

June 20, 2001. EMTA, the International Swaps and Derivatives Association and the Foreign Exchange Committee jointly announced on June 20, 2001 the following amendment to the Korean Won rate source definitions in Annex A of the 1998 FX and Currency Option Definitions. Annex A is amended, effective as of June 20, 2001, to replace the current KRW rate source definitions with the following:

(A) “KRW KFTC18” or “KRW02” each means that the Spot Rate for a Rate Calculation Date will be the Korean Won/U.S. Dollar market average tom rate, expressed as the amount of Korean Won per one U.S. Dollar, for settlement in one Business Day reported by the Korea Financial Telecommunications and Clearing Corporation which appears on the Reuters Screen KFTC18 Page to the right of the caption “USD Today” that is available at approximately 5:30 p.m., Seoul time on that Rate Calculation Date, or as soon thereafter as practicable, but in no event later than 9:00 a.m., on the Business Day following the Rate Calculation Date.

(B) “KRW TELERATE 45644” or “KRW03” each means that the Spot Rate for a Rate Calculation Date will be the Korean Won/U.S. Dollar market average tom rate, expressed as the amount of Korean Won per one U.S. Dollar, for settlement in one Business Day reported by the Korea Financial Telecommunications and Clearing Corporation which appears on the Telerate Page 45644 to the right of the caption “USD Today” that is available at approximately 5:30 p.m., Seoul time on that Rate Calculation Date, or as soon thereafter as practicable, but in no event later than 9:00 a.m., on the Business Day following the Rate Calculation Date.

Practitioner’s Notes:

- The Korean Won rates reported by the Korea Financial Telecommunications and Clearing Corporation are market average rates for value in one Business Day in the local market. The Korean Won rate source definitions have been amended to reflect this fact by adding the word “tom” to the description of the rate, and adding the words “for settlement in one Business Day”. This does not affect the settlement convention in the non-deliverable markets, which continues to be two Business Days from the Valuation Date.
- The Korean Won rate source definitions provide for a KRW rate availability time of “5:30 p.m., Seoul time, but no later than 9:00 a.m., on the Business Day following the Rate Calculation Date”. Although the KFTC has reported the KRW rate at the end of each business day for some time now, previously there was no end-of-day publication of the KRW rate. The KRW rate for a particular Business Day was published only at 9:00 a.m. on the next Business Day (e.g., “the Business Day following the Rate Calculation Date”). Now, in light of the end-of-day availability of the KRW

rate, market consensus is to reference the 5:30 p.m. time (on the Rate Calculation Date), but to continue to maintain the reference to 9:00 a.m. (on the next Business Day after the Rate Calculation Date) as the final publication time. The final publication time serves as a cut-off time for purposes of determining whether a Settlement Rate is available or whether a Price Source Disruption has occurred. This approach also enables market participants to take into account adjustments to the KRW rate made after the 5:30 p.m. publication (with the addition of late-settling trades into the market average). It also addresses the practical reality that, because the KRW rate is published so late in the day in Seoul, most traders do not consult the rate until 9:00 a.m. on the following Business Day.

- The Korea Financial Telecommunications and Clearing Corporation reports the KRW rate. However, the KRW rate is published on Reuters Page KFTC18, which is a page supplied by Seoul Money Brokerage Services, LTD.
- Parties that specify in confirmations that a particular version of Annex A applies to their trades should reference Annex A effective as of June 20, 2001 if they desire to incorporate the new Korean Won rate source definitions into their trades. If parties do not specify in their confirmations a particular version of Annex A, the above Korean Won rate source definitions would apply to trades that incorporate the 1998 FX and Currency Option Definitions and have a trade date on or after June 20, 2001.