

## ANNOUNCEMENT

February 2, 2001

### Regarding Review of Outstanding Trades in the Indonesian Rupiah during Uncertain Conditions

Bank Indonesia (the central bank of Indonesia) recently announced certain restrictions with regard to foreign exchange transactions involving the Indonesian rupiah. While Bank Indonesia has attempted to clarify these restrictions, continued uncertainty, particularly concerning the scope of the restrictions, remains throughout the foreign exchange community. Further official clarification may be provided in the coming days, and, indeed, the Committee encourages Bank Indonesia to provide such clarification to foreign exchange market participants as completely, transparently, and quickly as possible.

The Committee understands that as a result of the uncertainty surrounding the new restrictions, market participants may be exposed to unanticipated risk. The Committee recommends that each market participant with outstanding trades that could be affected by the restrictions contact its counterparties in order to determine jointly whether termination of these trades would be appropriate.

The Committee believes that if the parties to these affected rupiah transactions mutually agree to close out, then they should agree on a mutually acceptable closeout price as soon as possible. Market practice on closeout of existing transactions normally involves valuing future payments with a view toward determining discounted future cash flows. One resource for finding a mutually agreeable closeout mechanism is a statement by the Singapore Foreign Exchange Market Committee published earlier today, "Notes of Meeting on Settlement of Indonesian Rupiah Transactions."