

PRESS RELEASE

RECOMMENDING THE CLOSEOUT OF RINGGIT POSITIONS

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On September 1, 1998, Bank Negara Malaysia (the central bank of Malaysia) announced certain exchange controls involving the Malaysian ringgit and has subsequently made a number of written statements regarding the applicability of these controls. The Foreign Exchange Committee (the Committee) understands that, as a result of these announcements, foreign exchange trades involving ringgit that were entered into before September 1, 1998, may legally be settled until September 9, 1998. Transactions involving ringgit that settle after September 9, 1998, will be subject to exchange controls and may be settled only with the specific approval of Bank Negara Malaysia.

The Committee understands that the settlement process in ringgit has been severely disrupted, which has exposed market participants to unanticipated risk. The Committee recommends as a best practice that all parties to ringgit transactions entered into before September 1, 1998, agree to terminate these transactions and settle them in U.S. dollars as quickly as possible, and in any event by September 9, 1998. The Committee strongly urges this practice as a way to mitigate market risk and promote orderly settlement of ringgit positions by all participants in the foreign exchange market.

The Committee believes that parties to each ringgit transaction must determine a closeout mechanism suitable to their needs. Market practice on closeouts of existing transactions normally involves valuing future payments with a view toward determining discounted future cash flows. The Committee urges that parties to outstanding ringgit transactions contact each other to facilitate speedy agreement on these and other points necessary to closeout their ringgit positions.