

May 6, 2003

Mr. Ravi Menon  
Assistant Managing Director  
Complex Institutions Supervision Department  
Prudential Supervision Group  
Monetary Authority of Singapore

Dear Mr. Menon:

We have the honor to refer to the United States B Singapore Free Trade Agreement (the "Agreement") signed at Washington, D.C., on May 6, 2003.

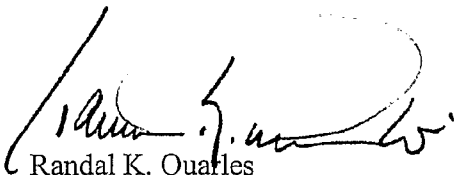
During the negotiation of the Agreement, the United States and Singapore (collectively, the "Parties") discussed their approaches to regulation of non-insurance financial services. The Parties agreed that the listing of non-conforming measures in Annex 10B of a Party will reflect to a considerable degree that Party's experience and practice in other international agreements dealing with financial services. The Parties further agreed to attach no significance to the mere fact that one Party has listed such a measure in its Annex 10B and the other Party has not.

The Parties also agreed that, with respect to cross-border trade in non-insurance financial services, including cross-border aspects of portfolio management, and without prejudice to other means of prudential regulation, a Party may require the registration or authorization of the relevant financial institution. The Parties similarly recognize that a Party may also impose such prudential regulation with respect to cross-border trade in insurance services.


We have the honor to propose that this understanding be treated as an integral part of the Agreement.

We would be grateful if you would confirm that this understanding is shared by your government.

Sincerely,



Randal K. Quarles  
Assistant Secretary for International Affairs  
U.S. Department of the Treasury



Ralph F. Ives  
Assistant U.S. Trade Representative  
for Asia, the Pacific and APEC Affairs  
Office of the U.S. Trade Representative

May 6, 2003

The Honorable Randal K. Quarles  
Assistant Secretary for International Affairs  
U.S. Department of the Treasury

The Honorable Ralph F. Ives  
Assistant U.S. Trade Representative  
for Asia, the Pacific and APEC Affairs  
Office of the U.S. Trade Representative

Dear Mr. Quarles and Mr. Ives:

I have the honor to confirm receipt of your letter, which reads as follows:

“We have the honor to refer to the United States-Singapore Free Trade Agreement (the “Agreement”) signed at Washington, D.C., on May 6, 2003.

During the negotiation of the Agreement, the United States and Singapore (collectively, the “Parties”) discussed their approaches to regulation of non-insurance financial services. The Parties agreed that the listing of non-conforming measures in Annex 10B of a Party will reflect to a considerable degree that Party’s experience and practice in other international agreements dealing with financial services. The Parties further agreed to attach no significance to the mere fact that one Party has listed such a measure in its Annex 10B and the other Party has not.

The Parties also agreed that, with respect to cross-border trade in non-insurance financial services, including cross-border aspects of portfolio management, and without prejudice to other means of prudential regulation, a Party may require the registration or authorization of the relevant financial institution. The Parties similarly recognize that a Party may also impose such prudential regulation with respect to cross-border trade in insurance services.

We have the honor to propose that this understanding be treated as an integral part of the Agreement.

We would be grateful if you would confirm that this understanding is shared by your government.”

I have the further honor to confirm that this understanding is shared by my Government and constitutes an integral part of the Agreement.

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Sincerely,

A handwritten signature in black ink, appearing to read "Ravi Menon". The signature is written in a cursive style with a small flourish at the end.

Mr. Ravi Menon  
Assistant Managing Director  
Complex Institutions Supervision Department  
Prudential Supervision Group  
Monetary Authority of Singapore