

ISDA

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MEMORANDUM TO MEMBERS

In late 1999, ISDA formed several working groups to prepare amendments to various sections of the ISDA Master Agreements, taking into consideration the recommendations on documentation contained in the June 1999 report of the Counterparty Risk Management Policy Group and the experiences of ISDA's members (both dealers and end-users) since publication of the ISDA Master Agreements in 1992.

Initially, the working groups proposed that the amendments to the ISDA Master Agreements be effected through the use of a Master Agreement Protocol. Ultimately, though, the working groups decided that the Protocol approach was too complicated, from an operational and logistical perspective, given the number and nature of the proposed amendments. Accordingly, it was decided that the four euro annexes should be separated from the Master Agreement Protocol and compiled in their own 2001 Euro Protocol. Given that twelve national currency units are to be replaced by the euro on January 1, 2002, it was critical to move forward with the 2001 Euro Protocol so that institutions had appropriate time to make necessary changes in their documentation and operations units. The 2001 Euro Protocol is available on ISDA's website, www.isda.org, and the adherence period ends on November 30, 2001. **We encourage you to adhere to the 2001 Euro Protocol.**

The remaining amendments contained in the Master Agreement Protocol have now been prepared as a Form of Amendment to the ISDA Master Agreements ("Amendment Agreement"). Institutions may utilize the Amendment Agreement to bilaterally negotiate the amendment of their Master Agreements. The Amendment Agreement is now available on ISDA's website under "What's New" and under "Publications – Master Agreement".

Considerable efforts were invested by members of the working groups associated with the Master Agreement Protocol and such work will be easily leveraged to prepare a new Master Agreement. In fact, work has already begun on preparing a new Master Agreement and kick-off meetings to discuss the new draft document will be held in London and New York later this year. Details will be announced to the ISDA Documentation Committee in November.

If you have any questions, please do not hesitate to contact Kimberly Summe, General Counsel, at 212-332-1203.