

ISDA[®] International Swaps and Derivatives Association, Inc.

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June 1, 2006

William J. Brodsky
Member of the Board, World Federation of Exchanges
President, International Options Markets Association
Chairman and Chief Executive Officer
Chicago Board Options Exchange
400 South LaSalle Street
Chicago, IL 60605

Dear Mr. Brodsky:

We are writing to express our support for the work done by the World Federation of Exchanges (“WFE”) and International Options Markets Association (“IOMA”) in gathering market consensus on the harmonization of the exchanges’ policy approach to adjusting exchange-traded derivatives contracts in response to corporate actions. The International Swaps and Derivatives Association, Inc. (“ISDA”) also shares the views expressed by the London Investment Banking Association (“LIBA”) in its letter dated May 24, 2006 and encourages WFE and IOMA to transform the emerging consensus regarding the adjustment of exchange-traded derivatives following corporate actions, into concrete action in the marketplace.

Because ISDA members use exchange-traded derivatives to manage and hedge their risks under privately-negotiated derivative contracts, ISDA believes that harmonization of corporate action policies across the market will lead to more orderly risk transfer across a broader range of assets and market participants. Furthermore, the preservation of economic value associated with exchange-traded derivative adjustments lends itself to transparency, orderly markets and fairness.

ISDA is the largest global financial trade association, by number of member firms. ISDA was chartered in 1985, and today has approximately 700 member institutions from 50 countries on six continents. These members include most of the world's major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities. Additional information on ISDA, its membership and its interest in and commitment to identifying and reducing the sources of risk in the derivatives and risk management business is available at www.isda.org.

We would welcome the opportunity to work with the WFE and IOMA, particularly on corporate action adjustment at a global level. If you have any questions, please do not hesitate to contact the undersigned (tel.: 011-44-207-330-3550, e-mail: rmetcalfe@isda.org).

Yours faithfully,

A handwritten signature in black ink, appearing to read 'R. Metcalfe', with a stylized flourish at the end.

Richard Metcalfe
Senior Director, Policy

cc: Mr. Tazio Nishimuro, WFE Chairman, Tokyo Stock Exchange, Chairman
Mr. Thomas Krantz, WFE Secretary General