

**Board of Governors of the Federal Reserve System
Department of the Treasury
Securities and Exchange Commission
Federal Deposit Insurance Corporation
Commodity Futures Trading Commission
Office of the Comptroller of the Currency
Office of Thrift Supervision**

October 31, 2001

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

We are writing to ask you to ensure passage this year of legislation to facilitate the termination and netting of financial contracts that has been proposed by the President's Working Group on Financial Markets.

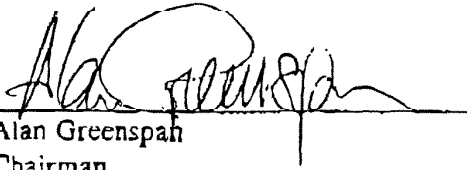
This legislation would reduce uncertainty for financial market participants about the disposition of their contracts in the event one of their counterparties becomes insolvent. This reduced uncertainty should limit market disruptions in the event of an insolvency, limit risk to federally supervised market participants, and limit risk to the financial system generally.

We believe that failure to enact these financial contract netting provisions would unnecessarily place the financial system at greater risk. We have been working with the financial industry and the Congress for several years to craft this legislation. The relevant provisions are a noncontroversial portion of broader legislation to revise the bankruptcy laws that is currently before a Conference Committee. We are concerned, however, that the controversial issues in the broader legislation may not be resolved soon enough to allow its passage this year.

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With the final days of this session of Congress approaching, we urge you to remove the netting legislation from the broader legislation and enact it separately.

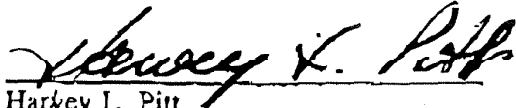
Sincerely,



Alan Greenspan
Chairman
Board of Governors of the
Federal Reserve System




Paul H. O'Neill
Secretary
Department of the Treasury



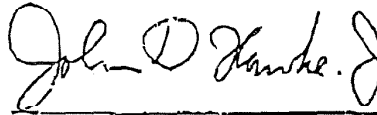
Harvey L. Pitt
Chairman
Securities and Exchange Commission



Donald E. Powell
Chairman
Federal Deposit Insurance Corporation



James E. Newsome
Acting Chairman
Commodity Futures Trading Commission



John D. Hawke, Jr.
Comptroller
Office of the Comptroller of the Currency



Ellen S. Seidman
Director
Office of Thrift Supervision

Identical letters also sent to: Majority Leader Daschle, Democratic Leader Gephardt,
and Republican Leader Lott