

THE CANADIAN FOREIGN EXCHANGE COMMITTEE LE COMITÉ CANADIEN DU MARCHÉ DES CHANGES

150 King Street West
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Toronto, Ontario
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May 2, 2006

Dear Foreign Exchange Market Participant,

The issuance of authorization letters refers to a practice in which customers in the foreign exchange market send letters to dealing firms that include restrictions on the authority of individuals to undertake trade or post-trade activities on their company's behalf.

For example, a client might specify not only which particular individual(s) is/are authorized to confirm trades or issue settlement instructions, they may also impose restrictions on the amount or currencies the individual(s) is/are authorized to confirm. This is viewed as a unilateral attempt by customers to shift the burden of enforcing compliance with their own internal policies and procedures to the dealing counterparty, and is not seen as being consistent with best practices in the foreign exchange market.

On July 14, 2005 the New York Foreign Exchange Committee (FEC) issued a detailed letter to market participants on this practice. As this behaviour is not consistent with best market practices, the Canadian Foreign Exchange Committee (CFEC) and its working group, the Operations Managers Working Group (OMWG), supports the FEC letter and endorses it as an appropriate and important guideline for the Canadian foreign exchange market.

This letter and the more detailed FEC letter have been posted under "Announcements" on the CFEC website (www.cfec.ca). The membership of the Canadian OMWG can also be found on the CFEC website under "Members."

Yours truly,

Richard Audet, *Société Générale Securities Inc.*
Vincent Butkiewicz, *Banque Nationale du Canada*
Craig Ellis, *CIBC World Markets*
Jeff Feig, *Citigroup*
Susan B. Gammage, *Reuters America Inc.*
Sharon Grewal, *Chair, Canadian Committee for Professionalism*
Moti Jungreis, *TD Securities*
Russell Lascala, *Deutsche Bank*
J. Brad Meredith, *HSBC Bank Canada*
Timothy Miles, *Garban Intercapital*
Carmen Perricone, *State Street Canada, and*
President, Financial Markets Association of Canada
Bernard Piché, *Laurentian Bank*
Harry J. Samuel, *RBC Capital Markets*
Jamie K. Thorsen, *Bank of Montreal*
Barry Wainstein, *Scotia Capital*