

**FINANCIAL MARKET LAWYERS GROUP
33 LIBERTY STREET
NEW YORK, NY 10045-0001**

October 8, 1998

Dear Market Participant:

The introduction of the euro on January 1, 1999 raises a number of issues with respect to foreign exchange transactions entered into under the International Foreign Exchange Master Agreement, International Foreign Exchange and Options Master Agreement, and International Currency Options Market Master Agreement ("Master Agreements") that have been published by the New York Foreign Exchange Committee. In response to uncertainty expressed by market participants with respect to a number of issues associated with the transition to the euro, the Financial Markets Lawyers Group ("FMLG") has, along with the British Bankers' Association ("BBA") prepared a protocol ("Protocol") for the Master Agreements that allows parties to amend their existing Master Agreements to provide certainty with respect to a number of issues. The Protocol is modeled after, and includes language from, the EMU Protocol published by the International Swaps and Derivatives Association ("ISDA"). Market Participants should note, however, that the Protocol differs in material respects from the ISDA EMU Protocol. As a result, parties should review it carefully before agreeing to any of its provisions. Market Participants should also note that the annexes of the Protocol do not, in all cases, correspond to those in the ISDA EMU Protocol.

The areas covered by the Protocol are:

- Confirmation of continuity of contract,
- Provision of replacement price sources,
- Clarification of payment netting and novation netting,
- New definitions relating to the euro
- Provisions for average rate options, and
- Provisions for barrier options.

The adherence procedure for the Protocol is similar to that provided for by ISDA for its protocol. Market participants should find that this procedure makes it easier for parties to amend agreements without having to approach each of their counterparties. Parties wishing to indicate their adherence to any of the provisions of the Protocol should deliver two copies of an

adherence letter (one a manually signed original and the other a conformed copy containing, in place of each signature, the printed or typewritten name of each signatory) substantially in the form attached to the Protocol (“Adherence Letter”) to:

Chair
Financial Market Lawyers Group
59 Maiden Lane, 27th floor
New York, NY 10038
Attention: Nikki Poulos, Secretary

No other document in addition to the Adherence Letter is required to adhere to the Protocol.

The Adherence Letter must be received by the FMLG no later than November 30, 1998. The FMLG will publish, and update, on its website (<http://www.ny.frb.org/fmlg/>) a list of adhering parties as well as a copy of the conformed Adherence Letter.

Except as provided below, Adherence Letters that comply with all requirements will be effective on the day received, notwithstanding that the conformed copy will not be posted for two or three days after receipt. Any additional provisions, conditions or limitations contained in the Adherence Letter will render it invalid. The FMLG Chair will review the letters to ensure only that they comply with the formal requirements of the Adherence Letter (signed with all pages included, no additional provisions, conditions or limitations). To the extent the FMLG Chair determines that an Adherence Letter is not in compliance with any requirements, the FMLG Chair will notify the contact person listed in the Adherence Letter and take no further action. The FMLG Chair will perform no due diligence on the capacity or authority of the signatory to the Adherence Letter. Adhering parties will be responsible for reviewing both the information posted on the FMLG website with respect to their adherence and the correctness of the displayed Adherence Letter.

A copy of the Protocol and the form of Adherence Letter is attached for your information. For further information on the Protocol, or to view the current list of adhering parties, please visit the FMLG website. The FMLG will also post a copy of the Protocol on the website as well as a copy of the opinion of counsel concerning the Protocol’s enforceability.

Note that the Protocol and this notice, and any of the other information published with the Protocol, does not purport to be legal advice. Market participants should consult with their legal advisers and any other adviser they deem appropriate prior to adhering to the

Protocol. The FMLG, the BBA, the New York Foreign Exchange Committee, the Federal Reserve Bank of New York, or any component of the Federal Reserve System assumes no responsibility for any use to which any of the provisions contained in the Protocol may be put.

Very truly yours,

Joyce M. Hansen
Chair
Financial Markets Lawyers Group

RBT:JMH/vf

Enclosure