

5th February 2002

INTERNATIONAL PRIMARY MARKET ASSOCIATION

NOTICE

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Grandfathering Date under the Proposed EU Savings Tax Directive

Market participants are reminded that the cutoff date after which fungible issues of Eurobonds and other domestic and international bonds will be subject to the proposed EU savings tax directive (if and when it becomes effective) is 1 March 2002.

The European Council decided in 1999 that “domestic and international bonds and other negotiable debt securities” will be grandfathered (i.e., exempt from the obligation to withhold tax or collect and exchange information) if they were issued before 1 March 2001 or if the prospectus under which they were issued was approved before that date.

In February and March 2001 the Council decided to extend the deadline for one year, to 1 March 2002, for “further issue[s]” which are fungible with issues effected before 1 March 2001.

The Council’s decision and the current draft of the directive leave unclear several issues in respect of the grandfathering provision. IPMA, together with Euroclear Bank and Clearstream Banking, are in discussions with the Spanish Presidency and the European Commission to clarify as many of these issues as possible.

A further notice will be issued as soon as we know more about the Member States’ intentions.