

Privacy Act Statement. Every registration statement, short form registration statement, supplemental statement, exhibit, amendment, dissemination report, copy of political propaganda or other document or information filed with the Attorney General under this act is a public record open to public examination, inspection and copying during the posted business hours of the Registration Unit in Washington, D.C. One copy is automatically provided to the Secretary of State pursuant to Section 6(b) of the Act, and copies of such documents are routinely made available to other agencies, departments and Congress pursuant to Section 6(c) of the Act. Finally, the Attorney General transmits an annual report to the Congress on the Administration of the Act which lists the names of all agents and the nature, sources and content of the political propaganda disseminated or distributed by them. This report is available to the public.

Public Reporting Burden. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Criminal Division, U.S. Department of Justice, Washington, D.C. 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

1. Name of Registrant Arnold & Porter	2. Registration No. 1750
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3. This amendment is filed to accomplish the following indicated purpose or purposes:

- To correct a deficiency in
- Initial Statement
- Supplemental Statement for _____
- To give a 10-day notice of a change in information as required by Section 2(b) of the Act.
- Other purpose (specify) _____
- To give notice of change in an exhibit previously filed.

4. If this amendment requires the filing of a document or documents, please list-

Exhibits A and B

5. Each item checked above must be explained below in full detail together with, where appropriate, specific reference to and identity of the item in the registration statement to which it pertains. If more space is needed, full size insert sheets may be used.

This amendment to Registrant's Registration Statement is to give notice of a new foreign principal, Bank of Montreal, and to file the necessary Exhibits A and B.

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SECTION
REGISTRATION UNIT

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this amendment and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief.

David Kentoff

David Kentoff
Partner

(All copies of this amendment shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

Subscribed and sworn to before me at Washington, D.C.

this 11th day of September, 1991 Barbara Lee Miller
(Notary or other officer)

My commission expires March 14, 1995

Privacy Act Statement. Every registration statement, short form registration statement, supplemental statement, exhibit, amendment, dissemination report, copy of political propaganda or other document or information filed with the Attorney General under this act is a public record open to public examination, inspection and copying during the posted business hours of the Registration Unit in Washington, D.C. One copy is automatically provided to the Secretary of State pursuant to Section 6(b) of the Act, and copies of such documents are routinely made available to other agencies, departments and Congress pursuant to Section 6(c) of the Act. Finally, the Attorney General transmits an annual report to the Congress on the Administration of the Act which lists the names of all agents and the nature, sources and content of the political propaganda disseminated or distributed by them. This report is available to the public.

Public Reporting Burden. Public reporting burden for this collection of information is estimated to average .49 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Criminal Division, U.S. Department of Justice, Washington, D.C. 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

*Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.*

1. Name and address of registrant ARNOLD & PORTER	2. Registration No. 1750
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3. Name of foreign principal BANK OF MONTREAL	4. Principal address of foreign principal First Canadian Place Toronto, Ontario M5X 1A1 Canada
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5. Indicate whether your foreign principal is one of the following type:

Foreign government

Foreign political party

Foreign or domestic organization: If either, check one of the following:

<input type="checkbox"/> Partnership	<input type="checkbox"/> Committee
<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Voluntary group
<input type="checkbox"/> Association	<input type="checkbox"/> Other (specify) _____

Individual—State his nationality _____

6. If the foreign principal is a foreign government, state:

a) Branch or agency represented by the registrant. **N/A**

b) Name and title of official with whom registrant deals.

7. If the foreign principal is a foreign political party, state:

a) Principal address **N.A**

b) Name and title of official with whom registrant deals.

c) Principal aim

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 SECTION
 REGISTRATION UNIT

8. If the foreign principal is not a foreign government or a foreign political party,

a) State the nature of the business or activity of this foreign principal

Canadian Schedule A Bank

b) Is this foreign principal

Owned by a foreign government, foreign political party, or other foreign principal Yes No

Directed by a foreign government, foreign political party, or other foreign principal Yes No

Controlled by a foreign government, foreign political party, or other foreign principal Yes No

Financed by a foreign government, foreign political party, or other foreign principal Yes No

Subsidized in whole by a foreign government, foreign political party, or other foreign principal Yes No

Subsidized in part by a foreign government, foreign political party, or other foreign principal Yes No

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

We understand that the foreign principal is a corporation whose shares are publicly traded, and that the foreign principal is owned, controlled and financed by its shareholders who elect the directors of the foreign principal.

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

N/A

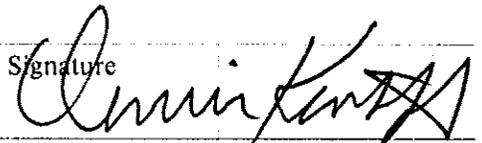
Date of Exhibit A

September 11, 1991

Name and Title

**David Kentoff
Partner**

Signature



INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in triplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

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Public Reporting Burden. Public reporting burden for this collection of information is estimated to average .33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Criminal Division, U.S. Department of Justice, Washington, DC, 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC, 20503.

Name of Registrant	Name of Foreign Principal
ARNOLD & PORTER	BANK OF MONTREAL

Check Appropriate Boxes:

1. The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach three copies of the contract to this exhibit.
2. There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach three copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
3. The agreement or understanding between the registrant and the foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

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SEP 12 1961
GENERAL INVESTIGATIVE
DIVISION

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

The Registrant will render advice on U.S. laws, regulations and policies and represent the foreign principal before the courts, Congress, and administrative agencies of the United States on matters that may affect or relate to the activities of the foreign principal including, but not limited to, recently proposed banking legislation. The fee for such representation is to be determined periodically based on usual hourly charges and other criteria for legal fees, plus out-of-pocket expenses, as set forth in the attached correspondence. The duration of the agreement is indefinite.

5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

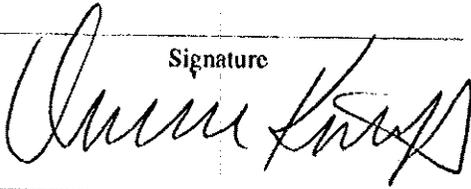
The Registrant has rendered and will render legal advice to the foreign principal with respect to U.S. laws, regulations and policies affecting the banking industry, and will engage in other activities as required in legal representation of the principal.

The Registrant engages and will engage in activities on behalf of the foreign principal that do not require registration under the Act. The Registrant is registering because some of its activities may require such registration.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?
Yes No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

The Registrant may engage in political activities on behalf of the foreign principal. The Registrant's activities may on occasion include communications on behalf of the foreign principal with Executive Branch Officials, officials of government agencies, and with members of the U.S. Senate and House of Representatives and their staffs relating to legislation and actions of the Executive Branch and government agencies that may affect or relate to the foreign principal including, but not limited to, recently proposed banking legislation.

Date of Exhibit B	Name and Title	Signature
September 11, 1991	David Kentoff Partner	

¹Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

Bank of Montreal

First Bank Tower
100, Boulevard de la
Monnaie
Montreal, Quebec
H2X 1Y2

Dereck M. Jones

March 27, 1989

Dear Bob,

RE: TERMS OF ENGAGEMENT

This letter, its terms and Schedules form the basis upon which the Bank will purchase, and your law firm will supply, legal services in the future. These arrangements apply to all legal work purchased by the Bank's Law Department or instructing Bankers and Bank Areas, and apply whether the cost is borne by the Bank, its customer or otherwise, unless other arrangements are made with the Bank. If you have any existing arrangements which are inconsistent with the terms as set out below, please notify the Law Department promptly.

Please review the contents of this correspondence carefully and indicate your law firm's acknowledgement and acceptance of its terms by completing the information requested on the last page. A copy of this correspondence is enclosed. Once executed, it should be returned to the attention of the Senior Vice-President, Secretary and General Counsel.

DEFINITION

"Bank" includes any of its subsidiaries and affiliates.

CONFLICT OF INTEREST

A. Between Your Law Firm and the Bank

In matters of real or potential conflict your law firm agrees not to accept any mandate, retainer or instruction which could adversely affect or otherwise prejudice the Bank.

It is particularly important that your law firm not act against the Bank in litigious matters. However, because of the scope and consequence of legal activity generated by the financial services sector, the Bank does not expect you to represent it to the total exclusion of representing competing financial institutions.

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A. Between Your Law Firm and the Bank (Continued)

Where a conflict is perceived in relation to a particular matter, or where your law firm's ability to provide legal services to the Bank on similar mandates in the future may be impaired, we expect you to discuss the circumstances with the Senior Vice-President, Secretary and General Counsel. This will allow an informed decision to be made on the appropriateness of your law firm's ability to act on behalf of the Bank or others as the case may be.

B. Between the Bank and Its Directors, Officers and Employees

The Bank issued a revised Corporate Policy on January 10, 1989 as CP0601-04, Conflict of Interest. A copy is enclosed as Schedule I for your information and reference. Individual solicitors in various jurisdictions have been appointed by the Bank as designated legal counsel to advise directors, officers and employees. Should any member of your firm have questions concerning the policy and its administration, they should be directed to the Vice-President, Compliance.

DESIGNATED PARTNER

A readily available and open channel of communication should exist between your law firm and the Bank. To this end, please designate a partner in your firm to be the lead partner in all communications with the Bank and the Law Department relating to the day-to-day supply of legal services and the terms of this engagement.

We also request that a substitute partner be chosen to act as lead partner in the event of that person's absence.

The lead partner enables the Bank to have immediate access to a knowledgeable partner of your law firm who has the assigned responsibility within the firm to ensure that the Bank's legal work is undertaken and completed by individual lawyers in a timely, consistent and effective manner.

DESIGNATED PARTNER (Continued)

In addition, the lead partner should have an overall awareness and knowledge of the various matters that your law firm is handling on behalf of the Bank.

Please indicate your choice of designated lead partner and substitute partner in the space provided on the enclosed duplicate copy of this correspondence to be returned to the Senior Vice-President, Secretary and General Counsel.

BANK GROUP

As managers of the Bank's relationships with its Terms of Engagement Counsel, the Law Department requires up-to-date information regarding the individual lawyers and paralegals who will provide legal services to the Bank on a regular basis. Information should include:

- Individual's Name
- Designation; i.e., Partner, Associate, Paralegal
- Area(s) of Expertise
- Telephone Number
- Hourly Rate.

The hourly rate allocated to law students also should be included.

Please note that this information will be kept confidential by the Law Department. It will not be disseminated to Bankers or Bank customers without the lead partner's prior consent.

A proforma schedule is attached to this correspondence as Schedule II for your completion and return to the Law Department.

Up to date information is required to be provided to the Department on an annual basis within 30 days after your law firm's fiscal year end. In the event that changes to the information so provided take place during the year the Law Department should be advised of the changes in writing.

FINANCIAL ARRANGEMENTSA. General

The arrangements described in this correspondence are intended to be general arrangements only within which specific arrangements as to a particular activity or service may be made. They are not meant to replace specific financial arrangements that the Bank and your law firm have entered into a relation to defined mandates, i.e., Collections, etc. Nor are the arrangements meant to limit your law firm's ability to provide legal services on a prescribed tariff basis in accordance with local rules of practice and custom.

Generally, billing arrangements acceptable to the Bank are those which encourage the pursuit of excellence while recognizing both the nature and consequence of your law firm's relationship with the Bank and the competitive realities of the local marketplace.

Accordingly, both the requirement that a Schedule of Hourly Rates be provided as discussed under **Bank Group** above, and the following are designed to supplement already existing arrangements with local Bankers.

B. Provision of Estimates

Upon request by the Law Department or instructing Banker, the lawyer responsible for a particular matter will furnish an estimate of the expected legal fees and time to complete the matter. In some instances an estimate of anticipated disbursements also may be requested.

If, after the responsible lawyer gives their estimate, they consider it too low by at least 20% then a written revised estimate should be reported to the Law Department or instructing Banker, as appropriate, as soon as possible.

Both the estimate and any revisions are required for cost control and budgeting purposes.

In the event the Bank's customer is to pay the legal fees, upon their request, the Bank will forward a copy of the estimate and any revision to the customer. Please note that the customer will be advised that the estimates are supplied "For Information Only" and are not binding on your law firm.

C. Disbursements

The Bank will reimburse your law firm for those out-of-pocket expenses incurred in bringing the legal matter to completion; e.g., photocopying charges, telecommunication charges.

Further explanation may be required before reimbursing your law firm for expenses that the Bank considers to be a cost of doing business or "capital-intensive".

If travel is required, travel costs should be kept to a minimum. The Bank will accept only business class travel for reimbursement. Any additional cost incurred to travel at a better class must be absorbed by your law firm as non-reimbursable expense. Business and corporate rates should be used whenever possible for accomodation and car rental expenses.

D. Hiring Experts

If expert witnesses or consultants are required and the aggregate of the estimated professional fees is \$5,000 or more, the responsible lawyer must obtain the concurrence of the Law Department or instructing Banker, as appropriate, prior to their engagement. Where the estimate is less than \$5,000, the responsible lawyer should exercise their discretion in obtaining the prior concurrence of the instructing Banker. Law Department concurrence is not required.

E. Premium Billing

In most cases, the Bank will not accept an account that includes a "premium" or "bonus" for a successful outcome of a matter.

There are exceptional circumstances where the Bank will entertain the possibility of bonus payment after consideration of the nature and level of exposure, degree of expertise required to achieve the result, hours devoted to the file, and results obtained.

In such a situation, the bonus must be approved by the Senior Vice-President, Secretary and General Counsel as well as appropriate Bank Area prior to the submission of the formal account. The account in turn should delineate clearly the bonus amount in addition to other required information.

E. Premium Billing (Continued)

Counsel is retained to "win" or achieve optimal results for the Bank. Because fees are not negotiated, the practice of adding a bonus only should be considered by your law firm where exceptional results beyond a reasonable expectation have been realized by the Bank.

F. Billing Procedures

The following billing procedures will apply whether the fees and disbursements are being paid by the Bank's Law Department, instructing Bank Area or the Bank's customer:

1. When the matter is continuing we require an interim account current to the end of each calendar quarter to be sent not more than 15 days after the end of each quarter.
2. When the matter is transactional in nature and it is customary to do so, the account may be rendered at the completion of the transaction.
3. In almost all cases, we expect to receive your final account within one month after the matter is completed.
4. Your account for services rendered to the Bank should identify:
 - the Unit of the Bank being served
 - Bank Contact: Name, Title, Telephone Number
 - a brief description of the matter
 - a description **in detail** of the services performed in connection with the account
 - the total number of hours on the dockets
 - a listing by disbursement type (i.e., telephone, photocopying, etc.). Travel is to be listed by trip stating individual's name, route, duration, purpose and total cost. A copy of any airline tickets must be attached with submission.

F. Billing Procedures (Continued)

4. (Continued)

For each service itemized on the account, sufficient detail should be included to clearly indicate:

- the identity of the lawyer, student or paralegal who performed the service
- a description of what work each person performed
- their hourly rate
- the time each person spend on the matter.

These account content requirements are fully detailed in a Reporting format attached as Schedule III to this correspondence. Given individual law firm accounting technology we appreciate that your law firm may not be able to follow the Reporting format. However, the content requirements should be included, no matter what the format, in all accounts rendered by your law firm to the Bank.

This information will allow the account to be directed to the appropriate area and cost centre within the Bank for review and prompt payment.

In the event your account has been billed at other than an hourly rate or increased or decreased to reflect the level of service or added value to the Bank as discussed under **E.Premium Billing**, this should be identified on the account.

On occasion, the Law Department may request a copy of your law firm's related computer printout of time charges in a form acceptable to your firm and the Bank.

In addition, we would ask you to note that the Law Department performs the function of informal arbitrator when statements of account are submitted which the instructing Bank Area considers excessive.

RECAPITULATIONS**A. Billing Recapitulation**

The Bank wishes to receive a recapitulation of the total fees and disbursements billed by your law firm as a result of acting for the Bank during each calendar year.

A. Billing Recapitulation (Continued)

A proforma illustration of the format is attached as Schedule IV. The first Recapitulation is required to be sent to the Law Department by January 31, 1990 representing fees and disbursements billed for calendar year ending December 31, 1989. The Billing Recapitulation is required by January 31 for each year thereafter.

The following matters should be kept in mind when collecting the information for inclusion and preparing the Billing Recapitulation form:

1. A separate Report is required for each of:
 - Fees and Disbursements billed to the Bank
 - Fees and Disbursements billed to the Bank's Customer.

2. Fees and disbursements are to be separately itemized and segregated according to type of legal service performed. Examples follow:
 - Transactions
 - Opinions/Advice
 - Litigation - Collections; e.g., mortgages; foreclosures; actions on a guarantee
 - Litigation - Non-collections; e.g., breach of contract; misrepresentation, fraudulent or otherwise; negligence; wrongful dismissal
 - Workouts/Receiverships/Bankruptcy
 - Specialty Engagements; e.g., Conflict of Interest; contraventions under The Criminal Code, The Bank Act, The Canadian Charter of Rights and Freedoms, The Competition Act
 - Projects; e.g , Bank Manuals development; review of standard Bank forms.

A. Billing Recapitulation (Continued)

3. Under each legal service category, fees billed should be allocated amongst the following personnel designations who performed the work:

- Partners
- Associates
- Students
- Paralegals.

Only total disbursements per type of legal service need be reported. Individual allocation is not required.

4. Total number of hours spent by each personnel designation for each legal service category also should be indicated.
5. Where a matter remains ongoing as at the end of a calendar year, interim accounts rendered should be included in the Annual Billing Recapitulation.

B. Litigation Recapitulation

The Bank wishes to receive an annual recapitulation of proceedings taken in lawsuits brought by and against the Bank for which your law firm is engaged.

Attached as Schedule V is a sample form of the Recapitulation. The Litigation Recapitulation is an annual reporting requirement to be submitted to the Law Department. The same timing as to currency of data and submission of the Report as recited under **A. Billing Recapitulation** apply as well to the Annual Litigation Recapitulation.

B. Litigation Recapitulation (Continued)

Upon perusal of Schedule V you will note that two kinds of information are requested:

1. An overview of the number of lawsuits, and
2. The disposition of these lawsuits; i.e., out-of-court settlements, trials, motions, and appeals after trial.

In collecting the data and preparing the Report, the following matters should be kept in mind:

1. Lawsuits include those litigious engagements itemized under **A. Billing Recapitulation**, item number 2:
 - Litigation - Collections
 - Litigation - Non-Collections.
2. The Report represents "high level" information in connection with the volume of lawsuits handled by your law firm on behalf of the Bank. It is a method of obtaining information on the litigation practice for the Bank in an "absolute" sense. The data is not used as a measure of success to be compared to the Bank's other Terms of Engagement Counsel or litigation counsel generally.
3. The Bank recognizes that, in terms of strategy for a particular lawsuit, a disposition may be evaluated on a subjective basis; e.g., to frustrate the opponent, to push the lawsuit along to completion, to get the opponent to pay costs. However, for the purposes of the Recapitulation, the disposition on a motion, at trial or an appeal should be restricted to a judgement or order for or against the Bank as would appear on the court's record. The subjective test is not relevant.
4. Where an action includes a counterclaim or countersuit, brought by or against the Bank, only the original action is included to calculate the number of lawsuits.

B. Litigation Recapitulation (Continued)

5. "Motion" includes:

- a) a pre-trial application; e.g., for security or costs; to strike out pleadings or for particulars of pleadings; to produce documents; to complete answers to questions on examinations for discovery; to change the venue of the trial
- b) A post-trial application for such matters as the calculation of pre-judgement or post-judgement interest on an award made at trial; enforcement of a judgement
- c) an application that ultimately disposes of the lawsuit on its merits.

All motions are included in the calculations notwithstanding that there may be more than one motion made in a lawsuit.

6. "Appeal" includes:

- a) an appeal taken on a judgement rendered at trial
- b) an appeal taken after a motion
- c) an application for leave to appeal.

C. Law Department Mandate

Please do not hesitate to discuss the form and substance of the Recapilulations with the Bank's Law Department.

We appreciate that providing these Reports may impose a burden upon your law firm's Accounting Department and lead partner. However, receipt of this data is indispensable to the proper management of the Bank's relationship with the law firm, one of the mandates of the Law Department.

Upon receipt of this information, Law Department representatives will be in contact with the lead partner to discuss the Recapitulations and other matters relating to the services your law firm has performed for the Bank in the past year. This meeting will give the members of the firm an opportunity to comment on their working relationship with the Bank as well as any other matter of concern in connection with the relationship.

C. Law Department Mandate (Continued)

For your information, attached as Schedule VI is a copy of the most recent Counsel Effectiveness Survey distributed amongst Bankers to audit the quality of service provided by Terms of Engagement Counsel with which the Bankers deal. Similar audits will be performed on a regular basis.

LEGAL OPINIONS

The Law Department has developed a centralized opinions database to ensure consistent legal advice is provided, and to avoid, where possible, the cost of duplication of legal opinions obtained from the Bank's principal law firms.

The Law Department or instructing Banker may request a legal opinion which relates to a matter of law or which has a direct and substantial impact on the way the Bank does business. Any opinion on the Bank's standard forms or procedures is of importance.

Where your law firm has been instructed to provide such an opinion, please send a copy to the Bank's Law Department. Ensure that the copy of the opinion forwarded is properly referenced with the Banking Unit being served, the Bank's file reference number (if known) and a brief description of the matter. The Law Department does not require opinions given on the closing of a transaction.

There will be a range of legal opinions that do not fall directly into the above descriptions. Kindly exercise discretion to determine whether the particular opinion would assist the Bank and accordingly a copy should be provided to the Law Department.

BANK'S LITIGATION ACTIVITY**A. Report of Activity**

The Bank's Law Department requires quarterly reports covering significant claims or lawsuits by or against the Bank. These reports are submitted by all Banking Units monitoring a litigation matter that falls within certain reporting criteria. The Bank may request your law firm's assistance in preparing these reports when the litigation matter for which your firm is responsible meets the criteria.

A. Report of Activity (Continued)

In any event, the monitoring unit will require an opinion within one month after completion of examinations for discovery or after filing a statement of defence, whichever is more appropriate given the nature of the proceedings.

Internal policies and procedures introduced by the Law Department as part of its mandate require that an opinion be delivered to the Law Department at the following times:

1. When Law Department approval is required to commence a lawsuit (Bank is plaintiff or plaintiff by counterclaim).
2. When Law Department approval is required for a settlement proposal.
3. When your law firm requests instructions to take an appeal after trial on behalf of the Bank.

In addition, the Law Department may request that your law firm furnish reports from time to time relating to:

1. A claim by and against the Bank involving \$1 million or more.
2. A matter involving employee defalcation or fraud upon the Bank.
3. A prosecution against the Bank or any employee of the Bank with respect to Bank related activities.

Law Department guidelines as to content for written legal opinions are discussed in Schedule VII.

B. Timeliness of Activity

The following rules are to apply in connection with the conduct of a litigation matter on behalf of the Bank. It is understood, however, that these rules are not meant to interfere with the normal courtesies one barrister extends to another, but rather to emphasize the importance of ensuring that the Bank obtains a benefit from any delay:

B. Timeliness of Activity (Continued)

1. If the Bank claims money is owed to it, no extension will be consented to unless such an extension is likely to be granted, upon application, by a court.
2. If a claim is made against the Bank, you may not agree to extend time unless the opposing counsel waives pre-judgement or other interest for the period of the extension unless the extension would automatically, upon application, be granted by a court.
3. Whenever possible, practical steps should be taken to strike out litigation against the Bank which is not being diligently pursued by the plaintiff.

URGENT INFORMATION

The Law Department is to be advised in a timely manner in the event any of the following circumstances arise:

1. An indication of activity which could form the basis for a criminal charge against the Bank or its directors, officers or employees.
2. A matter in which the outcome potentially could have broad adverse impact on the Bank's operations; e.g., a perceived deficiency in any standard Bank document or procedure.
3. A matter that already has attracted public or media attention or has the potential to arouse significant media exposure, directed against the Bank or its directors, officers or employees; e.g., a labour relations matter, a class action.

TERMS OF ENGAGEMENT

Page 15

We trust the terms set out in this correspondence adequately reflect the positive nature of our recent discussions and clarify the Bank's expectations of your law firm for the provision of legal services in the future. The Bank is committed to this process and its success. While the process likely will place an increased burden on your firm and the Bank, we believe the benefits to both parties far outweigh that burden. We look forward to a continued long and cordial working relationship.

Yours very truly,



Dereck M. Jones

Mr. Robert Winter
Arnold & Porter
1200 New Hampshire Avenue, N.W.
Washington, D.C. 20036

Acknowledged _____ (Date)
(Lead Partner)

Designations:

1. Lead Partner:

Name: _____

Telephone Number: _____

2. Substitute Lead Partner:

Name: _____

Telephone Number: _____

JM/td/D25

Enclosures