

The Foreign Exchange Committee

The Federal Reserve Bank of New York
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Dear Foreign Exchange Professional:

On January 1, 1999, the euro becomes the legal currency of the European Economic and Monetary Union (EMU) and there will be widespread changes in the way payments are sent and received. In a June 1998 report, *EMU: Guide to Operational Issues in the Foreign Exchange Market*, the Committee strongly recommended that revisions to standing settlement instructions, attributable to the euro, be forwarded to counterparties at the earliest possible date, and no later than September 30, 1998. The longer-than-usual period from notification to implementation was suggested by the Committee to provide institutions adequate time to process what was expected to be an unprecedented number of changes.

The Foreign Exchange Committee wishes to remind the foreign exchange community of the importance of having up-to-date standing settlement instructions on file with your counter parties well before their effective date. Accurate settlement instructions insure that funds will be transferred to the right place, minimize operational risk, and allow for greater efficiencies in transactions. It is strongly urged that if not sent already, changes in standing settlement instructions be remitted immediately.

Please feel free to contact me, or the Committee's Executive Assistant with any questions or comments regarding this letter. Copies of this letter are also available on the web site www.ny.frb.org/fxc.

Sincerely yours,

John J. Finigan, Jr.
Chairman