirming evidence) exchanged between the parties which, taken together, confirm all of the terms of a Transaction.

**Section 1.3. Banking Day.** “Banking Day” means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city.

**Section 1.4. Business Day.** “Business Day” means, in respect of any date that is specified in these Definitions or in a Confirmation to be subject to adjustment in accordance with any applicable [Business Day Convention](#), a day on which commercial banks settle payments in the place(s) and on the days specified for that purpose in the relevant Confirmation and, if place(s) and days are not so specified, a day on which commercial banks settle payments in U.S. Dollars in:

(a) New York; or

(b) New York and London, if (i) the payment obligation that is payable on or calculated by reference to that date or (ii) the payment obligations of the other party to the Transaction are calculated by reference to any “LIBOR” [Floating Rate Option](#).

## ARTICLE 2

### PARTIES

**Section 2.1. Fixed Rate Payer; Fixed Amount Payer.** “Fixed Rate Payer” or “Fixed Amount Payer” means, in respect of a [Transaction](#), a party obligated to make payments from time to time during the Term of the [Transaction](#) of amounts calculated by reference to a fixed per annum rate or to make one or more payments of a Fixed Amount.

**Section 2.2. Floating Rate Payer; Floating Amount Payer.** “Floating Rate Payer” or “Floating Amount Payer” means, in respect of a [Transaction](#), a party obligated to make payments from time to time during the Term of the [Transaction](#) of amounts calculated by reference to a floating per annum rate or to make one or more payments of a Floating Amount.

## ARTICLE 3

### TERM AND DATES

**Section 3.1. Term.** “Term” means the period commencing on the Effective Date of a [Transaction](#) and ending on the Termination Date of the [Transaction](#).

**Section 3.2. Effective Date.** “Effective Date” means the date specified as such for a [Transaction](#), which date is the first day of the Term of the [Transaction](#).

**Section 3.3. Termination Date.** “Termination Date” means the date specified as such for a [Transaction](#), which date is the last day of the Term of the [Transaction](#). The Termination Date shall not be subject to adjustment in accordance with any [Business Day Convention](#) unless the parties specify in a [Confirmation](#) that the Termination Date will be adjusted in accordance with a specified [Business Day Convention](#).

**Section 3.4. Trade Date.** “Trade Date” means, in respect of a [Transaction](#), the date on which the parties enter into the [Transaction](#).

## ARTICLE 4

### CERTAIN DEFINITIONS RELATING TO PAYMENTS

**Section 4.1. Fixed Amount.** “Fixed Amount” means, in respect of a [Transaction](#) and a Fixed Rate Payer, an amount that, subject to any applicable condition precedent, is payable by that Fixed Rate Payer on an applicable [Payment Date](#) and is specified in a [Confirmation](#) or is determined as provided in [Article 5](#) of these Definitions or as provided in a [Confirmation](#).

**Section 4.2. Floating Amount.** “Floating Amount” means, in respect of a [Transaction](#) and a Floating Rate Payer, an amount that, subject to any applicable condition precedent, is payable by that Floating Rate Payer on an applicable [Payment Date](#) and is determined by reference to a [Floating Rate Option](#) as provided in [Article 6](#) of these Definitions or pursuant to a method specified in a [Confirmation](#).



**Section 4.3. Notional Amount.** “Notional Amount” means, in respect of a party and any **Calculation Period**, the amount specified as such for the **Transaction**.

**Section 4.4. Payment Date.** “Payment Date” means, in respect of a **Transaction** and a party, each day during the **Term** of the **Transaction** so specified or predetermined and the **Termination Date**; except that (i) each Payment Date shall be subject to adjustment in accordance with the Modified Following Business Day Convention unless another Business Day Convention is specified to be applicable to Payment Dates in respect of the **Transaction** or that party and (ii) a Payment Date in respect of a **Fixed Rate Payer** may be a specified day prior to the **Effective Date** where the **Floating Amounts** payable by the **Floating Rate Payer** are calculated by reference to a cap rate or floor rate.

**Section 4.5. Period End Date.** “Period End Date” means, in respect of a **Transaction** and a party,

(a) if Period End Dates are not established for the **Transaction** or that party, each Payment Date of that party during the **Term** of the **Transaction**; or

(b) if Period End Dates are specified or otherwise predetermined for the **Transaction** or that party, each day during the **Term** so specified or predetermined;

except that, in the case of subsection (b) above, each Period End Date shall be subject to adjustment in accordance with the Modified Following Business Day Convention unless (x) another Business Day Convention is specified to be applicable to Period End Dates in respect of the **Transaction** or that party, in which case an adjustment will be made in accordance with that Business Day Convention, or (y) “No Adjustment” is specified in connection with Period End Dates for the **Transaction** or that party, in which case no adjustment will be made, notwithstanding that the Period End Date occurs on a day that is not a **Business Day**.

**Section 4.6. Business Day Convention.** (a) “Business Day Convention” means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a **Business Day**. The following terms, when used in conjunction with the term “Business Day Convention” and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a **Business Day** so that:

(i) if “Following” is specified, that date will be the first following day that is a **Business Day**;

(ii) if “Modified Following” or “Modified” is specified, that date will be the first following day that is a **Business Day** unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a **Business Day**; and

(iii) if “Preceding” is specified, that date will be the first preceding day that is a **Business Day**.

(b) The Business Day Convention applicable to a date that is specified in these Definitions or in a **Confirmation** to be subject to adjustment in accordance with an

§ 4.6(b)

applicable **Business Day Convention** shall be the **Business Day Convention** specified for that date in these Definitions or in that **Confirmation** or, if a **Business Day Convention** is not so specified for that date but a **Business Day Convention** is specified for a **Transaction**, shall be the **Business Day Convention** specified in a **Confirmation** for that **Transaction**.

**Section 4.7. Calculation Period.** “Calculation Period” means, in respect of a **Transaction** and a party, each period from, and including, one **Period End Date** of that party to, but excluding, the next following applicable **Period End Date** during the **Term** of the **Transaction**, except that (a) the initial Calculation Period for the party will commence on, and include, the **Effective Date**, and (b) the final Calculation Period for the party will end on, but exclude, the **Termination Date**.

**Section 4.8. Calculation Agent.** “Calculation Agent” means the party to a **Transaction** (or a third party) designated as such for the **Transaction** and responsible for (a) calculating the applicable **Floating Rate**, if any, for each **Payment Date** or for each Calculation Period, (b) calculating any **Floating Amount** payable on each **Payment Date** or for each Calculation Period, (c) calculating any **Fixed Amount** payable on each **Payment Date** or for each Calculation Period, (d) giving notice to the parties to the **Transaction** on the Calculation Date for each **Payment Date** or for each Calculation Period, specifying (i) the **Payment Date**, (ii) the party or parties required to make the payment or payments then due, (iii) the amount or amounts of the payment or payments then due and (iv) reasonable details as to how the amount or amounts were determined, and (e) if, after notice is given, there is a change in the number of days in the relevant Calculation Period and the amount or amounts of the payment or payments due for that **Payment Date** or for that Calculation Period, promptly giving the parties to the **Transaction** notice of those changes, with reasonable details as to how those changes were determined. Whenever the Calculation Agent is required to select banks or dealers for the purpose of making any calculation or determination, the Calculation Agent will make the selection in good faith after consultation with the other party (or the parties, if the Calculation Agent is a third party), if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in the relevant market.

**Section 4.9. Calculation Date.** “Calculation Date” means, in respect of any **Payment Date** or any Calculation Period, the earliest day on which it is practicable to provide the notice that the Calculation Agent is required to give for that **Payment Date** or for that Calculation Period, and in no event later than the close of business on the **Business Day** next preceding that **Payment Date** or the **Payment Date** for that Calculation Period (unless that preceding **Business Day** is a **Reset Date**, then in no event later than the latest time that will permit any payment due on that **Payment Date** to be made on that **Payment Date**).

**Section 4.10. Day Count Fraction.** “Day Count Fraction” means, in respect of a **Transaction** and the calculation of a **Fixed Amount** or a **Floating Amount**,

- (a) if “Actual/365” or “Actual/Actual” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by

365 (or, if any portion of that **Calculation Period** falls in a leap year, the sum of (A) the actual number of days in that portion of the **Calculation Period** falling in a leap year divided by 366 and (B) the actual number of days in that portion of the **Calculation Period** falling in a non-leap year divided by 365);

(b) if “Actual/365 (Fixed)” is specified, the actual number of days in the **Calculation Period** in respect of which payment is being made divided by 365;

(c) if “Actual/360” is specified, the actual number of days in the **Calculation Period** in respect of which payment is being made divided by 360;

(d) if “30/360”, “360/360” or “Bond Basis” is specified, the number of days in the **Calculation Period** in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the **Calculation Period** is the 31st day of a month but the first day of the **Calculation Period** is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the **Calculation Period** is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(e) if “Government Bond Basis” is specified, the number of days in the **Calculation Period** in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

## ARTICLE 5

### FIXED AMOUNTS

**Section 5.1. Calculation of a Fixed Amount.** The **Fixed Amount** payable by a party on a **Payment Date** will be:

(a) if an amount is specified for the **Transaction** as the **Fixed Amount** payable by that party for that **Payment Date** or for the related **Calculation Period**, such amount; or

(b) if an amount is not specified for the **Transaction** as the **Fixed Amount** payable by that party for that **Payment Date** or for the related **Calculation Period**, an amount calculated on a formula basis for that **Payment Date** or for the related **Calculation Period** as follows:

$$\text{Fixed Amount} = \text{Notional Amount} \times \text{Fixed Rate} \times \frac{\text{Fixed Rate Day Count}}{\text{Fraction}}$$

§ 5.2

**Section 5.2. Certain Definitions Relating to Fixed Amounts.** For purposes of the calculation of a **Fixed Amount** payable by a party:

(a) “Fixed Rate” means, for any **Payment Date** or for any **Calculation Period** in respect of a **Payment Date**, a rate, expressed as a decimal, equal to the per annum rate specified as such for the **Transaction** or that party.

(b) “Fixed Rate Day Count Fraction” means, in respect of any calculation of a **Fixed Amount**, the **Day Count Fraction** specified as the Fixed Rate Day Count Fraction for the **Transaction** or the **Fixed Rate Payer**.

**ARTICLE 6**

FLOATING AMOUNTS

**Section 6.1. Calculation of a Floating Amount.** The **Floating Amount** payable by a party on a **Payment Date** will be an amount calculated on a formula basis for that **Payment Date** or for the related **Calculation Period** as follows:

$$\text{Floating Amount} = \text{Notional Amount} \times \text{Floating Rate} \times \text{Floating Rate Day Count Fraction}$$

**Section 6.2. Certain Definitions Relating to Floating Amounts.** For purposes of the calculation of a **Floating Amount** payable by a party:

(a) “Floating Rate” means, for any **Calculation Period** in respect of a **Payment Date** or for any **Reset Date**, a rate, expressed as a decimal, equal to

(i) if the **Confirmation** (or the agreement between the parties governing the **Transaction**) does not contain or incorporate **paragraph 2** of the May 1989 Addendum to Schedule to Interest Rate and Currency Exchange Agreement for Interest Rate Caps, Collars and Floors, or provisions equivalent thereto; and

(A) if a cap rate is specified, the excess, if any, of a rate determined pursuant to subparagraph (ii) below over the cap rate so specified; or

(B) if a floor rate is specified, the excess, if any, of the floor rate so specified over a rate determined pursuant to subparagraph (ii) below; and

(ii) in all other cases and for purposes of subparagraphs (i) (A) and (B) above:

(A) if a per annum rate is specified for the **Transaction** or that party to be the Floating Rate applicable to that **Calculation Period** or **Reset Date**, the Floating Rate so specified;

(B) if only one **Reset Date** is established for the **Transaction** or that party during (or in respect of) that **Calculation Period**, the **Relevant Rate** for that **Reset Date**;

(C) if more than one Reset Date is established for the **Transaction** or that party during (or in respect of) that **Calculation Period** and the “Unweighted Average” method of calculation is specified, the arithmetic mean of the Relevant Rates for each of those Reset Dates;

(D) if more than one Reset Date is established for the **Transaction** or that party during (or in respect of) that **Calculation Period** and the “Weighted Average” method of calculation is specified, the arithmetic mean of the Relevant Rates in effect for each day in that **Calculation Period** calculated by multiplying each Relevant Rate by the number of days such Relevant Rate is in effect, determining the sum of such products and dividing such sum by the number of days in the **Calculation Period**; or

(E) if more than one Reset Date is established for the **Transaction** or that party during (or in respect of) that **Calculation Period** and neither the “Unweighted Average” nor the “Weighted Average” method of calculation is specified, a **Floating Rate** determined as if “Unweighted Average” had been specified as the applicable method of calculation.

(b) “Reset Date” means each day specified as such (or determined pursuant to a method specified for such purpose) for the **Transaction** or that party, subject to adjustment in accordance with any applicable **Business Day Convention** which, if a **Business Day Convention** is not specified in a **Confirmation** as being applicable to Reset Dates, shall be the **Business Day Convention** applicable to **Floating Rate Payer Payment Dates** in respect of that **Transaction**, unless an adjustment in accordance with that **Business Day Convention** would cause a Reset Date to fall on the **Payment Date** in respect of the **Calculation Period** to which that Reset Date relates, in which case that Reset Date shall be adjusted in accordance with the Preceding **Business Day Convention**.

(c) “Relevant Rate” means, for any day, a per annum rate, expressed as a decimal, equal to

(i) if such day is a Reset Date, the rate determined with respect to that day for the specified Floating Rate Option as provided in **Article 7** of these Definitions or as provided in a **Confirmation** or as provided in any agreement between the parties governing the **Transaction**; or

(ii) if such day is not a Reset Date, the Relevant Rate determined pursuant to clause (i) above for the next preceding Reset Date.

(d) “Floating Rate Day Count Fraction” means, in respect of a **Transaction** and any calculation of a **Floating Amount**, the **Day Count Fraction** specified as the Floating Rate Day Count Fraction for the **Transaction** or the **Floating Rate Payer**.

(e) “Floating Rate Option” means, in respect of a **Transaction** and the calculation of a **Floating Amount**, the Floating Rate Option specified as such, which may be specified by reference to any of the terms defined in **Section 7.1** of these















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