

**Questionnaire regarding the Confirmation Processes of NDF
Transitions—an assessment of the current situation.
(Multiple answers are welcome where acceptable)**

1 . Does your bank conduct NDF Transactions

- a. Yes
- b. No, but have plans in the future.
- c. No, and do not have any plans in the future.
- d. We do not currently conduct NDF Transactions. (Please answer to question 3.4 and 5)

2 . What are your three most traded currencies in NDF's?

()()()

3 . What are your plans for future NDF transactions?

- a . Increase NDF transactions.
- b . Maintain the status quo.
- c . Cut back on NDF transactions.

(For those who answered a in question 3)

4 . What channels (methods) will be used for the NDF transactions.

- a . Through a broker.
- b . By calling other banks directly.
- c . Both a.& b. are possible.

5 . What is the status of your retail NDF business?

- a. Business with clients has increased.
- b. Business with clients has not changed.
- c. Business with clients has decreased.

6 . Do you think NDF business with clients will increase?

- a. Yes
- b. There will not be much change.
- c. No.

(Questions regarding the Confirmation Process)

7 . How do you confirm our NDF transactions?

- a. With SWIFT like all other FX trades.
- b. With SWIFT but with a specialized function added for NDF trades.
- c. Letter Confirmation specially prepared for NDF Trades.
- d. a.& c. above
- e. b.& c. above

(For those who answered c, d or e in question 7)

8 . Of all NDF trades that have been verified or signed, what is the proportion of trades for which would be returned from counterparties.

()%

9 . Of the Confirmations received from your counterparties, what are the percentage that you would receive it back in the following method:

- a. In SWIFT confirmation together with the other normal FX transactions.()%
- b. In SWIFT with the necessary legal wordings prepared for the NDF Ttransactions.
()%
- c. a & b()%
- d. b & c()%

1 0 . How do you respond to your counterparties' confirmations letters?

- a. Return with a signature.
- b. Do no return the letter.
- c. It will depend upon the situation.

(For those who answered b or c in question 3)

1 1 . What is the reason for not returning confirmations?

- a. Was not aware that a confirmation had been received.
- b. Was aware that a confirmation had been received, but vaguely assumed that there was no need to return it.
- c. Was aware that a confirmation had been received, but there was no practice of signing them manually since the system had been streamlined.
- d. In the EMTA discussion two years ago, it was not mentioned that the confirmation needed to be returned, and determined that this was not needed. (Was in opinion that confirmation does not need to be exchanged amongst both parties.)

- e. Did not have the time to check the different confirmation provisions that differed depending on the counterparty.
- f. Checked all provision stated on the Confirmation letter, but did not agree to a particular article. (All confirmation letters that are in concordance to bank's polices have been sent back)
- g. Have been instructed specifically from the legal department not to send back the confirmation letter. (e.g. Two contract agreement will be produced, and would like to avoid such circumstances.)
- h. Others (Please fill in any other points that were not covered.)
()

(For those who answered f for question 11)

- 1 2 . What were the articles that you (or your bank) had not agreed with?
()

(For those who answered g for question 11)

- 1 3 . What were the instructions given by the legal department?
- a. Discrepancy between the ISDA agreement and the confirmation letter.
 - b. Indication that a risk may lay from the discrepancy between the two confirmation letters. (yours and your counterparty's)
 - c. Others./ Please explain in detail.
()

(Questions in regard to the Standardization of the Confirmation Form)

Our Committee's objective is in standardizing the confirmation letter, and have attached a form that draws on EMTA recommendations.

- 1 4 . How do you feel about the confirmation form being standardized.
- a. I am in favor of having a standardized format.
 - b. I am against in having a standardized format.
 - c. I am neither in favor or against of having a standardized format.

1 5 . Please compare the attached form that draws on EMTA recommendations and provide us with any opinions or findings you may have regarding the following.

- a. Governing Law ()
- b. Calculation Agent ()

- c. Fallback Reference Price ()
- d. Unscheduled Holiday ()
- e. Others ()

16. To simplify the confirmation process, what are your views in including the NDF trade clause in the ISDA or IFEMA Master Agreement?

- a. I am in favor of the idea.
- b. I am against of the idea.
- c. I would prefer to do it together with the established practice.
- d. I do not have a preference.

This concludes our questionnaire. Thank you for taking the time to read through and answering the items. If you should have any questions, please do not hesitate to contact myself, Inamura. (e-mail: fxcomtky@boj.or.jp, direct phone 813-5574-9710)

Thank you again.