CIRCULAR TO: **Clearing Members** **NO. 25/2000**

Amendments to SFECH Letter of Credit Policy

On March 6, 2000 at the SFECH Board meeting the Board agreed to no longer accept Letters of Credit as a form of commitment from Clearing Members who are banks or subsidiaries of banks for demand on themselves. Therefore all letters of credit provided in satisfaction of Clearing Member commitments will be required to be drawn on a third party A-1+ rated bank.

The Board also agreed that the wording of the Letters of Credit, (and of supporting documentation if necessary), be amended to provide that payment must be within twelve hours of a demand being made.

The policy changes will come into effect June 1 2000 for the commitment quarter June 1 to August 31st .

If you have any queries please contact the Clearing House on 9256-0553.

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Risk Analyst

03/04/2000