

NDF Survey Results (Domestic Banks)

Surveys Sent : 38 banks
Surveys Received : 18 banks (47%)

Q1

A: 44 %
B: 6%
C: 0
D: 50%

Q2

KRW 9
TWD 9
CNY 2
INR 3
BRL 2
PHP 1

Q3

A: 69%
B: 31%

Q4

A: 9%
B: 27%
C: 64%

Q5

A: 88%
B: 12%
C: 0

Q6

A: 71%
B: 24%
C: 5%

Q7

A: 11%
B: 0
C: 89%

Q8

0-10%	1
10-20%	1
20-30%	1
90%	1
100%	2

Q9

A: 1 (75%)
B: 0
C: 8 (10% ,62% ,95% , 100%/4, no answer/1)
D: 3 (90% ,38% ,5%)
E: 1 (25%)

Q10

A: 33%
B: 33%
C: 33%

Q11

A: 0
B: 14%
C: 0
D: 28%
E: 0
F: 14%
G: 0
h: 44%

* If the counter party does not reply back, it would be a one sided response from our side. (If the content should be disfavorable to the bank, we would lose any safeguard against litigations.)

* (There is no need for returning a confirmation,) since it is not required by the counterparty

* Authorized signature will be provided after review from the legal department.

Q12 **1** Calculate Agent, Governing Law, etc

Q13 **0**

Q14

A: 83%
B: 0
C: 17%

Q15 **Governing Law**

* Our bank will follow the Governing Law written on the Master Agreement. Therefore, it would seem best to have the following on the confirmation: "the same governing law will be used with the governing law ascribed to the NDF deal."

*The attached confirmation is satisfactory.

* There is no significant issue. If the deals are between Japanese banks, it should be in the Japanese governing law, if it is between foreign banks, it should be in either the English or NY law.

*If the is an ISDA agreement is made between the counterparty, the governing law should be used according to the agreement.

* The confirmation should comply with the governing law as in the Master Agreement

* Governing laws should be in agreement with the ISDA Master Agreement.

Calculation Agent

*It seems appropriate that "... (Calculation Agent is) Party A and Party B jointly."

* An explicit instruction should be given for a solution when both parties cannot agree on a disputed item.

*As written in the attached form, it should be done on a mutual agreement.

*It should be resolved jointly

* Joint agreement is the most optimal solution, but a conflict may rise. Arrangement put on by a good face may be needed. A third party who can provide an impartial decision would be best, but perhaps it would be difficult if deals are done internationally. In a state of confusion, it would be best if the Market Committee can take control of the situation, like they did in for the MYR.

* 'Our bank and its counterparty' is sufficient.

* The treatment of a joint agreement is not written in the 1998 FX and Currency Option Definitions, thus it would be preferable to standardise rules and regulations of the confirmation.

Fallback Reference Price

*The content written in the EMTA template is sufficient.

* The attached confirmation has two Fallback reference prices. Currency Reference Dealers is sufficient, but the Currency Mutual Agreement, like in b, poses a problem, as both counterparties may not agree to a single solution. As an alternate proposal, *settlement rate determined by calculation agent* is preferred.

* Should be written as the attached.

* Unlike SWAP, it makes it difficult for the two parties involved to compromise, as there is a limitation in time.

*The current setting is sufficient.

Unscheduled Holiday

* It may be appropriate to have it written as in the EMTA template, but in the different form.

* A definition should be clarified, which currently does not have.

* Should be done as the EMTA recommendation.

* As it involves four country holidays (max), we would prefer to have this clarified.

Note 1* In regards to b. Calculation Agent, it would be appropriate to add in the following clause to avoid any disagreements between parties (A&B), if they were not able to come into a mutual agreement.

“ 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 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. ”

Note2 * In regards to d. Unscheduled Holiday, it would be appropriate to add in the below clause which clarifies “Business Day Convention”

“ The Scheduled Valuation Date shall be subject to adjustment in accordance with the Preceding Business Day Convention; provided however, that the adjustment shall be made in accordance with the Following Business Day Convention in the event of an Unscheduled Holiday. ”

“ "Unscheduled Holiday" shall mean, for the purpose of this Transaction, 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. ”

“ 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 eighth consecutive day after the Scheduled Valuation Date, then such eighth day, if a Business Day but for the Unscheduled Holiday, or the next day that would have been a Business Day but for the Unscheduled Holiday, shall be deemed to be the Valuation Date. ”

“ Settlement Date shall be subject to adjustment in accordance with the Following Business Day Convention; provided however 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. ”

