Dear Market Participant,

The Singapore Foreign Exchange Market Committee (the “SFEMC”), EMTA, Inc. (“EMTA”) and the Foreign Exchange Committee (the “FXC”), acting as co-sponsors, are pleased to announce the publication of updated documentation for non-deliverable foreign exchange transactions for six Asian currencies. The Tokyo Foreign Exchange Market Committee and the Treasury Markets Forum of Hong Kong support the co-sponsors in their publication of the updated documentation for the benefit of market participants.

The co-sponsors believe that this revised documentation will enhance efficient settlements across the market for non-deliverable foreign exchange transactions in the event of a long-term disruption in a local market. This project continues the efforts made to improve documentation for non-deliverable foreign exchange transactions used for various Latin American currencies.

Updated standard template terms for non-deliverable foreign exchange transactions for each of CNY, IDR, INR, KRW, PHP and TWD (the “2004 Templates”) are now available for use by the market with a recommended effective date of December 1, 2004, to ensure market-wide coordination in their adoption. The 2004 Templates are intended to replace in their entirety the template terms for these currencies published by EMTA in 2001.

By separate publication, ISDA, Inc., EMTA and the FXC have published new and amended rate source definitions for Annex A of the 1998 FX and Currency Option Definitions for the six currencies that are the subject of the 2004 Templates. These new and amended definitions also will have an effective date of December 1, 2004.

The 2004 Templates, the new and amended rate source definitions and other related documentation are on the websites of the SFEMC, EMTA and the FXC, as co-sponsors, at: www.sfemc.org (see Market Practice), www.emta.org (see Standard Documentation/FX and Derivatives Documentation) and www.newyorkfed.org/fxc (see Reports and Documents/FX Options and NDFS).
Highlights of the 2004 Templates include:

1. The current eight-calendar day Drop-dead Date in the 2001 Templates is replaced with a longer Deferral Period of fourteen calendar days, to give a local market greater opportunity to resume normalcy following the occurrence of an Unscheduled Holiday. A parallel approach of a fourteen-day period for a Valuation Postponement following the occurrence of a Price Source Disruption is introduced.

2. A new first Fallback Settlement Rate Option is added for purposes of obtaining a market-oriented rate following a fourteen-day Deferral Period or Valuation Postponement. This new Fallback Settlement Rate Option is a survey-based rate quotation, which the SFEMC will sponsor and Telerate will administer. The SFEMC would activate the survey during a market disruption, and participants in the survey (offshore banks) will be asked to quote an indicative rate at that time. Test surveys were conducted by Telerate earlier this year, demonstrating the operational viability of the survey methodologies. The results of the test surveys are posted on the SFEMC’s website (http://www.sfemc.org/AsianNDF.asp).

3. To give the Indicative Survey a chance to function when it is commenced, a second fallback rate option is introduced in the 2004 Templates, called Fallback Survey Valuation Postponement. This new term can extend the valuation date of a contract for up to an additional three calendar days (for a total of up to seventeen calendar days of deferral or postponement), to the extent needed to obtain an indicative survey rate quotation based on the required minimum number of responses.

4. Calculation Agent Determination is retained as the final fallback option for determining a rate.

In addition, for the convenience of their constituencies and the marketplace, EMTA and the SFEMC will sponsor the signing of a multilateral amendment for their members and other market participants who wish to amend their outstanding contracts to incorporate the new template terms. For those institutions who wish to participate, information pertaining to the multilateral amendment for such currencies may be found on the websites of EMTA and the Singapore Institute of Banking and Finance (“IBF”) (www.ibf.org.sg), which is administering the amendment on behalf of the SFEMC.

The co-sponsors encourage institutions to use the 2004 Templates in recognition of the benefits that would accrue to the marketplace. They are committed to providing on-going support to the industry as it continues to improve documentation of non-deliverable foreign exchange transactions to promote smooth market functioning.

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