

# 2005 BARRIER OPTION SUPPLEMENT to the 1998 FX and Currency Option Definitions\*

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\*This Supplement amends and is to be read in conjunction with the *1998 FX and Currency Option Definitions* published by ISDA, EMTA, and the Foreign Exchange Committee.



## ANNOUNCEMENT

### *The New 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions*

December 6, 2005

The Foreign Exchange Committee, the International Swaps and Derivatives Association, Inc., and EMTA, Inc. jointly announce the publication of the *2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions* (2005 Supplement). The 2005 Supplement will enable market participants to readily document a variety of barrier and binary options under the framework of the *1998 FX and Currency Option Definitions*. The 2005 Supplement sets forth common reference terms for a growing sector of the foreign exchange marketplace and should offer the benefits of efficient documentation processes and enhanced legal certainty to market participants.

Exhibits to the 2005 Supplement illustrate how barrier and binary options may be confirmed under its terms, and accompanying Practice Notes explain its provisions. Matrices with best practice recommendations for specifying certain confirmation terms under the 2005 Supplement also are being published and will be updated periodically by the cosponsors.



# 2005 BARRIER OPTION SUPPLEMENT to the 1998 FX and Currency Option Definitions

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## Article 3 General Terms Relating to Currency Option Transactions

### Section 1.6. Currency Pair.

“Currency Pair” means (a) in respect of a Deliverable FX Transaction, the currencies specified as being deliverable for a Transaction in the related Confirmation; (b) in respect of a Non-Deliverable FX Transaction, the Reference Currency and the Settlement Currency; (c) in respect of a Currency Option Transaction that is not a Binary, the Call Currency and the Put Currency; and (d) in respect of a Binary Currency Option Transaction, the currencies specified as applicable to the Barrier Level in the related Confirmation.

### Section 1.16. Certain Definitions Relating to Non-Deliverable FX Transactions, Non-Deliverable Currency Option Transactions, and Deliverable Barrier Currency Option Transactions.

When used in relation to a Non-Deliverable FX Transaction, a Non-Deliverable Currency Option Transaction, or a Deliverable Barrier Currency Option Transaction, the following terms have the indicated meanings:

- (a) *Rate Calculation Date*. “Rate Calculation Date” means the Valuation Date, Averaging Date, or Barrier Event Determination Date, as appropriate.



Section 3.1.  
Certain Definitions and Provisions  
Relating to Currency Option  
Transactions.

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(h) **Barrier Determination Agent.** “Barrier Determination Agent” means the party who determines whether or not a Barrier Event has occurred and provides notice if it determines that a Barrier Event has occurred, in accordance with Section 3.9(l) of these Definitions. The Barrier Determination Agent shall be the Calculation Agent, unless otherwise specified in the Confirmation.

Section 3.3.  
Option Type.

....

(c) **Barrier.** “Barrier” means a type of Currency Option Transaction that, subject to any applicable condition precedent and any applicable provision of Article 5 of the Definitions, would change the terms of the Currency Option Transaction upon the occurrence or non-occurrence of a Barrier Event, as the case may be, in the manner defined in the Event Type specified in the related Confirmation.

(d) **Binary.** “Binary” means a type of Barrier Currency Option Transaction that, subject to any applicable condition precedent and any applicable provision of Article 5 of the Definitions, would entitle the Buyer to receive from the Seller a Settlement Amount upon the occurrence or non-occurrence of a Barrier Event, as the case may be, in the manner defined in the Event Type specified in the related Confirmation.

Section 3.4.  
Terms Relating to Premium.

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(c) **Premium Payment Refund.** In no event shall all or any portion of the Premium be refundable or rebatable, unless otherwise specified in the related Confirmation.

Section 3.7.  
Terms Relating to Settlement.

....

(c) **In-the-Money-Amount.**

....

(ii) (B) . . . . ; or

(iii) if a Settlement Amount is specified, the amount so specified in the related Confirmation.

Section 3.9.  
Terms Relating to Barrier Events.

(a) **Automatic Termination.** “Automatic Termination” means that the Transaction shall terminate and be deemed canceled, in whole and not in part, effective on the date specified for such termination in the related Confirmation and, if not so specified, in accordance with this Section 3.9 as it relates to the occurrence or non-occurrence of a Barrier Event, as the case may be, without payment of any settlement amount, breakage costs, or other amounts representing the future value of the Transaction.

(b) **Barrier Event.** “Barrier Event” means an event that, if specified as applicable to a Transaction in the related Confirmation, would give rise to a change to the terms of the Transaction in the manner defined in the Event Type specified in the related Confirmation. The occurrence of a Barrier Event shall be determined in good faith and in a commercially reasonable manner by the Barrier Determination Agent.



- (c) **Barrier Event Determination Date.** “Barrier Event Determination Date” means (i) if a Barrier Event Rate Source is specified in the related Confirmation, any day in the Event Period on which the Barrier Event Rate Source should be and is available; or (ii) if a Barrier Event Rate Source is not specified in the related Confirmation, or if the Barrier Event Rate Source specified in the related Confirmation is not available on a day that otherwise would have been a Barrier Event Determination Date, any day in the Event Period in respect of which a Spot Rate may be determined pursuant to Section 3.9(n)(ii) below for purposes of determining the occurrence of a Barrier Event; provided, however, that a Barrier Event Determination Date shall be limited to any particular day or days during the Event Period specified as a Barrier Event Determination Date in the related Confirmation. Unless otherwise specified in the related Confirmation, a Barrier Event Determination Date shall not be subject to adjustment in accordance with any Business Day Convention.
- (d) **Barrier Event Rate Source.** “Barrier Event Rate Source” means, in respect of the determination of a Barrier Event, the Settlement Rate Option or any other rate source specified as such in the related Confirmation.
- (e) **Barrier Level.** “Barrier Level” means the currency exchange rate specified as such in the related Confirmation, which is the currency exchange rate at which the occurrence of a Barrier Event is determined.
- (f) **Event Type.** “Event Type” means a Barrier Event specified in the related Confirmation as applicable to a Transaction. When specified in the related Confirmation as applicable to a Transaction as a Barrier Event, the following Event Types have the indicated meanings:
- (i) “Knock-Out” means that if the Spot Exchange Rate on a Barrier Event Determination Date, based on the Spot Exchange Rate Direction, is equal to or beyond the Barrier Level, then Automatic Termination shall apply to the Transaction upon such occurrence; otherwise, in the absence of such Barrier Event, the Transaction shall settle in accordance with Section 3.7 of the Definitions.
  - (ii) “Knock-In” means that if the Spot Exchange Rate on a Barrier Event Determination Date, based on the Spot Exchange Rate Direction, is equal to or beyond the Barrier Level, then the Transaction shall settle in accordance with Section 3.7 of the Definitions; otherwise, in the absence of such Barrier Event, Automatic Termination shall apply to the Transaction at the Event Period End Date and Time.
  - (iii) “Double Knock-Out” means that if the Spot Exchange Rate on a Barrier Event Determination Date is either (a) greater than or equal to the Upper Barrier Level or (b) less than or equal to the Lower Barrier Level, then Automatic Termination shall apply to the Transaction upon such occurrence; otherwise, in the absence of such Barrier Event, the Transaction shall settle in accordance with Section 3.7 of the Definitions.
  - (iv) “Double Knock-In” means that if the Spot Exchange Rate on a Barrier Event Determination Date is either (a) greater than or equal to the Upper Barrier Level or (b) less than or equal to the Lower Barrier Level, then the Transaction shall settle in accordance with Section 3.7 of the Definitions; otherwise, in the absence of such Barrier Event, Automatic Termination shall apply to the Transaction at the Event Period End Date and Time.
  - (v) “No-Touch Binary” means that if the Spot Exchange Rate on a Barrier Event Determination Date, based on the Spot



Exchange Rate Direction, is equal to or beyond the Barrier Level, then Automatic Termination shall apply to the Transaction upon such occurrence; otherwise, in the absence of such Barrier Event, the Transaction shall settle on the Settlement Date by the payment by the Seller to the Buyer of the Settlement Amount, notwithstanding Section 3.7 of the Definitions.

- (vi) “One-Touch Binary” means that if the Spot Exchange Rate on a Barrier Event Determination Date, based on the Spot Exchange Rate Direction, is equal to or beyond the Barrier Level, then the Transaction shall settle on the Settlement Date by the payment by the Seller to the Buyer of the Settlement Amount, notwithstanding Section 3.7 of the Definitions; otherwise, in the absence of such Barrier Event, Automatic Termination shall apply to the Transaction at the Event Period End Date and Time.
- (vii) “Double No-Touch Binary” means that if the Spot Exchange Rate on a Barrier Event Determination Date is either (a) greater than or equal to the Upper Barrier Level or (b) less than or equal to the Lower Barrier Level, then Automatic Termination shall apply to the Transaction upon such occurrence; otherwise, in the absence of such Barrier Event, the Transaction shall settle on the Settlement Date by the payment by the Seller to the Buyer of the Settlement Amount, notwithstanding Section 3.7 of the Definitions.
- (viii) “Double One-Touch Binary” means that if the Spot Exchange Rate on a Barrier Event Determination Date is either (a) greater than or equal to the Upper Barrier Level or (b) less than or equal to the Lower Barrier Level, then the Transaction shall settle on the Settlement Date by the payment by the Seller to the Buyer of the Settlement Amount, notwithstanding Section 3.7 of the Definitions;

otherwise, in the absence of such Barrier Event, Automatic Termination shall apply to the Transaction at the Event Period End Date and Time.

An Event Type may be specified by reference to any Event Type defined in subparagraph (f) above or, if not defined above, by defining the Event Type in the related Confirmation.

- (g) **Event Period.** “Event Period” means the period commencing on and including the Event Period Start Date and Time, and ending on and including the Event Period End Date and Time; provided, however, that if the Event Period Start Date and Time and the Event Period End Date and Time are the same, the Event Period shall be deemed to occur at such time on such date.
- (h) **Event Period End Date and Time.** “Event Period End Date and Time” means the date and time specified as such in the related Confirmation. If such date and time are not so specified, the Event Period End Date and Time shall be deemed to be the Expiration Date at the Expiration Time.
- (i) **Event Period Start Date and Time.** “Event Period Start Date and Time” means the date and time specified as such in the related Confirmation. If such date and time are not so specified, the Event Period Start Date and Time shall be deemed to be the Trade Date at the time the Transaction was entered into.
- (j) **Exercise.** Notwithstanding Section 3.6 of the Definitions, Currency Option Transactions subject to this Section 3.9 may be exercised or deemed exercised only if (i) in the case of any Knock-Out Event Type (including that defined in Section 3.9(f)(i) and (f)(iii)), such Knock-Out Barrier Event has not occurred on a Barrier Event Determination Date; or (ii) in the case of any Knock-In Event Type (including that defined in Section 3.9(f)(ii) and (f)(iv)), such Knock-In Barrier Event has occurred on a Barrier Event Determination Date.



- (k) **Lower Barrier Level.** “Lower Barrier Level” means, with respect to a Barrier Event involving two Barrier Levels, the currency exchange rate specified as such in the related Confirmation.
- (l) **Notification of Barrier Event.** The Barrier Determination Agent shall promptly notify the other party to the Transaction (or both parties to the Transaction, if the Barrier Determination Agent is not a party to the Transaction) of the occurrence of a Barrier Event relating to the Transaction with a notice provided by telex, telephone, facsimile transmission that is acknowledged by the receiving party, or other electronic notification. A failure to give such notice shall not prejudice or invalidate the occurrence or effect of such event.
- (m) **Settlement Amount.** “Settlement Amount” means the currency and amount specified as such in the related Confirmation, which for the purposes of Section 3.7(b) of the Definitions, shall be deemed the In-the-Money Amount and such amount shall always be positive.
- (n) **Spot Exchange Rate.** “Spot Exchange Rate,” when used in conjunction with the term “Barrier Event,” means (i) if a Barrier Event Rate Source is specified in the related Confirmation, a Spot Rate that is based on the price for a foreign exchange transaction involving the Currency Pair (or cross-rates constituting such Currency Pair) as determined on each Barrier Event Determination Date in accordance with the Barrier Event Rate Source; or (ii) if a Barrier Event Rate Source is not specified in the related Confirmation or is not available on a Barrier Event Determination Date pursuant to Section 3.9(c) above, a Spot Rate that is based on the price for one or more actual foreign

exchange transactions in the Spot Market involving the Currency Pair (or cross-rates constituting such Currency Pair) for settlement in accordance with the convention for the Currency Pair, as determined on each Barrier Event Determination Date in good faith and in a commercially reasonable manner by the Barrier Determination Agent. If not specified for the Barrier Event Rate Source or otherwise in the related Confirmation, Spot Exchange Rate of the Currency Pair shall be expressed as a fraction in terms of the amount of numerator currency that can be exchanged for one unit of denominator currency.

- (o) **Spot Exchange Rate Direction.** “Spot Exchange Rate Direction” means the direction at which the Spot Exchange Rate must touch or cross the Barrier Level in order to initiate a Barrier Event, which shall be as specified in the related Confirmation as either (i) “Greater than or equal to the Barrier Level” or (ii) “Less than or equal to the Barrier Level.” Parties may specify an Initial Spot Price in the related Confirmation for purposes of determining the direction from which the Spot Exchange Rate has crossed the Barrier Level.
- (p) **Spot Market.** “Spot Market” means the global spot foreign exchange market, open continuously from 5:00 a.m. Sydney time on a Monday in any week to 5:00 p.m. New York time on the Friday of that week.
- (q) **Upper Barrier Level.** “Upper Barrier Level” means, with respect to a Barrier Event involving two Barrier Levels, the currency exchange rate specified as such in the related Confirmation.



# Exhibit I

to the *2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions*

## Provisions for a Letter Agreement Confirming a Barrier Currency Option Transaction (Non-Binary) that is subject to this Supplement

[This Exhibit I includes terms from Exhibits I and II-C of the Definitions applicable to a Deliverable Barrier Option and from II-D of the Definitions applicable to a Non-Deliverable Barrier Option, as the case may be. See Exhibit II-E of the Definitions for terms relating to Article 5.]

### *Heading for Letter*

[Letterhead of Party A]

[Date]

Transaction

[Name and Address of Party B]

Dear [ \_\_\_\_\_ ]:

The purpose of this letter agreement (this “Confirmation”) is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the “Transaction”). [This Confirmation constitutes a “Confirmation” as referred to in the Agreement specified below.]<sup>1</sup>

The definitions and provisions contained in the *1998 FX and Currency Option Definitions* (as published by the International Swaps and Derivatives Association, Inc.; EMTA, Inc.; and the Foreign Exchange Committee) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.<sup>2</sup>

1. This Confirmation supplements, forms a part of, and is subject to, [describe master agreement] dated as of [date], as amended and supplemented from time to time (the “Agreement”), between [Name of Party A] (“Party A”) and [Name of Party B] (“Party B”). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.<sup>3</sup>
2. The terms of the particular Transaction to which this Confirmation relates are as follows:



## (a) General Terms:

Trade Date:

[Date of Annex A:]<sup>4</sup>

[Commencement Date:]<sup>5</sup>

Buyer: [Party A][Party B]

Seller: [Party A][Party B]

Currency Option Style: [European]<sup>6</sup>

Currency Option Type: [  Put/  Call]<sup>7</sup>

[Call Currency and Call Currency Amount:]<sup>8</sup>

[Put Currency and Put Currency Amount:]<sup>8</sup>

[Strike Price:]<sup>8</sup>

[Reference Currency:]<sup>9</sup>

[Settlement Currency:]<sup>9</sup>

[Settlement Rate:] [Settlement Rate Option:]<sup>10</sup>

Expiration Date:

Expiration Time: [ ] [a.m./p.m.] (local time in [ ])

[Latest Exercise Time: [ ] [a.m./p.m.] (local time in [ ])]<sup>11</sup>

[Automatic Exercise: Inapplicable]<sup>12</sup>

[Settlement: Non-Deliverable]<sup>13</sup>

Settlement Date: [Date] / [ [ ] Business Days following the occurrence of a Barrier Event] <sup>14</sup>

[Valuation Date:]<sup>15</sup>

[Exercise Period:]<sup>16</sup>

[Specified Exercise Dates:]<sup>17</sup>

Premium:

Premium Payment Date:

## (b) Other Terms and Conditions:

[Barrier Event: Applicable]<sup>18</sup>

Event Type: [Knock-Out/Knock-In/Double Knock-Out/Double Knock-In]

[Spot Exchange Rate Direction: [Greater than or equal to][Less than or equal to] the Barrier Level]<sup>19</sup>

[Barrier Event Rate Source:]<sup>20</sup>

[Initial Spot Price:]<sup>21</sup>

[Barrier Level:]<sup>22</sup>

[Event Period Start Date and Time: [ ] at [ ] [a.m./p.m.] (local time in [ ])]<sup>23</sup>

[Event Period End Date and Time: [ ] at [ ] [a.m./p.m.] (local time in [ ])]<sup>24</sup><sup>25</sup>



[Barrier Event Determination Date:]<sup>26</sup>

[Barrier Determination Agent:]<sup>27</sup>

[3.] [For a Non-Deliverable Barrier Option Type, see Exhibit II-E of the Definitions for terms relating to Article 5.]

[4.] [For a Non-Deliverable Barrier Option Type, see Exhibit II-E of the Definitions for terms relating to Article 5.]

[3][5]. Calculation Agent:

[[4][6]. Account Details:]

[Account for payments to Party A:]

[Account for payments to Party B:]<sup>28</sup>

[5][7]. Offices:

(a) The Office[s] of Party A for the Transaction is [are] \_\_\_\_\_ ; and

(b) The Office[s] of Party B for the Transaction is [are] \_\_\_\_\_

[6][8]. [Broker/Arranger:]

[[7][9]. Governing Law: [English Law] [the laws of the State of New York (without reference to choice of law doctrine)]<sup>29</sup>

[8][10]. [Business Day:]

[9][11]. [Business Day Convention:]

This Confirmation supersedes and replaces any other confirmation (including a SWIFT MT300 or phone confirmation), if any, sent in connection with this Transaction on or prior to the date hereof.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates your agreement to those terms.

Yours sincerely,  
[PARTY A]

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Confirmed as of the date first above written:  
[PARTY B]

Name: \_\_\_\_\_

Title: \_\_\_\_\_



## ENDNOTES

1. This statement should be included, if applicable.
2. If the parties also wish to incorporate the 2000 ISDA Definitions, this paragraph should be replaced with the following: "The definitions and provisions contained in the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the "Swap Definitions") and in the *1998 FX and Currency Option Definitions*, as published by the International Swaps and Derivatives Association, Inc.; EMTA, Inc.; and the Foreign Exchange Committee (the "1998 Definitions", and together with the Swap Definitions, the "Definitions") are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the 1998 Definitions, the 1998 Definitions will govern. In the event of any inconsistency between either set of Definitions and this Confirmation, this Confirmation will govern."
3. If the parties have not yet executed, but intend to execute, an Agreement, include instead of the above paragraph the following: "This Confirmation evidences a complete and binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. In addition, you and we agree to use all reasonable efforts promptly to negotiate, execute, and deliver an agreement in the form of [specify master agreement] (the "Master Form"), with such modifications as you and we will in good faith agree. Upon the execution by you and us of such an agreement, this Confirmation will supplement, form part of, and be subject to that agreement. All provisions contained in or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to the Master Form (each a "Confirmation") confirming transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to an agreement in the form of the Master Form as if we had executed an agreement in such form [(but without any Schedule except for the election of [English Law][the laws of the State of New York] as the governing law and [specify currency] as the Termination Currency)] on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction."
4. Parties should include this date for a Non-Deliverable Barrier Option Type, as well as for a "discrete" Deliverable Barrier Option Type that uses a Settlement Rate Option from Annex A as a Barrier Event Rate Source, if they wish to modify the presumption set forth in Section 4.2 that Annex A is incorporated as amended through the Trade Date of the relevant Currency Option Transaction.
5. Parties should specify a Commencement Date if they wish to modify the presumption in Section 3.5(a) of the Definitions that the Commencement Date will be the Trade Date.
6. "European" is the most common Option Style for a Barrier Option Type, but "American" and "Bermuda" also may be specified, as applicable.
7. Parties should specify the appropriate currency, which will be the same currency as the Put Currency and the Call Currency, respectively.
8. For a Deliverable Barrier Option Type, parties should specify either (i) a Call Currency Amount and a Put Currency Amount or (ii) a Strike Price and either a Call Currency Amount or a Put Currency Amount. For a Non-Deliverable Barrier Option Type, parties should specify either a Call Currency Amount or a Put Currency Amount and a Strike Price. A currency pair should be specified for a Strike Price, if the Strike Price is included.
9. Parties should include the Reference Currency and the Settlement Currency for a Non-Deliverable Barrier Option Type if they wish the In-the-Money Amount to be calculated in accordance with the provisions of Section 3.7(c)(i), and if they wish the provisions of Article 5 to apply to the relevant Currency Option Transaction.
10. For a Non-Deliverable Barrier Option Type, Parties should specify this information if they wish to modify the presumption in Section 1.16(e) of the Definitions that the Calculation Agent will determine the Spot Rate for the relevant Valuation Date.
11. Parties should specify the Latest Exercise Time if they wish to modify the presumption in Section 3.5(f) of the Definitions that the Latest Exercise Time will be the Expiration Time.
12. Parties should specify that Automatic Exercise is Inapplicable if they wish to modify the presumption in Section 3.6(c) of the Definitions that Automatic Exercise applies to a Currency Option Transaction.
13. Parties should specify that Settlement is Non-Deliverable if they wish to modify the presumption in Section 1.7(b) of the Definitions that Deliverable Settlement applies to a Currency Option Transaction.
14. Parties should include a specific Settlement Date or a procedure for determining the Settlement Date. If a specific Settlement Date is included,



- parties should also specify an applicable Business Day Convention.
15. For a Non-Deliverable Barrier Option Type, Parties should include a Valuation Date if they wish to modify the presumption in Section 1.16(f) of the Definitions that the Valuation Date will be the Exercise Date.
  16. Parties should specify an Exercise Period if the Currency Option Transaction is American style, and they wish to modify the Exercise Period presumed for an American style Currency Option Transaction in Section 3.2(a) of the Definitions.
  17. Parties should include specified Exercise Dates for a Bermuda style Currency Option Transaction.
  18. Parties should exclude this bracketed term when a Barrier Event does not apply to the Transaction.
  19. Parties should exclude a Spot Exchange Rate Direction if a “Double” level Barrier Event Type applies to the Transaction.
  20. Parties may specify as the Barrier Event Rate Source a Settlement Rate Option from Annex A of the Definitions or another reference rate source, in particular for a “discrete” Barrier Option Type. If the Transaction is a “spot market” Barrier Option Type, a Barrier Event Rate Source should not be specified.
  21. The Initial Spot Price is an optional provision. Parties can include an Initial Spot Price for purposes of determining the direction at which the Spot Exchange Rate has crossed the Barrier Level. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.
  22. If a “Double” level Barrier Event Type applies to the Transaction, change the term Barrier Level to Upper Barrier Level and add a line to specify a Lower Barrier Level.
  23. Because the Trade Date is the most common Event Period Start Date for a Barrier Option Type, Section 3.9(i) of this Supplement contains a presumption that, unless otherwise specified, the Event Period Start Date and Time is the Trade Date at the time the Transaction was entered into. Parties should specify the Event Period Start Date and Time if they wish to modify this presumption.
  24. Parties should include Event Period End Date and Time if they wish to modify the presumption in Section 3.9(h) of this Supplement that the Event Period End Date and Time are the Expiration Date at the Expiration Time. Nonetheless, for an at-expiration Currency Option Transaction, parties may wish to specify that the Event Period End Date and Time are the Expiration Time on the Expiration Date.
  25. Event Period Start Date and Time and Event Period End Date and Time may be specified for any Barrier Option Type but are more commonly used to define “Window” Event Periods.
  26. Parties should include this term to specify that only particular days during the Event Period can be a Barrier Event Determination Date (e.g., every Wednesday during the Event Period).
  27. Parties should specify a Barrier Determination Agent if they wish to modify the presumption in Section 3.1(h) of this Supplement that the Barrier Determination Agent is the Calculation Agent.
  28. Account details are not required terms for cash-settled trades. See ISDA Statement on Account Details in Confirmations.
  29. This item should be deleted if this Confirmation is part of a master agreement.



# Exhibit II

## to the *2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions*

### Provisions of a Letter Agreement Confirming a Binary Currency Option Transaction that is subject to this Supplement

[This Exhibit includes terms from Exhibits I and II-D of the Definitions. See Exhibit II-E of the Definitions for terms relating to Article 5.]

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#### *Heading for Letter*

[Letterhead of Party A]

[Date]

Transaction

[Name and Address of Party B]

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Dear [ \_\_\_\_\_ ]:

The purpose of this letter agreement (this “Confirmation”) is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the “Transaction”). [This Confirmation constitutes a “Confirmation” as referred to in the Agreement specified below.]<sup>1</sup>

The definitions and provisions contained in the *1998 FX and Currency Option Definitions* (as published by the International Swaps and Derivatives Association, Inc.; EMTA, Inc.; and the Foreign Exchange Committee) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.<sup>2</sup>

1. This Confirmation supplements, forms a part of, and is subject to, [describe master agreement] dated as of [date], as amended and supplemented from time to time (the “Agreement”), between [Name of Party A] (“Party A”) and [Name of Party B] (“Party B”). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.<sup>3</sup>
2. The terms of the particular Transaction to which this Confirmation relates are as follows:



## (a) General Terms:

|  |   |
|--|---|
| Trade Date:  |   |
| [Date of Annex A:] <sup>4</sup>                        |   |
| [Commencement Date:] <sup>5</sup>                      |   |
| Buyer:   | [Party A][Party B]  |
| Seller:  | [Party A][Party B]  |
| Currency Option Type:                                  | Binary  |
| [Call Currency and Call Currency Amount:] <sup>6</sup> |   |
| [Put Currency and Put Currency Amount:] <sup>6</sup>   |   |
| [Strike Price:] <sup>6</sup>                           |   |
| Expiration Date:                                       |   |
| Expiration Time:                                       | [ ] [a.m./p.m.] (local time in [ ])   |
| [Latest Exercise Time:                                 | [ ] [a.m./p.m.] (local time in [ ])] <sup>7</sup>                                       |
| [Automatic Exercise:                                   | Inapplicable] <sup>8</sup>  |
| Settlement:  | Non-Deliverable   |
| Settlement Amount: <sup>9</sup>                        |   |
| Settlement Date:                                       | [Date] / [ [ ] Business Days following the occurrence of a Barrier Event] <sup>10</sup> |
| Premium:   |   |
| Premium Payment Date:                                  |   |

## (b) Other Terms and Conditions:

|   |  |
|---|--|
| [Barrier Event:                                   | Applicable] <sup>11</sup>  |
| Event Type:                                       | [No-Touch Binary/One-Touch Binary/Double No-Touch Binary/Double One-Touch Binary]  |
| [Spot Exchange Rate Direction:                    | [Greater than or equal to][Less than or equal to] the Barrier Level] <sup>12</sup> |
| [Barrier Event Rate Source:] <sup>13</sup>        |  |
| [Initial Spot Price:] <sup>14</sup>               |  |
| [Barrier Level:] <sup>15</sup>                    |  |
| [Event Period Start Date and Time:                | [ ] at [ ] [a.m./p.m.] (local time in [ ])] <sup>16</sup>                          |
| Event Period End Date and Time:                   | [ ] at [ ] [a.m./p.m.] (local time in [ ])] <sup>17</sup> <sup>18</sup>            |
| [Barrier Event Determination Date:] <sup>19</sup> |  |
| [Barrier Determination Agent:] <sup>20</sup>      |  |
| [3][5]. Calculation Agent:                        |  |
| [4][6]. Account Details:                          |  |
|   | [Account for payments to Party A:]   |
|   | [Account for payments to Party B:] <sup>21</sup>                                   |



---

[5][7]. Offices:

---

(a) The Office[s] of Party A for the Transaction is [are] \_\_\_\_\_ ; and

---

(b) The Office[s] of Party B for the Transaction is [are] \_\_\_\_\_

---

[6][8]. [Broker/Arranger:] \_\_\_\_\_

---

[[7][9]. Governing Law: \_\_\_\_\_ [English Law] [the laws of the State of New York (without reference to choice of law doctrine)]<sup>22</sup>

---

[8][10]. [Business Day:] \_\_\_\_\_

---

[9][11]. [Business Day Convention:] \_\_\_\_\_

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This Confirmation supersedes and replaces any other confirmation (including a SWIFT MT300 or phone confirmation), if any, sent in connection with this Transaction on or prior to the date hereof.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates your agreement to those terms.

Yours sincerely,  
[PARTY A]

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Confirmed as of the date first above written:  
[PARTY B]

Name: \_\_\_\_\_

Title: \_\_\_\_\_



## ENDNOTES

1. This statement should be included, if applicable.
2. If the parties also wish to incorporate the 2000 ISDA Definitions, this paragraph should be replaced with the following: "The definitions and provisions contained in the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the "Swap Definitions") and in the *1998 FX and Currency Option Definitions*, as published by the International Swaps and Derivatives Association, Inc.; EMTA, Inc.; and the Foreign Exchange Committee (the "1998 Definitions", and together with the Swap Definitions, the "Definitions") are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the 1998 Definitions, the 1998 Definitions will govern. In the event of any inconsistency between either set of Definitions and this Confirmation, this Confirmation will govern."
3. If the parties have not yet executed, but intend to execute, an Agreement, include instead of the above paragraph the following: "This Confirmation evidences a complete and binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. In addition, you and we agree to use all reasonable efforts promptly to negotiate, execute, and deliver an agreement in the form of [specify master agreement] (the "Master Form"), with such modifications as you and we will in good faith agree. Upon the execution by you and us of such an agreement, this Confirmation will supplement, form part of, and be subject to that agreement. All provisions contained in or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to the Master Form (each a "Confirmation") confirming transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to an agreement in the form of the Master Form as if we had executed an agreement in such form [(but without any Schedule except for the election of [English Law][the laws of the State of New York] as the governing law and [specify currency] as the Termination Currency)] on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction."
4. Parties should include this date for a "discrete" Binary Option Type that uses a Settlement Rate Option from Annex A as a Barrier Event Rate Source, if they wish to modify the presumption set forth in Section 4.2 that Annex A is incorporated as amended through the Trade Date of the relevant Currency Option Transaction.
5. Parties should specify a Commencement Date if they wish to modify the presumption in Section 3.5(a) of the Definitions that the Commencement Date will be the Trade Date.
6. Parties generally should exclude a Call Currency and Call Currency Amount, a Put Currency and Put Currency Amount, and a Strike Price for a Binary Option Type, although in certain cases (e.g., Binary Double Knock-Out Currency Option Transaction), parties may decide to specify these terms. A currency pair should be specified for the Strike Price, if the Strike Price is included.
7. Parties should specify the Latest Exercise Time if they wish to modify the presumption in Section 3.5(f) of the Definitions that the Latest Exercise Time will be the Expiration Time.
8. Parties should specify that Automatic Exercise is Inapplicable if they wish to modify the presumption in Section 3.6(c) of the Definitions that Automatic Exercise applies to a Currency Option Transaction.
9. Parties should specify a Settlement Amount (and the Settlement Currency) for a Binary Option Type. See Section 3.9(m) of this Supplement.
10. Parties should include a specific Settlement Date (e.g., for an at-expiration Binary Option Type) or a procedure for determining the Settlement Date. If a specific Settlement Date is included, parties should also specify an applicable Business Day Convention.
11. Parties should exclude this bracketed term when a Barrier Event does not apply to the Transaction.
12. Parties should exclude a Spot Exchange Rate Direction if a "Double" level Barrier Event Type applies to the Transaction.
13. Parties may specify as the Barrier Event Rate Source a Settlement Rate Option from Annex A of the Definitions or another reference rate source, in particular for a "discrete" Binary Option Type. If the Transaction is a "spot market" Binary Option Type, a Barrier Event Rate Source should not be specified.
14. The Initial Spot Price is an optional provision. Parties can include an Initial Spot Price for purposes of determining the direction at which the Spot Exchange Rate has crossed the Barrier Level. If



specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.

15. If a "Double" level Barrier Event Type applies to the Transaction, change the term Barrier Level to Upper Barrier Level and add a line to specify a Lower Barrier Level. With respect to a Binary Option Type, the currency pair specified as applicable to the Barrier Level (or Upper/Lower Barrier Levels) is the Currency Pair. See Section 1.6 of this Supplement.
16. Because the Trade Date is the most common Event Period Start Date for a Binary Option Type, Section 3.9(i) of this Supplement contains a presumption that, unless otherwise specified, the Event Period Start Date and Time is the Trade Date at the time that the Transaction was entered into. Parties should specify the Event Period Start Date and Time if they wish to modify this presumption.
17. Parties should include Event Period End Date and Time if they wish to modify the presumption in Section 3.9(h) of this Supplement that the Event Period End Date and Time are the Expiration Date at the Expiration Time. Nonetheless, for an

at-expiration Binary Option Type, parties may wish to specify that the Event Period End Date and Time are the Expiration Time on the Expiration Date.

18. Event Period Start Date and Time and Event Period End Date and Time may be specified for any Binary Option Type, but they are more commonly used to define "Window Event Periods."
19. Parties should include this term to specify that only particular days during the Event Period can be a Barrier Event Determination Date (e.g., every Wednesday during the Event Period).
20. Parties should specify a Barrier Determination Agent if they wish to modify the presumption in Section 3.1(h) of this Supplement that the Barrier Determination Agent is the Calculation Agent.
21. Account details are not required terms in cash-settled trades. See ISDA Statement on Account Details in Confirmations.
22. This item should be deleted if this Confirmation is part of a master agreement.



# Exhibit III

## to the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions

### EXAMPLE CONFIRMATION: Deliverable At-Expiry Knock-Out Option

(Stream-Line Approach, which maximizes the ISDA presumptions)

[See Exhibit I of this Supplement for the introduction, standard paragraphs, and closing for the letter agreement and Exhibit II-E of the Definitions for terms relating to Article 5.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

#### (a) General Terms:

|                                       |  |
|---------------------------------------|--|
| Trade Date:                           | 04 March 2005                            |
| Buyer:                                | Party A                                  |
| Seller:                               | Party B                                  |
| Currency Option Style:                | European                                 |
| Currency Option Type:                 | USD Put/JPY Call                         |
| Put Currency and Put Currency Amount: | USD 10,000,000                           |
| Strike Price:                         | 107.00 JPY/USD                           |
| Expiration Date:                      | 04 April 2005                            |
| Expiration Time:                      | 10:00 a.m. (local time in New York City) |
| Settlement:                           | Deliverable                              |
| Settlement Date:                      | 08 April 2005                            |
| Premium:                              | USD 100,000                              |
| Premium Payment Date:                 | 06 March 2005                            |

#### (b) Other Terms and Conditions:

|                                   |   |
|-----------------------------------|---|
| Barrier Event:                    | Applicable                              |
| Event Type:                       | Knock-Out                               |
| Spot Exchange Rate Direction:     | Less than or equal to the Barrier Level |
| [Initial Spot Price:              | 103.00 JPY/USD] <sup>1</sup>            |
| Barrier Level:                    | 102.00 JPY/USD                          |
| Event Period Start Date and Time: | Expiration Date at the Expiration Time  |

<sup>1</sup> The Initial Spot Price is an optional provision. Parties can include an Initial Spot Price for purposes of determining the direction at which the Spot Exchange Rate has crossed the Barrier Level. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.



# Exhibit IV

## to the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions

### EXAMPLE CONFIRMATION: Deliverable At-Expiry Knock-Out Option

(Full-Detail Approach, which is redundant of the ISDA presumptions)

[See Exhibit I of this Supplement for the introduction, standard paragraphs, and closing for the letter agreement and Exhibit II-E of the Definitions for terms relating to Article 5.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

#### (a) General Terms:

|   |   |
|---|---|
| Trade Date:                             | 04 March 2005   |
| Buyer:                                  | Party A   |
| Seller:                                 | Party B   |
| Currency Option Style:                  | European  |
| Currency Option Type:                   | USD Put/JPY Call  |
| Call Currency and Call Currency Amount: | JPY 1,070,000,000   |
| Put Currency and Put Currency Amount:   | USD 10,000,000  |
| Strike Price:                           | 107.00 JPY/USD  |
| Expiration Date:                        | 04 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Expiration Time:                        | 10:00 a.m. (local time in New York City)  |
| Settlement:                             | Deliverable   |
| Settlement Date:                        | 08 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Premium:                                | USD 100,000   |
| Premium Payment Date:                   | 06 March 2005, subject to adjustment in accordance with the Following Business Day Convention |

#### (b) Other Terms and Conditions:

|                                   |   |
|-----------------------------------|---|
| Barrier Event:                    | Applicable                              |
| Event Type:                       | Knock-Out                               |
| Spot Exchange Rate Direction:     | Less than or equal to the Barrier Level |
| [Initial Spot Price:              | 103.00 JPY/USD] <sup>1</sup>            |
| Barrier Level:                    | 102.00 JPY/USD                          |
| Event Period Start Date and Time: | Expiration Date at the Expiration Time  |
| Event Period End Date and Time:   | Expiration Date at the Expiration Time  |

<sup>1</sup> The Initial Spot Price is an optional provision. Parties can include an Initial Spot Price for purposes of determining the direction at which the Spot Exchange Rate has crossed the Barrier Level. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.



# Exhibit V

## to the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions

### EXAMPLE CONFIRMATION: Deliverable Window Double Knock-In Option

(Full-Detail Approach)

[See Exhibit I of this Supplement for the introduction, standard paragraphs, and closing for the letter agreement and Exhibit II-E of the Definitions for terms relating to Article 5.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

#### (a) General Terms:

|   |   |
|---|---|
| Trade Date:                             | 04 March 2005   |
| Buyer:                                  | Party A   |
| Seller:                                 | Party B   |
| Currency Option Style:                  | European  |
| Currency Option Type:                   | USD Put/JPY Call  |
| Call Currency and Call Currency Amount: | JPY 1,070,000,000   |
| Put Currency and Put Currency Amount:   | USD 10,000,000  |
| Strike Price:                           | 107.00 JPY/USD  |
| Expiration Date:                        | 04 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Expiration Time:                        | 10:00 a.m. (local time in New York City)  |
| Settlement:                             | Deliverable   |
| Settlement Date:                        | 08 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Premium:                                | USD 100,000   |
| Premium Payment Date:                   | 06 March 2005, subject to adjustment in accordance with the Following Business Day Convention |

#### (b) Other Terms and Conditions:

|                                   |   |
|-----------------------------------|---|
| Barrier Event:                    | Applicable  |
| Event Type:                       | Double Knock-In   |
| [Initial Spot Price:              | 106.00 JPY/USD] <sup>1</sup>                              |
| Upper Barrier Level:              | 110.00 JPY/USD  |
| Lower Barrier Level:              | 104.00 JPY/USD  |
| Event Period Start Date and Time: | 15 March 2005 at 10:00 a.m. (local time in New York City) |
| Event Period End Date and Time:   | 22 March 2005 at 10:00 a.m. (local time in New York City) |

<sup>1</sup> The Initial Spot Price is an optional provision. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.



# Exhibit VI

## to the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions

### EXAMPLE CONFIRMATION: Deliverable Full-Term Knock-Out Option

(Full-Detail Approach)

[See Exhibit I of this Supplement for the introduction, standard paragraphs, and closing for the letter agreement and Exhibit II-E of the Definitions for terms relating to Article 5.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

#### (a) General Terms:

|   |   |
|---|---|
| Trade Date:                             | 04 March 2005   |
| Buyer:                                  | Party A   |
| Seller:                                 | Party B   |
| Currency Option Style:                  | European  |
| Currency Option Type:                   | USD Call/JPY Put  |
| Call Currency and Call Currency Amount: | JPY 1,070,000,000   |
| Put Currency and Put Currency Amount:   | USD 10,000,000  |
| Strike Price:                           | 107.00 JPY/USD  |
| Expiration Date:                        | 04 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Expiration Time:                        | 10:00 a.m. (local time in New York City)  |
| Settlement:                             | Deliverable   |
| Settlement Date:                        | 08 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Premium:                                | USD 100,000   |
| Premium Payment Date:                   | 06 March 2005, subject to adjustment in accordance with the Following Business Day Convention |

#### (b) Other Terms and Conditions:

|                                   |  |
|-----------------------------------|--|
| Barrier Event:                    | Applicable                                 |
| Event Type:                       | Knock-Out                                  |
| Spot Exchange Rate Direction:     | Greater than or equal to the Barrier Level |
| [Initial Spot Price:              | 109.00 JPY/USD] <sup>1</sup>               |
| Barrier Level:                    | 110.00 JPY/USD                             |
| Event Period Start Date and Time: | Trade Date at the time of execution hereof |
| Event Period End Date and Time:   | Expiration Date at the Expiration Time     |

<sup>1</sup> The Initial Spot Price is an optional provision. Parties can include an Initial Spot Price for purposes of determining the direction at which the Spot Exchange Rate has crossed the Barrier Level. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.





# Exhibit VIII

## to the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions

### EXAMPLE CONFIRMATION: Full-Term Double One-Touch Option (with immediate settlement)

(Full-Detail Approach, which is redundant of the ISDA presumptions)

[See Exhibit II of this Supplement for the introduction, standard paragraphs, and closing for the letter agreement and Exhibit II-E of the Definitions for terms relating to Article 5.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

#### (a) General Terms:

|                       |   |
|-----------------------|---|
| Trade Date:           | 04 March 2005   |
| Buyer:                | Party A   |
| Seller:               | Party B   |
| Currency Option Type: | Binary  |
| Expiration Date:      | 04 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Expiration Time:      | 10:00 a.m. (local time in New York City)  |
| Settlement:           | Non-Deliverable   |
| Settlement Amount:    | USD 1,000,000   |
| Settlement Date:      | Two Business Days following the occurrence of a Barrier Event                                 |
| Premium:              | USD 100,000   |
| Premium Payment Date: | 06 March 2005, subject to adjustment in accordance with the Following Business Day Convention |

#### (b) Other Terms and Conditions:

|                                   |  |
|-----------------------------------|--|
| Barrier Event:                    | Applicable                                 |
| Event Type:                       | Double One-Touch Binary                    |
| [Initial Spot Price:              | 106.00 JPY/USD] <sup>1</sup>               |
| Upper Barrier Level:              | 108.00 JPY/USD                             |
| Lower Barrier Level:              | 102.00 JPY/USD                             |
| Event Period Start Date and Time: | Trade Date at the time of execution hereof |
| Event Period End Date and Time:   | Expiration Date at the Expiration Time     |

<sup>1</sup> The Initial Spot Price is an optional provision. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.



# Exhibit IX

## to the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions

### EXAMPLE CONFIRMATION: Binary Option (as an At-Expiry One-Touch Binary)

(Full-Detail Approach)

[See Exhibit II of this Supplement for the introduction, standard paragraphs, and closing for the letter agreement and Exhibit II-E of the Definitions for terms relating to Article 5.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

#### (a) General Terms:

|                       |   |
|-----------------------|---|
| Trade Date:           | 04 March 2005   |
| Buyer:                | Party A   |
| Seller:               | Party B   |
| Currency Option Type: | Binary  |
| Expiration Date:      | 04 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Expiration Time:      | 10:00 a.m. (local time in New York City)  |
| Settlement:           | Non-Deliverable   |
| Settlement Amount:    | USD 1,000,000   |
| Settlement Date:      | 08 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Premium:              | USD 100,000   |
| Premium Payment Date: | 06 March 2005, subject to adjustment in accordance with the Following Business Day Convention |

#### (b) Other Terms and Conditions:

|                                   |  |
|-----------------------------------|--|
| Barrier Event:                    | Applicable                                 |
| Event Type:                       | One-Touch Binary                           |
| Spot Exchange Rate Direction:     | Greater than or equal to the Barrier Level |
| [Initial Spot Price:              | 106.00 JPY/USD] <sup>1</sup>               |
| Barrier Level:                    | 107.00 JPY/USD                             |
| Event Period Start Date and Time: | Expiration Date at the Expiration Time     |
| Event Period End Date and Time:   | Expiration Date at the Expiration Time     |

<sup>1</sup> The Initial Spot Price is an optional provision. Parties can include an Initial Spot Price for purposes of determining the direction at which the Spot Exchange Rate has crossed the Barrier Level. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.



# Exhibit X

## to the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions

### EXAMPLE CONFIRMATION: Window Double No-Touch Option (with delayed settlement) (Full-Detail Approach)

[See Exhibit II of this Supplement for the introduction, standard paragraphs, and closing for the letter agreement and Exhibit II-E of the Definitions for terms relating to Article 5.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

#### (a) General Terms:

|                       |   |
|-----------------------|---|
| Trade Date:           | 04 March 2005   |
| Buyer:                | Party A   |
| Seller:               | Party B   |
| Currency Option Type: | Binary  |
| Expiration Date:      | 04 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Expiration Time:      | 10:00 a.m. (local time in New York City)  |
| Settlement:           | Non-Deliverable   |
| Settlement Amount:    | USD 1,000,000   |
| Settlement Date:      | 08 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Premium:              | USD 100,000   |
| Premium Payment Date: | 06 March 2005, subject to adjustment in accordance with the Following Business Day Convention |

#### (b) Other Terms and Conditions:

|                                   |   |
|-----------------------------------|---|
| Barrier Event:                    | Applicable  |
| Event Type:                       | Double No-Touch Binary                                    |
| [Initial Spot Price:              | 106.00 JPY/USD] <sup>1</sup>                              |
| Upper Barrier Level:              | 108.00 JPY/USD  |
| Lower Barrier Level:              | 102.00 JPY/USD  |
| Event Period Start Date and Time: | 15 March 2005 at 10:00 a.m. (local time in New York City) |
| Event Period End Date and Time:   | 22 March 2005 at 10:00 a.m. (local time in New York City) |

<sup>1</sup> The Initial Spot Price is an optional provision. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.



# Exhibit XI

## to the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions

### EXAMPLE CONFIRMATION: Full-Term No-Touch Binary Option (discrete setting; non-standard settlement)

(Full-Detail Approach)

[See Exhibit II of this Supplement for the introduction, standard paragraphs, and closing for the letter agreement and Exhibit II-E of the Definitions for terms relating to Article 5.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

#### (a) General Terms:

|                       |   |
|-----------------------|---|
| Trade Date:           | 04 March 2005   |
| Buyer:                | Party A   |
| Seller:               | Party B   |
| Currency Option Type: | Binary  |
| Expiration Date:      | 04 April 2005, subject to adjustment in accordance with the Following Business Day Convention |
| Expiration Time:      | 10:00 a.m. (local time in New York City)  |
| Settlement:           | Non-Deliverable   |
| Settlement Amount:    | USD 1,000,000   |
| Settlement Date:      | One Business Day following the occurrence of a Barrier Event                                  |
| Premium:              | USD 100,000   |
| Premium Payment Date: | 06 March 2005, subject to adjustment in accordance with the Following Business Day Convention |

#### (b) Other Terms and Conditions:

|                                   |  |
|-----------------------------------|--|
| Barrier Event:                    | Applicable                                 |
| Event Type:                       | No-Touch Binary                            |
| Spot Exchange Rate Direction:     | Less than or equal to the Barrier Level    |
| [Initial Spot Price:              | 108.00 JPY/USD] <sup>1</sup>               |
| Barrier Level:                    | 107.00 JPY/USD                             |
| Barrier Event Rate Source:        | CURRENCY-FED 10AM RATE                     |
| Event Period Start Date and Time: | Trade Date at the time of execution hereof |
| Event Period End Date and Time:   | Expiration Date at the Expiration Time     |

<sup>1</sup> The Initial Spot Price is an optional provision. Parties can include an Initial Spot Price for purposes of determining the direction at which the Spot Exchange Rate has crossed the Barrier Level. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.



# Exhibit XII

## to the 2005 Barrier Option Supplement to the 1998 FX and Currency Option Definitions

### **EXAMPLE CONFIRMATION: Non-Deliverable Window Double Knock-In Option (discrete setting)** (Full-Detail Approach)

[See Exhibit I of this Supplement for the introduction, standard paragraphs, and closing for the letter agreement.]

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

#### (a) General Terms:

|   |   |
|---|---|
| Trade Date:                             | 04 March 2005   |
| Buyer:                                  | Party A   |
| Seller:                                 | Party B   |
| Currency Option Style:                  | European  |
| Currency Option Type:                   | USD Put/KRW Call  |
| Call Currency and Call Currency Amount: | KRW 10,277,000,000  |
| Put Currency and Put Currency Amount:   | USD 10,000,000  |
| Strike Price:                           | 1027.70 KRW/USD   |
| Reference Currency:                     | KRW   |
| Settlement Currency:                    | USD   |
| Settlement Rate Option:                 | KRW KFTC18 (KRW 02)   |
| Expiration Date:                        | 04 April 2005, subject to adjustment in accordance with the Following Business Day Convention [Optional provision may be added to link Expiration Date to Valuation Date.]  |
| Expiration Time:                        | 10:00 a.m. (local time in New York City)  |
| Settlement:                             | Non-Deliverable   |
| Settlement Date:                        | 08 April 2005, 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. |
| Valuation Date:                         | 04 April 2005, subject to adjustment in accordance with the Preceding Business Day Convention; and in the event of an Unscheduled Holiday, subject to adjustment in accordance with the Following Business Day Convention   |
| Premium:                                | USD 100,000   |
| Premium Payment Date:                   | 06 March 2005, subject to adjustment in accordance with the Following Business Day Convention   |



## (b) Other Terms and Conditions:

|                                   |   |
|-----------------------------------|---|
| Barrier Event:                    | Applicable  |
| Event Type:                       | Double Knock-In   |
| Barrier Event Rate Source:        | KRW KFTC18 (KRW 02)                                       |
| [Initial Spot Price:              | 1026.70 KRW/USD] <sup>1</sup>                             |
| Upper Barrier Level:              | 1030.70 KRW/USD   |
| Lower Barrier Level:              | 1024.70 KRW/USD   |
| Event Period Start Date and Time: | 15 March 2005 at 10:00 a.m. (local time in New York City) |
| Event Period End Date and Time:   | 22 March 2005 at 10:00 a.m. (local time in New York City) |

3. The Disruption Events and Fallbacks applicable to the particular Transaction to which this Confirmation relates are as follows:

### (a) Price Source Disruption: Applicable

### (b) Disruption Fallbacks:

|   |   |
|---|---|
| 1. Valuation Postponement                             |   |
| 2. Fallback Reference Price:                          | SFEMC KRW Indicative Survey Rate (KRW04)  |
| 3. Fallback Survey Valuation Postponement             |   |
| 4. Calculation Agent Determination of Settlement Rate |   |
| 4. Other Terms:                                       |   |
| “Unscheduled Holiday”:                                | “Unscheduled Holiday” means 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.   |
| “Deferral Period” for Unscheduled Holiday:            | 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 14th consecutive day after the Scheduled Valuation Date (any such period being a “Deferral Period”), then the next day after the Deferral Period that would have been a Business Day but for the Unscheduled Holiday, shall be deemed to be the Valuation Date.   |
| “Valuation Postponement” for Price Source Disruption: | “Valuation Postponement” means, for purposes of obtaining a Settlement Rate, that the Spot Rate will be determined on the Business Day first succeeding the day on which the Price Source Disruption ceases to exist, unless the Price Source Disruption continues to exist (measured from the date that, but for the occurrence of the Price Source Disruption, would have been the Valuation Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Spot Rate will be determined on the next Business Day after the Maximum Days of Postponement in accordance with the next applicable Disruption Fallback. |

<sup>1</sup> The Initial Spot Price is an optional provision. If specified, the convention used to state the currency pair for the Initial Spot Price should be the same as that used to state the currency pair applicable to the Barrier Level.



“Fallback Survey  
Valuation Postponement”:

“Fallback Survey Valuation Postponement” means that, in the event that the Fallback Reference Price is not available on or before the 3rd Business Day (or day that would have been a Business Day but for an Unscheduled Holiday) succeeding the end of either (i) Valuation Postponement for Price Source Disruption, (ii) Deferral Period for Unscheduled Holiday, or (iii) Cumulative Events, then the Settlement Rate will be determined in accordance with the next applicable Disruption Fallback on such day. For the avoidance of doubt, Cumulative Events, if applicable, does not preclude postponement of valuation in accordance with this provision.

Cumulative Events:

Except as provided below, in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday, or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed 14 consecutive calendar days in the aggregate. Accordingly, (x) if, upon the lapse of any such 14-day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period that otherwise would have been a Business Day, then such day shall be deemed to be a Valuation Date, and (y) if, upon the lapse of any such 14-day period, a Price Source Disruption shall have occurred or be continuing on the day following such period on which the Spot Rate otherwise would be determined, then Valuation Postponement shall not apply and the Spot Rate shall be determined in accordance with the next Disruption Fallback.

Maximum Days of Postponement:

14 calendar days

Relevant City for Business Day  
For Valuation Date:

Seoul

Relevant City for Business Day  
for Settlement Date:

New York

