

**ADDENDUM TO  
2004 ASIAN CURRENCY  
NON-DELIVERABLE FX DOCUMENTATION**

**MYR/USD Non-Deliverable FX Documentation**

**Effective as of July 15, 2005**

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## Introduction

In 2004, the Singapore Foreign Exchange Market Committee (SFEMC), EMTA, Inc. (EMTA), and the Foreign Exchange Committee (FXC), acting as cosponsors, published updated template terms for non-deliverable foreign exchange (FX) transactions for six Asian currencies (the "2004 Templates"). Since the publication of the 2004 Templates, there has been a marked increase in activity in the market for Malaysian Ringgit (MYR)/U.S. Dollar (USD) non-deliverable FX transactions. As a result, a number of market participants recommended that the SFEMC, EMTA, and the FXC develop documentation for non-deliverable MYR/USD FX transactions for the benefit of the market. Up to this time, no documentation that would reduce documentation and settlement risk, generally promote sound market practice, and contribute to overall efficiency of the non-deliverable FX marketplace has been available for market participants to agree to on a bilateral basis.

Following a period of study and consultation, a working group recommended to the cosponsors the publication of terms for non-deliverable MYR/USD FX transactions that are substantially similar to the 2004 SFEMC, EMTA & FXC Template Terms for IDR/USD Non-Deliverable FX Transaction. The SFEMC, EMTA & FXC Template Terms for MYR/USD Non-Deliverable FX Transaction (the "MYR Template Terms") and related documentation represent another collaborative effort of the cosponsors and are supported by the Treasury Markets Forum of Hong Kong.

The MYR Template Terms incorporate a new primary rate source for a MYR/USD rate quote, based on a survey of offshore banks performed by the Association of Banks in Singapore. This survey is modeled closely on the survey developed for the IDR/USD rate quote. The new primary rate source definition, referred to as "MYR ABS" or "MYR01," has been added to Annex A of the 1998 FX and Currency Option Definitions in an amendment effective as of July 15, 2005. Telerate will carry the MYR/USD rate quote on its page 50157.

Like the 2004 Templates, the sole Disruption Event in the MYR Template Terms is Price Source Disruption. The Disruption Fallbacks featured in MYR Template Terms also follow the standard of the 2004 Templates. Specifically, the Disruption Fallbacks are Valuation Postponement, SFEMC MYR Indicative Survey Rate, Fallback Survey Valuation Postponement, and Calculation Agent Determination. A new SFEMC MYR Indicative Survey Rate Methodology, which closely resembles the methodologies for the other Asian currencies, has been published in conjunction with the MYR Template Terms. The *User's Guide 2004 Asian Currency Non-Deliverable FX Documentation* may be consulted for background information on these terms and the fallback survey methodologies.

Finally, carried over from the 2004 Templates into the MYR Template Terms are a 14-day Deferral Period for Unscheduled Holiday/Maximum Days of Postponement for Price Source Disruption, and a settlement convention of two Business Days, observing both Kuala Lumpur and Singapore Business Days for Valuation Date purposes.

**SFEMC, EMTA & FXC Template Terms  
for  
MYR/USD Non-Deliverable FX Transaction**

<b>General Terms:</b>	
Trade Date:	
[Date of Annex A] <sup>1</sup> :	
Reference Currency:	MYR
[Notional Amount] <sup>2</sup> :	
[Forward Rate] <sup>2</sup> :	
[Reference Currency Notional Amount] <sup>2</sup> :	
Reference Currency Buyer:	
Reference Currency Seller:	
Settlement Currency:	U.S. Dollars
Settlement Date:	[DATE CERTAIN], <u>provided, however</u> , that if the Scheduled Valuation Date is adjusted in accordance with the Following Business Day Convention, then the Settlement Date shall be as soon as practicable after the Valuation Date, but in no event later than two Business Days after such date.
Settlement:	Non-Deliverable
Settlement Rate Option:	MYR ABS (MYR01) <sup>3</sup>
Valuation Date:	[DATE CERTAIN] (“Scheduled Valuation Date”), subject to adjustment in accordance with the Preceding Business Day Convention; and in the event of an Unscheduled Holiday, subject to adjustment in accordance with the Following Business Day Convention.
<b>Disruption Events:</b>	
Price Source Disruption:	Applicable
<b>Disruption Fallbacks:</b>	
1. Valuation Postponement	
2. Fallback Reference Price:	SFEMC MYR Indicative Survey Rate (MYR02) <sup>4,5</sup>
3. Fallback Survey Valuation Postponement	
4. Calculation Agent Determination of Settlement Rate	

<b>Other Terms:</b>	
“Unscheduled Holiday”:	“Unscheduled Holiday” means that a day is not a Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in the Principal Financial Center(s) of the Reference Currency two Business Days prior to the Scheduled Valuation Date.
“Deferral Period” for Unscheduled Holiday:	In the event the Scheduled Valuation Date becomes subject to the Following Business Day Convention, and if the Valuation Date has not occurred on or before the 14 <sup>th</sup> consecutive day after the Scheduled Valuation Date (any such period being a “Deferral Period”), then the next day after the Deferral Period that would have been a Business Day but for the Unscheduled Holiday, shall be deemed to be the Valuation Date.
“Valuation Postponement” for Price Source Disruption:	“Valuation Postponement” means, for purposes of obtaining a Settlement Rate, that the Spot Rate will be determined on the Business Day first succeeding the day on which the Price Source Disruption ceases to exist, unless the Price Source Disruption continues to exist (measured from the date that, but for the occurrence of the Price Source Disruption, would have been the Valuation Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Spot Rate will be determined on the next Business Day after the Maximum Days of Postponement in accordance with the next applicable Disruption Fallback.
“Fallback Survey Valuation Postponement”:	“Fallback Survey Valuation Postponement” means that, in the event that the Fallback Reference Price is not available on or before the 3 <sup>rd</sup> Business Day (or day that would have been a Business Day but for an Unscheduled Holiday) succeeding the end of either (i) Valuation Postponement for Price Source Disruption, (ii) Deferral Period for

	<p>Unscheduled Holiday, or (iii) Cumulative Events, then the Settlement Rate will be determined in accordance with the next applicable Disruption Fallback on such day. For the avoidance of doubt, Cumulative Events, if applicable, does not preclude postponement of valuation in accordance with this provision.</p>
Cumulative Events:	<p>Except as provided below, in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday, or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed 14 consecutive calendar days in the aggregate. Accordingly, (x) if, upon the lapse of any such 14-day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period that otherwise would have been a Business Day, then such day shall be deemed to be a Valuation Date, and (y) if, upon the lapse of any such 14-day period, a Price Source Disruption shall have occurred or be continuing on the day following such period on which the Spot Rate otherwise would be determined, then Valuation Postponement shall not apply and the Spot Rate shall be determined in accordance with the next Disruption Fallback.</p>
Maximum Days of Postponement:	14 calendar days
Relevant City for Business Day for Valuation Date:	Kuala Lumpur and Singapore
Relevant City for Business Day for Settlement Date:	New York
Calculation Agent: <sup>6</sup>	

## ENDNOTES

- <sup>1</sup> Include only if parties wish to modify the presumption that Annex A is incorporated as amended through the Trade Date.
- <sup>2</sup> Parties must specify either (a) a Notional Amount and a Reference Currency Notional Amount or (b) a Forward Rate and either a Notional Amount or a Reference Currency Notional Amount.
- <sup>3</sup> The MYR ABS (MYR01) Rate is published at approximately 11:30 a.m. Singapore time on the Valuation Date.
- <sup>4</sup> The SFEMC MYR Indicative Survey Rate is determined pursuant to the SFEMC MYR Indicative Survey Rate Methodology dated July 15, 2005.
- <sup>5</sup> A party may wish to include the following additional provision if such party is or may be a participant in the SFEMC MYR Indicative Survey:

[Quoting Dealer Disclaimer:]

The parties acknowledge that one or both parties to this Transaction acting directly or through a branch or an affiliate may be requested to provide a quotation or quotations from time to time for the purpose of determining the SFEMC MYR Indicative Survey Rate and such quotation may affect, materially or otherwise, the settlement of the Transaction.

- <sup>6</sup> The following may be applicable for inter-dealer trades where parties agree to be Joint Calculation Agents:

Calculation Agents: Party A and Party B

If the parties are unable to agree on a determination within one Business Day, each party agrees to be bound by the determination of an independent leading dealer in Reference Currency/Settlement Currency Transactions not located in the Reference Currency jurisdiction ("independent leading dealer"), mutually selected by the parties, who shall act as the substitute Calculation Agent, with the fees and expenses of such substitute Calculation Agent (if any) to be met equally by the parties. If the parties are unable to agree on an independent leading dealer to act as substitute Calculation Agent, each party shall select an independent leading dealer and such independent dealers shall agree on an independent third party who shall be deemed to be the substitute Calculation Agent.

## Malaysian Ringgit Rate Source Definitions

Effective as of July 15, 2005, Annex A of the 1998 FX and Currency Option Definitions (the "1998 Definitions") is amended to add a new Section 4.5(a)(vi) as follows:

(A) "MYR ABS" or "MYR01" each means that the Spot Rate for a Rate Calculation Date will be the Malaysian Ringgit/U.S. Dollar spot rate at 11:00 a.m., Singapore time, expressed as the amount of Malaysian Ringgit per one U.S. Dollar, for settlement in two Business Days, reported by the Association of Banks in Singapore, which appears on the Telerate Page 50157 to the right of the caption "Spot" under the column "MYR" at approximately 11:30 a.m., Singapore time, on that Rate Calculation Date.

(B) "SFEMC MYR INDICATIVE SURVEY RATE" or "MYR02" each means that the Spot Rate for a Rate Calculation Date will be the Malaysian Ringgit/U.S. Dollar Specified Rate for U.S. Dollars, expressed as the amount of Malaysian Ringgit per one U.S. Dollar, for settlement in two Business Days, as published on SFEMC's website ([www.sfemc.org](http://www.sfemc.org)) at approximately 3:30 p.m., Singapore time, or as soon thereafter as practicable, on such Rate Calculation Date. The Spot Rate will be calculated by SFEMC (or a service provider SFEMC may select in its sole discretion) pursuant to the SFEMC MYR Indicative Survey Methodology (which means a methodology, dated as of July 15, 2005, as amended from time to time, for a centralized industry-wide survey of financial institutions that are active participants in the Malaysian Ringgit/U.S. Dollar markets for the purpose of determining the SFEMC MYR Indicative Survey Rate).

### Practitioner's Notes:

- *"MYR ABS" or "MYR01" each refers to a rate reported by the Association of Banks in Singapore ("ABS"), which is derived from a poll of offshore banks based on their perception of onshore rates as of 11:00 a.m., Singapore time. Telerate displays this rate at approximately 11:30 a.m., Singapore time. The ABS polling procedures for MYR allow for corrections to be made to a reported rate up to one hour from the time it is reported. Accordingly, in the event of any correction to the displayed rate, practitioners should consult Section 4.7(a) of Annex A. Section 4.7(a) provides that a Spot Rate based on information obtained from Telerate will be subject to any corrections subsequently displayed by Telerate within one hour of the time when a rate is first displayed by Telerate.*
- *Parties that specify in confirmations that a particular version of Annex A applies to their trades should reference Annex A effective as of July 15, 2005, if they desire to incorporate any or all of the new Malaysian Ringgit rate source definitions into their trades. If parties do not specify in their confirmations a particular version of Annex A, the above Malaysian Ringgit rate source definitions will apply to trades that incorporate the 1998 Definitions and have a trade date on or after July 15, 2005.*



**Singapore Foreign Exchange Market Committee (“SFEMC”)  
Malaysian Ringgit Indicative Survey Rate Methodology  
Dated as of July 15, 2005**

Capitalized terms not defined below are defined in the 1998 FX and Currency Option Definitions as published by the International Swaps and Derivatives Association, EMTA, Inc., and the Foreign Exchange Committee, or in the SFEMC, EMTA & FXC Template Terms for MYR/USD Non-Deliverable FX Transaction.

I. The SFEMC MYR Indicative Survey

- Commencing the MYR Indicative Survey: SFEMC (itself or through a service provider SFEMC will select in its sole discretion) will conduct a survey of financial institutions for the purpose of determining the SFEMC MYR Indicative Survey Rate, beginning at 11:00 a.m. (Singapore time) or as soon thereafter as practicable on a Business Day in both Kuala Lumpur and Singapore (or a calendar day that would have been a Business Day but for an Unscheduled Holiday), following any 14-calendar-day period during which valuation is deferred or postponed (or both).
- Polled Banks: For purposes of determining the MYR Indicative Survey Rate for a Valuation Date, SFEMC (itself or through a service provider) will survey financial institutions that are active participants in the MYR/U.S. Dollar market (each, a “Participating Bank”) and included in a current list of Participating Banks published on the SFEMC’s website ([www.sfemc.org](http://www.sfemc.org)) (the “Publication Site”). Only one office of each financial institution will be included as a Participating Bank in each MYR Indicative Survey.
- Survey Question: Each Participating Bank will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market MYR spot rate (bid-offer pair) for a standard size MYR/U.S. Dollar wholesale financial transaction for same-day settlement in the Kuala Lumpur marketplace on the Valuation Date. In arriving at this indicative quotation, each Participating Bank will be directed to take such factors into consideration as it deems appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for MYR/U.S. Dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for MYR/U.S. Dollar transactions (commercial or otherwise).

II. Use of Survey Results

- SFEMC (itself or through a service provider) will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the MYR Indicative Survey Rate, rounded to the fourth decimal point as described below.

- If the MYR Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points will be computed and will constitute the MYR Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value, then only 4 such mid-points will be eliminated.
- If the MYR Indicative Survey results in less than 21 but 11 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points will be computed and will constitute the MYR Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points will be eliminated.
- If the MYR Indicative Survey results in less than 11 but 8 or more responses, then the highest and the lowest mid-points will be eliminated and the arithmetic mean of the remaining mid-points will be computed and will constitute the MYR Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point will be eliminated.
- If the MYR Indicative Survey results in less than 8 but 5 or more responses, then no mid-points will be eliminated and the arithmetic mean of all mid-points will be computed and will constitute the MYR Indicative Survey Rate for such Valuation Date.
- Quotes will be provided to the fourth decimal point (e.g., 1.0000).

### III. Insufficient Responses

- If the MYR Indicative Survey results in less than 5 responses from Participating Banks (“Insufficient Responses”), no MYR Indicative Survey Rate will be available for the relevant Valuation Date. The next MYR Indicative Survey will take place on the next succeeding Business Day in both Kuala Lumpur and Singapore (or calendar day that would have been a Business Day but for an Unscheduled Holiday), subject to Section V below.

### IV. MYR Indicative Survey Rate Publication

- The MYR Indicative Survey Rate will be published on the Publication Site at 3:30 p.m. (Singapore time), or as soon thereafter as practicable.
- As soon as it is determined that the MYR Indicative Survey will result in Insufficient Responses, a notice that no MYR Indicative Survey Rate is available for the Valuation Date will be published on the Publication Site.
- The response of each Participating Bank to the Indicative Survey (bid-offer pair) will be available on the Publication Site at 9:00 a.m. (Singapore time) on the first Business Day in both Kuala Lumpur and Singapore (or calendar day that would have been a Business Day but for an Unscheduled Holiday) following the Business Day on which the relevant MYR Indicative Survey Rate is published, or as soon thereafter as practicable.

V. Discontinuing the MYR Indicative Survey

- The MYR Indicative Survey will be discontinued (i) on the calendar day first following the Business Day in both Kuala Lumpur and Singapore on which the MYR ABS (MYR01) is available for the determination of a Settlement Rate, or (ii) on the calendar day first following polling for the MYR Indicative Survey that results in Insufficient Responses for three consecutive polling days. Notwithstanding the foregoing, nothing herein will be construed to prevent SFEMC from continuing or re-initiating the MYR Indicative Survey at an appropriate time.
- A notice that the MYR Indicative Survey has been discontinued will be published on the Publication Site.

VI. Amendments to the Methodology

- SFEMC may, in its discretion, from time to time, make such administrative, procedural, or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the MYR Indicative Survey.

VII. Disclaimer

- SFEMC (and any service provider SFEMC may select) disclaim liability for the MYR Indicative Survey Rate, and no representation or warranty, express or implied, is made concerning the MYR Indicative Survey Rate (including, without limitation, the methodology for determining the MYR Indicative Survey Rate and its suitability for any particular use).