

FSA Code of Conduct:

Regulatory Requirements Attributable to Dexia Ownership

This Statement of Policy sets forth the guidelines of Financial Security Assurance Holdings Ltd., including Financial Security Assurance Inc. and its other direct and indirect subsidiaries (collectively referred to as “**FSA**”), regarding the regulatory requirements applicable to FSA due to its ownership by Dexia S.A. (referred to as “**Dexia**”). These guidelines apply to the officers, directors and employees of FSA and of any company or joint venture where FSA (a) owns 25% or more of a class of voting securities or equity or (b) exercises management control.

Statement of Policy

Dexia is subject to United States banking law requirements relating to its direct and indirect acquisitions, investments and activities both inside and outside the United States. These requirements apply to Dexia and its subsidiaries, including FSA, because Dexia-owned bank subsidiaries maintain a branch in the United States.

To maintain the high commercial standing, integrity and reputation of FSA and its shareholders, FSA is committed to complying fully with the letter and spirit of these requirements and to refraining from any activity that would risk putting Dexia, or FSA, in violation of such restrictions.

Legal Framework

Dexia is subject to the International Banking Act of 1978 (referred to as the “**IBA**”) and the Bank Holding Company Act of 1956 (the “**BHCA**”).

The IBA provides that a foreign bank with a branch or agency in the United States, and any company that controls such a foreign bank (a “**Foreign Banking Organization**”), is generally subject to the same restrictions on nonbanking activities as a U.S. bank holding company. Dexia is a Foreign Banking Organization. Dexia Credit Local has a New York branch (the “**DCL NY Branch**”).

The BHCA, which the IBA makes applicable to Foreign Banking Organizations like Dexia, prohibits bank holding companies and their nonbanking subsidiaries (including, in Dexia’s case, FSA) from engaging in nonbanking activities, either inside or outside the United States, subject to certain exemptions. The BHCA also subjects bank holding companies to examination and regulation by the Federal Reserve Board and to certain reporting requirements.

FSA is also subject to the following reporting requirements due to its ownership by Dexia:

- *U.S. Department of Commerce.* FSA is subject to reporting requirements with the U.S. Department of Commerce by virtue of its ownership by a non-domestic entity, pursuant to the International Investment and Trade in Services Survey Act.

- *Insurance Law.* Transactions between FSA and any Dexia affiliate are subject to pre-approval by and/or notification to insurance regulators, including the New York Insurance Department and the U.K. Financial Services Authority, as applicable.
- *Equator Principles.* Dexia has adopted the “Equator Principles,” a voluntary set of guidelines developed by a leading group of banks for managing social and environmental issues related to the financing of development projects. As a subsidiary of Dexia, FSA will cooperate with Dexia to ensure that FSA-insured project finance transactions in developing countries adhere to such guidelines. Information regarding the Equator Principles and FSA’s obligations thereunder is set out in the **Corporate Policy Regarding the Equator Principles**.
- *Federal Reserve Board.* FSA is subject to requirements for filing reports with the Federal Reserve Board as described in item (4), below.

Restrictions and Requirements Applicable to FSA

The principal restrictions and requirements applicable to FSA are summarized below. Questions regarding the applicable restrictions and requirements should be addressed to the Chief Compliance Officer.

1. *Restrictions on Investments.* Subject to some exemptions, the BHCA prohibits Dexia from acquiring the equity securities of a nonbanking company or engaging in any nonbanking activity itself or through its ownership or control of FSA or any other entity. Accordingly, FSA, like Dexia and its other subsidiaries, must notify (and in some cases seek pre-approval from) the Federal Reserve Board of the acquisition or establishment (whether directly or indirectly) of a new entity, investment or subsidiary or the commencement of a new activity.
2. *Restrictions on Tying.* The BHCA prohibits DCL NY Branch from extending credit or furnishing services on the condition that a customer obtain additional credit or services from FSA or any another Dexia affiliate.
3. *Restrictions on Affiliate Transactions.* Regulations implementing the BHCA impose limits on the amounts of extension of credit and certain other “covered transactions” between DCL NY Branch and FSA or other Dexia affiliates. The Federal Reserve Board continues to assess whether such regulations would cover transactions in which DCL NY Branch acts a liquidity provider for FSA-insured variable rate demand obligations, but has not yet provided definitive guidance.
4. *Required Filings with Federal Reserve Board.* Dexia is required to file an annual report with the Federal Reserve Board that details Dexia’s corporate structure and provides financial information regarding FSA, as well as Dexia’s other subsidiaries. Dexia is also required to file with the Federal Reserve Board quarterly financial information for FSA and its other subsidiaries of a certain size.

5. *Suspicious Activity Reports.* As a Foreign Banking Organization, Dexia and its subsidiaries, including FSA, must file “Suspicious Activity Reports” (referred to as “SARs”) detailing fraudulent, criminal or suspicious activity committed by or against such company. A person filing an SAR may not notify any person who is involved in the activity described in, or the subject of, the SAR that the report has been filed, and information regarding a SAR may only be shared within FSA on a “need to know” basis. For further discussion of SAR reports, see the **Corporate Policy on Anti-Money Laundering Measures**.
6. *Filings with U.S. Department of Commerce.* As a result of its ownership by Dexia, FSA must file quarterly and annual reports with the U.S. Department of Commerce. These reports require FSA to (a) detail transactions between its U.S. operating entities and Dexia affiliates located outside the U.S. and (b) provide financial information relating to Dexia’s ownership of such U.S. operating entities.
7. *New York Insurance Department Requirements Regarding Affiliate Transactions.* FSA is a New York domestic insurance company. As a result, it is required to notify, or obtain pre-approval from, the New York Insurance Department (the “**Department**”) before entering into transactions with affiliates (such as reinsurance agreements or service agreements). The dollar amount involved in each transaction typically determines whether notification or pre-approval is necessary. Accordingly, any proposed transaction between FSA and any other entity under the control of Dexia (whether U.S. or foreign) is reviewed against such requirements to determine whether a filing is necessary.

However, transactions in which FSA provides insurance to an affiliate in the ordinary course of FSA’s business are generally exempt from these requirements. Based on this exemption, the Department has confirmed that FSA is not required to notify the Department of, or seek pre-approval of the Department for, many FSA-guaranteed transactions involving other Dexia affiliates.

FSA has agreed with the Department to file a list of FSA-guaranteed transactions involving its affiliates as part of FSA’s annual holding company report to the Department. The list includes (a) transactions in which FSA insures variable rate demand obligations for which DCL NY Branch provides liquidity, (b) FSA-insured credit default swap transactions in which Dexia acts as an intermediary bank or swap counterparty and (c) FSA guarantees of daylight overdrafts provided by DCL NY Branch to FSA Global Funding Limited in FSA-insured loop lease transactions. This list is reviewed annually by the Boards of Directors of each of Financial Security Assurance Holdings Ltd. and Financial Security Assurance Inc.

FSA also has a U.K. insurance company subsidiary, which transacts business in the U.K. and, from the U.K., in other European markets. Transactions between this subsidiary and FSA or Dexia are subject in many cases to prior notification and/or reporting.

8. *Equator Principles.* The Equator Principles adopted by Dexia establish a system for categorizing development projects according to the level of environmental or social risk posed by the project. FSA is committed to working with Dexia to ensure that the

participants in any FSA-insured project finance transactions in developing countries follow such guidelines. Information regarding the Equator Principles and FSA's obligations there under is set out in the **Corporate Policy on the Equator Principles** and in the **FSA Equator Principles Policies and Procedures**.

Policies and Procedures

FSA has established policies and procedures to ensure compliance with the annual and quarterly financial reporting requirements of the Federal Reserve Board and the additional Federal Reserve Board reporting requirements relating to the acquisition or establishment of new entities in which FSA maintains a controlling interest. The FSA Legal Department has implemented procedures to file SARs when required. In addition, the FSA Legal Department, in conjunction with the Accounting Department, has assumed responsibility for the filings required by the U.S. Department of Commerce.