

Compensation **Agreement**

Published as of June 6, 2005

by the Foreign Exchange Committee



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COMPENSATION AGREEMENT dated as of _____
between _____ ("Dealer")
and _____ ("Designated Party").

WHEREAS, Dealer and _____ ("Prime Broker") have entered into a Master FX Give-Up Agreement dated as of _____ (as may be amended, replaced, or supplemented from time to time, the "Give-Up Agreement"); and

WHEREAS, pursuant to the Give-Up Agreement, Prime Broker has designated Designated Party as such in a Designation Notice to such Give-Up Agreement (the "Designation Notice").

NOW, THEREFORE, in consideration of the representations and premises set forth herein, Dealer and Designated Party hereby agree as follows:

1. Designated Party agrees that it will promptly provide notice to Prime Broker of the Material Terms (as defined below) of any foreign exchange transaction entered into with Dealer pursuant to a Designation Notice (a "Counterparty Transaction"). As used herein, "Material Terms" means (i) for Counterparty FX Transactions: Settlement Date, amounts of each currency to be delivered by each party, and any other terms considered material in the market; and (ii) for Counterparty Option Transactions: the amounts of each currency, the type of Currency Option Transaction (e.g., American or European), the Strike Price, Premium, Expiration Date, and any other terms considered material in the market.



2. [If, for any reason, any Counterparty Transaction entered into by Designated Party with Dealer fails to be accepted by Prime Broker pursuant to the Give-Up Agreement, Dealer may, at its discretion, require by notice to Designated Party that the relevant party to this Agreement shall pay compensation to the other party in an amount determined by Dealer as if Dealer and Designated Party were parties to an ISDA 2002 Master Agreement (the "ISDA Master Agreement") governed by the laws of [the State of New York] [England] under which the Termination Currency were [U.S. Dollars] [Euros], a date designated by Dealer that is no later than the second [insert Dealer's location] Banking Day immediately following the Trade Date of such Counterparty Transaction were an Early Termination Date, Designated Party were the sole Affected Party and the Counterparty Transaction were the sole Terminated Transaction (terms used in this sentence without definition shall have the respective meanings set forth in the ISDA Master Agreement). Such amount shall be payable one [insert Dealer's location] Banking Day after (i) its calculation, if it is payable by Dealer or (ii) the effective date of a notice by Dealer to Designated Party of the amount payable, if it is payable by Designated Party.]

[If, for any reason, any Counterparty Transaction entered into by Designated Party with Dealer fails to be accepted by Prime Broker in accordance with the Give-Up Agreement, Dealer may, in its discretion, require by notice to Designated Party that Designated Party shall indemnify Dealer for any loss or costs incurred by Dealer arising from or in connection with such Counterparty

Transaction, including, without limitation, loss of bargain, cost of funding, or, at the election of Dealer but without duplication, loss, or cost incurred as a result of its terminating, liquidating, obtaining, or reestablishing any hedge or related trading position. Such amount shall be payable one [insert Dealer's location] Banking Day after the effective date of a notice by Dealer to Designated Party of the amount payable.]

3. Each party represents and warrants to the other party as of the date of this Agreement and as of the date of each Counterparty Transaction entered into by Designated Party with Dealer that (i) it has authority to enter into this Agreement; (ii) the person executing this Agreement on its behalf has been duly authorized to do so; (iii) this Agreement is binding upon it and enforceable against it in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium, or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)) and does not and will not violate the terms of any agreements to which such party is bound; and (iv) it is relying on this Agreement in entering into such Counterparty Transaction.
4. This Agreement shall terminate upon the termination of the authority of Designated Party to enter into Counterparty Transactions under the Give-Up Agreement; provided, however, that this Agreement shall remain in effect in respect of all Counterparty Transactions entered into by Designated Party with Dealer on or before the day on which such termination



is effective. The reduction of the Settlement Limit and/or the Net Open Position Limit set forth in the Designation Notice will not constitute termination of the authority of Designated Party to enter into Counterparty Transactions under the Give-Up Agreement.

5. Unless otherwise agreed, all notices, instructions, and other communications to be given to a party under this Agreement shall be given to the address or facsimile number of such party specified on the signature page hereof, as may be changed from time to time by notice to the other party. Unless otherwise agreed, any notice, instruction, or other communication given in accordance with this Agreement shall be effective upon receipt.
6. The parties agree that each party may electronically record all telephonic conversations between them relating to the subject matter of this Agreement (including, without limitation, any Counterparty Transactions) and the Give-Up Agreement and that any such tape recordings may be submitted in evidence in any suit, action, or other proceeding relating to this Agreement or the Give-Up Agreement ("Proceedings").
7. In the event that any one or more of the provisions contained in this Agreement is held invalid, illegal, or unenforceable in any respect under the law of any jurisdiction, the validity, legality, and enforceability of the remaining provisions under the law of such jurisdiction and the validity, legality, and enforceability of such and any other provisions under the law of any other jurisdiction shall not in any way be affected or impaired thereby.
8. No indulgence or concession granted by a party and no omission or delay on the part of a party in exercising any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or privilege preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.
9. No amendment, modification, or waiver of this Agreement will be effective unless in writing, executed by each of the parties.
10. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to conflict of laws provisions. With respect to any Proceedings, each party irrevocably (i) submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and (ii) waives any objection that it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such party. Nothing in this Agreement precludes a party from bringing Proceedings in any other jurisdiction nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.
11. Each party hereby irrevocably waives any and all right to trial by jury in any Proceedings.



12. All capitalized terms used herein without definition shall have the meanings set forth in the Master Agreement and the 1998 FX and Currency Option Definitions (published by the International Swaps and Derivatives Association, Inc., EMTA, Inc. (formerly known as the Emerging Markets Traders Association), and the Foreign Exchange Committee).

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

DEALER

(Name of party): _____

By: _____

Name: _____

Title: _____

Date: _____

Address: _____

Facsimile number: _____

DESIGNATED PARTY

(Name of party): _____

By: _____

Name: _____

Title: _____

Date: _____

Address: _____

Facsimile number: _____

