

exercised pursuant to the provisions of Section 13.7 (Automatic Exercise) or Section 13.8 (Fallback Exercise), the other Swaption will expire unexercised.

## ARTICLE 14

### GENERAL TERMS AND PROVISIONS RELATING TO SETTLEMENT OF SWAPTIONS

#### Section 14.1. Certain Definitions Relating to Settlement of Swaptions

(a) **Cash Settlement.** If “Cash” or “Cash Settlement” is specified for a Swaption in the related Confirmation, it means that “Cash Settlement” is applicable to the Swaption and that Seller grants to Buyer pursuant to the Swaption the right to cause Seller to pay Buyer the Cash Settlement Amount, if any, on the Cash Settlement Payment Date in accordance with the provisions of Article 18 of these 2006 Definitions.

(b) **Physical Settlement.** If “Physical” or “Physical Settlement” is specified for a Swaption in the related Confirmation, it means that “Physical Settlement” is applicable to the Swaption and that Seller grants to Buyer pursuant to the Swaption the right to cause the Underlying Swap Transaction (which in the case of a Swaption forming part of a Swaption Straddle will be either an Underlying Payer Swap or an Underlying Receiver Swap) to become effective in accordance with the provisions of Article 15 of these 2006 Definitions.

(c) **Underlying Swap Transaction.** “Underlying Swap Transaction” means, in respect of a Swaption, a Swap Transaction (which in the case of a Swaption forming part of a Swaption Straddle will be either an Underlying Payer Swap or an Underlying Receiver Swap), the terms of which are identified in the related Confirmation.

(d) **Underlying Payer Swap.** “Underlying Payer Swap” means, in respect of a Swaption Straddle, a Swap Transaction in respect of which Buyer is the Fixed Rate Payer.

(e) **Underlying Receiver Swap.** “Underlying Receiver Swap” means, in respect of a Swaption Straddle, a Swap Transaction in respect of which Buyer is the Floating Rate Payer.

## ARTICLE 15

### PHYSICAL SETTLEMENT OF SWAPTIONS

**Section 15.1. Physical Settlement.** In respect of each Exercise Date under a Swaption to which Physical Settlement is applicable, subject to any other applicable provisions, the Underlying Swap Transaction (which in the case of a Swaption forming part of a Swaption Straddle will be either an Underlying Payer Swap or an Underlying Receiver Swap) will become effective and the Notional Amount of the Underlying Swap Transaction will (subject to the provisions of Section 13.3 (Partial Exercise), if Partial Exercise is applicable, or Section 13.4 (Multiple Exercise), if Multiple Exercise is applicable) be equal to the Notional Amount specified in the relevant notice of exercise.