Announcing the Publication of Overview of the OTC Foreign Exchange Market: 2009

November 9, 2009

Dear Market Participant,

In early 2009, the Foreign Exchange Committee organized a working group to consider the effectiveness of the foreign exchange market over the recent period of financial market instability and to determine lessons that could be learned to improve the resiliency of the marketplace going forward. The group concluded that while the foreign exchange market continued to function well throughout the period—allowing investors to continue to execute necessary transactions and manage currency exposures—certain opportunities exist for additional improvement.

Accordingly, the working group prepared the accompanying paper to provide an overview of the foreign exchange marketplace and to describe some of the current tools available to mitigate foreign exchange risks. The paper also recommends priorities designed to further strengthen the marketplace. The Foreign Exchange Committee and its Buy-Side Subcommittee endorse the paper and would like to share it with you.

The document is organized as follows:

I. Introduction
II. Brief Overview of FX Market
   a. Liquidity of the Global Foreign Exchange Market
   b. Use of the Foreign Exchange Market by Corporations and Investors
   c. The Role of the U.S. Dollar in the Global Foreign Exchange Market
III. Selected Tools for Effective Risk Management in the Global Foreign Exchange Market
   a. Availability of Continuous Linked Settlement (CLS)
   b. Important Factors Mitigating Counterparty Credit Risk in the OTC FX Market
   c. Significant Efforts to Manage Operational Risk and Strengthen Legal Documentation Underpinning Foreign Exchange Transactions
IV. Looking Ahead: Priorities for the Industry
V. Conclusion

We hope that you find the paper helpful and informative.

Richard Mahoney
Chair
Foreign Exchange Committee
Foreign Exchange Committee Member Firms

Banco Itaú S.A.
Bank of America
Bank of Montreal
Barclays Capital
BNY Mellon
Calyon
Citigroup
Credit Suisse
Deutsche Bank
Goldman Sachs & Co.
ICAP North America
JP Morgan Chase
Morgan Stanley & Co.
Royal Bank of Scotland
Standard Chartered Bank
State Street Global Markets
TD Securities
Thomson Reuters
Tradition Financial Services
UBS
Union Bank
Wells Fargo

Buy-Side Subcommittee Member Firms

AllianceBernstein
Artemis Financial Advisors LLC
CalPERS Investments
Fischer Francis Trees & Watts
Fortress Investment Group LLC
General Electric Company
Tudor Investment Corporation