

1445 New York Avenue, NW  
Washington, DC 20005-2158  
Telephone 202.434.3400  
Fax 202.434.3456  
www.bondmarkets.com

Headquarters:  
40 Broad Street  
New York, NY 10004-2513  
Telephone 212.443.9400  
Fax 212.440.5260



March 14, 2000

Norman K. Carleton  
Policy Director  
Office of Federal Finance  
U.S. Department of the Treasury  
Room 2034  
Washington, DC 20220

Dear Mr. Carleton:

*Norm*

The Bond Market Association very much appreciates the important work of the U.S. Department of the Treasury and the President's Working Group regarding cross-product netting and asset-backed securitization reforms.

I would like to clarify the Association's position regarding a memo sent to you by Enron on March 1. The characterization of our Association's position concerning changes favored by Enron is inaccurate. Specifically, the memo states that "we expect ISDA and The Bond Market Association to agree to these provisions, as they had approved the earlier draft." As my staff communicated to you last fall when we were asked to review an earlier version of these proposals, the Association does not support the Enron proposals and Enron has no reason to imply or anticipate our approval of their proposed changes. We deferred entirely to the President's Working Group on these provisions and endorsed only the weather-derivatives amendment once it was accepted by the Working Group. We continue to defer to the President's Working Group on these proposals.

Enron did not discuss their March 1 memo with us prior to sending it to you, nor have they responded to numerous inquiries my staff has made with them since they sent it. Unfortunately, I therefore find it necessary to burden you with this clarification.

Thank you again for your leadership and support.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Vogt".

John R. Vogt  
Executive Vice President

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