



INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.

## NEWS RELEASE

**For Immediate Release, Sunday, September 14, 2008**

**For More Information, Please Contact:**

**Louise Marshall, ISDA New York, 212-901-6014, [lmarshall@isda.org](mailto:lmarshall@isda.org)**

**Cesaltine Gregorio, ISDA New York, 212 901 6019, [cgregorio@isda.org](mailto:cgregorio@isda.org)**

### **Lehman Risk Reduction Trading Session and Protocol Agreement**

Further to the earlier announcement outlining an extraordinary trading session established by market participants to reduce their counterparty exposures to Lehman Brothers, ISDA has made the following statement:

"This exercise is designed to mitigate counterparty credit risk through the establishment of offsetting positions with other market participants," said Robert Pickel, Executive Director and Chief Executive Officer, ISDA. "ISDA is pleased to play a part in the continued efforts of the marketplace to manage market, credit and operational risk in the testing times that have arisen in the financial markets over the course of the past year. We are confident that the risk mitigation provisions, most notably netting and collateral, that are legally enforceable under the ISDA Master Agreement, would play a significant role in the orderly resolution of the failure of any major counterparty, as it has in past examples of this."

The special trading session is taking place on Sunday September 14 for OTC derivatives. The purpose of the session is to permit parties to reduce their market risk associated with a potential Lehman Brothers Holding Inc. bankruptcy filing, by entering into transactions with other participants that would fully or partially offset OTC derivatives positions that they have with Lehman. Product classes involved are credit, equity, rates, FX and commodity derivatives.

Transactions entered into during this session are entered into on the basis that their effectiveness is contingent on a bankruptcy filing of Lehman Brothers Holding Inc. at or before 11:59 pm New York time, Sunday, September 14, 2008 and that if there is no such filing, they will not come into existence. This agreement is memorialized in a Protocol Agreement, the Conditional Transactions Protocol Agreement, which is available on the ISDA website ([www.isda.org](http://www.isda.org)). In order for the Protocol Agreement to be effective with respect to a Transaction, the Confirmation (paper or electronic) for that Transaction must indicate that it is entered into subject to this Protocol Agreement (which may be referred to for such purposes as the "Lehman Effectiveness Protocol").

The Protocol Agreement also covers cash market transactions that are associated with covered derivatives transactions.

Firms that are participating in the trading session should execute the Protocol Agreement and return it to Mark New at ISDA ([mnew@isda.org](mailto:mnew@isda.org)) with LEHMAN PROTOCOL in the subject line. ISDA will post a list of parties that have executed the Protocol Agreement.

If your firm did not participate in the trading session you should not sign the Protocol Agreement.

**About ISDA**

ISDA, which represents participants in the privately negotiated derivatives industry, is among the world's largest global financial trade associations as measured by number of member firms. ISDA was chartered in 1985, and today has approximately 850 member institutions from 56 countries on six continents. These members include most of the world's major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities. Information about ISDA and its activities is available on the Association's web site: [www.isda.org](http://www.isda.org).

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