EMTA

# Bulletin

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# EMTA Survey: Emerging Markets Debt Trading Falls To US$4.173 Trillion In 2008

Inside

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## Local Instruments at 68% of Turnover; Volume at Five-Year Lows

Global trading of Emerging Markets fixed income instruments dropped to a five-year low in 2008, according to EMTA's Annual Debt Trading Volume Survey released on February 25, 2009. The report showed that trading volume stood at US$4.173 trillion, down 36% from the US$6.489 trillion reported by participants in 2007. This represents the lowest annual volume since 2003, when EMTA's Survey respondents reported US$3.973 trillion in volume.

EMTA also released fourth quarter 2008 volumes on the same date, and the report confirmed a downwards trend in volume which began in the third quarter of 2007. Fourth quarter trading stood at US$823 billion, compared with US$1.366 trillion in the fourth quarter of 2007 (a 40% decline) and US$946 billion in the third quarter of 2008 (down 13%). Fourth quarter volume represented less than half of the volume reported in the second quarter of 2007, when Survey participants reported the highest level of debt trading (US$1.754 trillion) since EMTA began its quarterly survey in 1997.

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*Trade Association for the Emerging Markets*

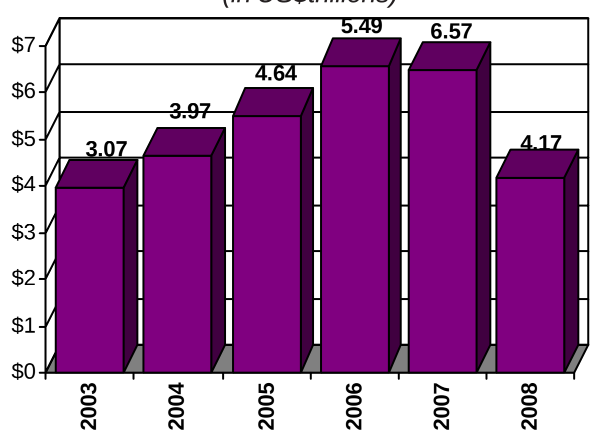
# EMTA Survey (continued)

Joyce Chang, Global Head of Emerging Markets Research, Foreign Exchange and Commodities at JPMorgan observed that "In the new world of the US government owning stakes in US high-grade corporates and financials, we believe that US government intervention will continue to 'crowd out' investment into Emerging Markets, particularly for EM corporates." Chang added that EM debt has also suffered as investors seek more conservative assets—"outflows have resumed from retail investors who have increased allocations into money market funds; since August 2008, retail outflows have been steady and crossover interest has faded as US high-grade remains cheap on a fundamental basis," she stated.

The Survey includes data from 50 firms active in the Emerging Markets debt trading and investment industry, including leading investment and commercial banks, asset management firms and hedge funds.

**Aggregate Trading Volume**

*(in US$trillions)*




## Local Market Instrument Trades Down Sharply, but Still Represent 68% of Volume

Turnover in local markets instruments stood at US$2.837 trillion in 2008 according to Survey participants. This represents a 34% decline vs. 2007 volume of US$4.264 trillion. Local markets turnover accounted for 68% of total Survey turnover, compared with 66% and 57% shares in the two prior years. EMTA noted that local market's share of overall volume remained consistent at 68% throughout each quarter of 2008 despite fluctuations in overall EM debt volumes.

Brazilian instruments were the most frequently traded local markets debt, at US$591 billion. Other frequently traded local instruments were those from South Africa (US$315 billion), Turkey (US$283 billion), Hong Kong (US$227 billion) and Argentina (US$165 billion). Notably, global trading in Mexican local instruments plunged to only US$92 billion in 2008 from over US$1.2 trillion in 2007.

## Eurobond Volumes at US$1.281 Trillion

Eurobond trading stood at US$1.281 trillion in 2008, down 40% from the US$2.110 trillion reported in 2007 (and US$2.675 trillion in 2006).

Two-thirds of Eurobond activity involved sovereign debt issues (US$856 billion in turnover in 2008, compared with US$1.379 trillion in volume in 2007). Sovereign Eurobond activity accounted for 21% of overall trading.

Corporate bond trading stood at US$390 billion in 2008, compared with US$677 billion in 2007. Turnover in corporate debt accounted for 9% of Survey volume.

# EMTA Survey (continued)

Chang commented that "sovereign financing needs are very manageable this year at US$32 billion, while sovereigns and quasi-sovereigns have already raised almost US$13 billion so far this year." However she cautioned that "the rollover of corporate debt positions is the much greater challenge, with refinancing needs in public markets at around US$211 billion in 2009." She noted JPMorgan recently raised its default forecast on EM high-yield corporates to 5.9% of outstanding stock, compared to an actual default rate of less than 1% in 2008.

The most frequently traded EM Eurobonds in 2008 included issues from Brazil (US$244 billion), Russia (US$164 billion), Argentina (US$114 billion), Mexico (US$113 billion) and Venezuela (US$92 billion).

In addition to local markets bonds, sovereign and corporate Eurobonds, the Survey also includes turnover in options, loans and Brady bonds. Survey participants reported US$36 billion in option trades (1% of volume), US$17 billion in loan assignments (less than 1% of volume) and US$2 billion in Brady bond transactions (also less than 1% of Survey turnover).

## Brazil, Turkey and South Africa Most Frequently Traded Countries

Brazilian instruments were the most frequently traded instruments according to the EMTA Survey, with US$847 billion in turnover. This compares with US$1.135 trillion in 2007 (a 25% decline). Brazil's 2040 bond remained the most frequently traded industry instrument, accounting for US$80 billion of Survey turnover, although volume was down 63% from 2007 volume of US$215 billion. Brazilian volumes accounted for 20% of total Survey trading (vs. 18% in 2007).

Turkish assets moved up to the second most frequently traded instruments, at US$371 billion, compared to being in the fifth position in 2007 at US$486 billion.. The majority of Turkish trading included local market transactions. Turkish volume accounted for over 9% of Survey volume (compared with 8% the previous year).

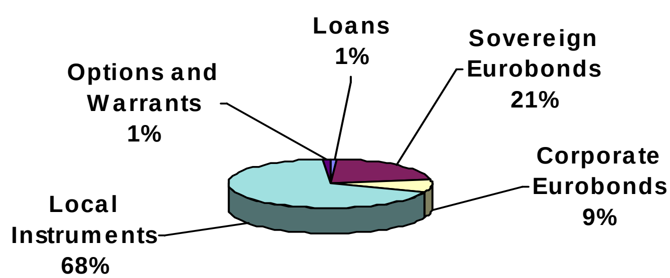
South African volumes were the Survey's third highest, at US$337 billion (compared with US$492 billion in 2007). South African trading represented 8% of overall trading.

Other frequently traded instruments were securities from Argentina (US$305 billion), and Russia (US$246 billion).

Reported trading volumes in Mexican instruments fell to US$205 billion (or about 5% of overall volumes). For 2007, their trading volume stood at over US$1.413 trillion (or almost 22% of overall volumes).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries. For a copy of EMTA's Fourth Quarter or 2008 Annual Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (212) 313-1005. Firms which participate in the Survey are receive complimentary copies; the cost for non-participants is US$250 per report.

**Volume by Type of Instrument, 2008**



# EMTA Annual Meeting: Deputy Finance Minister Werner Discusses Actions Taken By Mexico To Counter Global Slowdown

Mexican Undersecretary for Finance and Public Credit Alejandro Werner delivered the keynote address at EMTA's Annual Meeting, held on December 4, 2008 in New York City. In his address, Dr. Werner reviewed the measures taken by Mexico to promote economic growth during the global financial crisis. The event attracted over 300 market participants and was hosted by Citigroup.

In his introductory remarks, EMTA Executive Director Michael M. Chamberlin noted that although many in the audience had worked in the market during several business cycles, "none of us has been around long enough to experience anything like this." However, he added, the actions taken by governments around the globe offered some hope that the current economic situation would stabilize.

At the outset of his address, Dr. Werner recalled that, during the first half of 2008, the global slowdown started to affect Mexican exports and growth indicators, although the country's financial markets remained stable. Once financial contagion became an issue in the fall, the Ministry began to promote stability by adopting a countercyclical fiscal policy (taking advantage of recent years of fiscal discipline and an improved debt to GDP ratio) and by providing liquidity cushions. Spending was increased, with new infrastructure projects and additional transfer payments to lower-income families approved.

Dr. Werner listed the many ways the credit crunch has been felt in Mexico: (1) it has reduced consumption, investment and aggregate demand, (2) valuations in the financial markets have fallen, (3) the peso has depreciated, (4) long-term interest rates have risen, (5) credit has contracted, and (6) markets, such as the commercial paper market, have been disrupted. Additionally, the contraction in world trade has hurt Mexican exports, notably those in the non-oil sector. FDI and tourism are also expected to decline.

Government actions have helped to mitigate the effects of the current crisis, Werner underscored. Hedging will, as it has for years, reduce the country's vulnerability to market fluctuations. In addition, an approximate one-percent-of-GDP cushion in its Oil Stabilization Fund will allow Mexico to "smooth out whatever adjustment might be needed." Such proactive measures would allow Mexico to implement its 2009 budget "without any problem," he stated.

In addition, remittances have been "choppy but overall flat in the past ten months," Werner observed, after having grown by double digits in the recent past and having previously boosted domestic consumption. (Regional vulnerability to remittances varies, he pointed out, with such funds accounting for as much as 50% of disposable income in certain areas.)

Werner spoke on the implications of lower demand for exports on the Mexican economy. Weakness was being felt most dramatically in the mining sector, although the US auto sector slowdown has had repercussions on Mexico's industrial export sector as well. Werner expected manufactured goods to decline in a "close to one-to-one correlation" with their US counterparts in the foreseeable future. In contrast, the service sector has proven somewhat more resilient because of government policies. Werner forecast a rebound in the construction sector in 2009, boosted by increased infrastructure spending and development bank funding which will substitute for private sector investments which have been disrupted because of the crisis.

# EMTA Annual Meeting (continued)

Werner attributed the depreciation of the peso to several factors: the change in the terms of trade, the "much deeper recession that is expected in the world economy," and an overshooting due to the unwinding of derivative positions that had previously been attracted by Mexico's high interest rates. The government has intervened in the foreign exchange markets to "smooth out" the demand for foreign exchange (as it has also intervened in the local bond market).

"All of these measures have proven to be successful in generating a relatively more stable peso market; at the same time we changed the structure of our public sector debt auctions, moving it to the shorter-term," Werner asserted. The government has also given "regulatory breathing room" to institutional investors, thus preventing a vicious circle of forced sales. Mexico has also engaged in discussions with the IADB and the World Bank for additional loans in order to boost investor confidence.

In addition to these short- to medium-term policies, Mexico continues work on its structural reform agenda, according to Werner. The country's major success in 2008 was the approval of the Energy Reform Law, which "we believe is much broader and deeper than many analysts have described." Passage of the law will allow PEMEX to work more efficiently with the private sector in deep water energy explorations (as well as drilling in more complex geographical areas), and to broaden the scope of potential projects over the next five years. Corporate governance reform in PEMEX, including a more market-oriented incentive structure, will result in the company being "increasingly managed like a commercial firm and less as a government ministry."

Werner listed other reasons for confidence: (1) Last month Congress approved President Calderon's October budgetary amendment which further boosted government spending, focusing on security, social expenditures and infrastructure; (2) Mexican development banks have been prompted to make up for financing shortfalls caused by the departure of commercial banks and foreign financing; and (3) PEMEX has been freed from the balanced budget rule, allowing for it to make additional investments (which would be evaluated and approved according to the guidelines at private firms). The 2009 government budget includes a 5.1% increase in expenditures, and Werner took pains to highlight the "huge increase" in public sector investment under President Calderon compared with the previous administration. Werner credited Mexico's policy of hedging its oil exposure at US$70 per barrel in 2009, as well as federal, state and PEMEX Oil Stabilization Funds, as making this possible.

"We will continue our efforts to strengthen the structural determinants of growth in the economy, adding to some key reforms," he pledged, and named as a priority the reform of the pension system for state employees which will cut government expenses while serving to deepen the country's financial markets (as Mexican civil servants are moved to a capitalization system of individualized accounts). Judicial reform will include a speedier resolution of conflicts. Educational reform will include incentives for teachers, and new jobs will be awarded on merit and not "let's say, on union privileges." These measures will compliment changes in the financial, fiscal and energy sectors.

# EMTA Annual Meeting (continued)

Werner acknowledged that the official 2009 growth projection of 1.8% was subject to revision in light of international economic developments, but suggested a wait-and-see attitude was appropriate until conditions become clearer. He acknowledged that private sector forecasts were lower at 0% to 0.8% growth. “This signals our projection has a significant downward risk,” he recognized.

“The actions we have implemented in our domestic financial markets have been well-received by the market, and we will remain vigilant…to provide a relatively smooth adjustment to the new financing conditions that we are facing,” Werner concluded. Following his formal presentation, Werner took questions from the audience on topics such as the possibility of additional loans from multilateral banks, details on Mexico’s oil hedging operations, the role of international banks in the domestic banking sector and the effects of a potential bankruptcy of a major US automotive firm on the Mexican manufacturing sector.

**Sell Side Panel: “We’re Down But Not Out”**

“We are all in the same boat, down but not out,” JPMorgan’s Joyce Chang affirmed as she introduced the event’s sell-side panel. Ms. Chang offered some thoughts on the lessons learned in 2008 – first, “the audacity of having hope,” which she defined as the additional downside that investors witnessed each time it had appeared the markets might stabilize, and second, the interconnectedness of markets in such a dramatic downturn.

Chang displayed a slide detailing economic forecasts for key economic variables in 2009, noting that broad consensus existed on many EM statistics, in contrast to a wider variation on developed market predictions. Chang drew attention to bullish forecasts for EMBI+ returns in 2009, which implied a 20% return on the EM debt asset class. However, Chang noted that corporates were, in general, more vulnerable than sovereigns during a period of a prolonged new issue shutdown.

Chang polled panelists on which sovereigns were most vulnerable and how much more deleveraging was still to come. Credit Suisse’s Kasper Bartholdy opined that the EM industry has identified as most vulnerable countries with high current account deficits. However, this sort of analysis “hasn’t actually been particularly helpful in explaining the cross-country differences in spreads or to explain the differences in behavior of the exchange rates in recent months.” He specified that countries such as Argentina, Venezuela and Russia trade at wide spreads while having low funding needs; while Poland and Chile trade at comparatively tighter spreads, yet have greater funding needs. Analysts have been focusing on the needs of the banking sector, largely as a result of the recent Iceland crisis. The loan to deposit ratios in a country’s banking sector actually “works pretty well” in explaining the differences in spreads according to Bartholdy, if one excludes Argentina and Venezuela from the analysis. Using this focus instead, Russia, South Africa, Ukraine and Indonesia look cheap, while Kazakhstan, Colombia, Peru and Brazil look expensive.

# EMTA Annual Meeting (continued)

Deutsche Bank's Anne Milne, who served as the panel's corporate specialist, warned that the weakest performance in 2009 could come from Argentine corporates (due to potential foreign exchange controls in 2009) and their Ukrainian counterparts (because of illiquidity in the banking system and necessary government support). In addition, smaller Russian banks which aren't on the Central Bank's priority list could be of concern, and surprisingly Chilean corporates have more short-term debt than liquidity, although she doesn't anticipate a payments problem.

Paulo Leme concurred that corporates were more vulnerable than sovereigns, but added that corporate instability could quickly lead to a sovereign crisis. Bulgaria, Hungary, the Baltics, Romania and Turkey are among the most exposed with the largest financing gaps. He listed Ukraine, Argentina and South Africa as other potential concerns.

Merrill Lynch's Daniel Tenengauzer, making this first appearance at the Annual Meeting, was watching monetary policy easing very closely, and looking for countries which are acting most dramatically to revive growth. He agreed that CEMEA was the most vulnerable region, and added the Philippines to the list of potential trouble spots.

Chang next addressed the countercyclical policies being adopted in many emerging countries. What other measures should be taken that haven't already been adopted? Leme replied that, in general, EM countries have responded swiftly to the economic downturn, but that not all countries can enact sustainable countercyclical policies to mitigate against recent shocks. In addition, there might be permanent changes in the economic landscape. Those countries with large reserves and sound fiscal balance sheets should be better able to tackle the global rebalancing problem by boosting demand, increasing fiscal spending and freeing exchange rates, or by letting currencies depreciate. In general, the financing needs are "staggering," Leme asserted, so he was "not convinced that many countries can drink the Kool-Aid of countercyclical policies."

Leme suggested that multilaterals could work on improving their credibility and transparency and avoiding any policy flip-flops. He urged that they take a more proactive stance in anticipating problems rather than reacting to them. The US can help by making outright purchases of risky assets by the Fed or using the TARP, as well as actions to lend more aggressively to address the housing problem.

Tenengauzer disagreed with Leme, affirming "there is huge firepower that never existed before." The market was forcing Central Banks to start using reserves despite prior reluctance. He added that there remained room for interest rate reductions.

Brazil, Mexico and Russia had the greatest scope to support their corporate sectors, according to Milne. She expected Russian support to its banking and corporate sector to continue throughout at least 2009, and referred to the efforts described earlier by Undersecretary Werner to support corporates with temporary liquidity issues.

# EMTA Annual Meeting (continued)

Prompted to discuss some of the lessons that could be learned from the credit crisis, Tenengauzer opined that "policymakers probably waited too long before they launched the apparatus to fight market volatility." Bartholdy feared that many countries might perceive the importance of cash-hoarding as an important lesson, as those with growing reserves and current account surpluses have been faring relatively well. Countries might also conclude that one of their goals should be to curb credit growth to avoid banking crises. As for FX regimes, countries such as Russia and Ukraine will realize they would have had less difficulty if they had maintained more flexible exchange rate regimes. "Most other countries learned that lesson a long time ago…during the Asia crisis," he observed.

The dilemma for corporate issuers was that most of them have to borrow in foreign currency to meet their financing needs, noted Milne. She offered as a possible improvement for the future increased disclosure of short-term debt, and perhaps policymaker monitoring of short-term foreign-currency exposure of their corporate issuers.

A comparative lack of appropriate regulations, capital requirements and supervision in countries with less experience with capital flows hurt some EMEA nations, noted Leme. Having transparent, well-capitalized exchanges such as BM&F and Bovespa was also important, and "is something we should have had in the CDS markets."

Asked for a summary of the prognosis for EM corporates, Milne believed that these bonds would continue to follow the trends in the US market. When US issues recover—and Milne recognized that 2009 spread forecasts indicated that this was not expected in the near-term—she saw LatAm as being the first outperformers, while Eastern European and Russian names would be laggards. "On average, high-quality Latin corporates have much better credit quality than high-yield indices. Leverage levels are lower, costs of production on commodity companies is lower, many of them have been through crises before, they have clear amortization schedules and they don't have a lot of short-term maturities coming due," she stated.

Historically, Latin corporate default rates were lower than in the US market. Deutsche's forecast of a 4% EM default rate was "fairly aggressive" as no Latin default is expected except perhaps in Argentina. Chang agreed that EM default rates would be low in 2009, noting that much of the borrowing was from quasi-sovereigns or state-supported banks.

The largest risk to the asset class was that the actions taken to restore growth don't work in 2009 according to Bartholdy who suggested that profits could be made from short-term rate Brazilian and Mexican rates (most panelists agreed), as well as short-term CDS on Russia. For those with longer-term time horizons and willing to sacrifice liquidity, "going out on a limb, Argentine unrestructured external debt looked attractive," Bartholdy ventured.

# EMTA Annual Meeting (continued)

In the corporate arena, Milne's favorites were generally quasi-sovereign and which lead their fields. Conservative picks included Petrobras and Globo, Televisa, Petronas, Gazprom and Lukoil; aggressive names included Argentine oil firms with no prior defaults. Milne would avoid Ukrainian banks.

Leme agreed that, for the short term, receiving rates from Mexico and Brazil was picking the low-hanging fruit. At some point in 2009, being long EM currencies would be attractive after an anticipated overshooting on the weak side. Ecuador was best avoided and Argentina was "perfectly priced" at current levels.

Tenengauzer recommended long Brazilian real positions and shorts on the rand. As for external debt, he would short Russia, Mexico, Colombia and South Korea while buying Indonesia, Brazil and Ukraine.

Finally, Chang noted that Russia was her biggest underweight and agreed that the rand and some CIS currencies were vulnerable. She pointed out that 2010 will be an interesting year, with 35 scheduled EM elections, in a time of growing political tensions and social pressures and slower growth.

## Investors Remain Convinced of EM Story in Longer Term

Don Hanna (Citigroup) led the event's final panel of leading EM investors. Jim Barrineau of Alliance Capital noted that it was difficult to make the argument for significant value remaining in EM, both local and external debt, given current spreads on US high-yields and US investment-grade corporates. "We have significant pockets of money that is non-dedicated which just won't get into the EM markets right now, except for some minor amounts for diversification, because of a view that the Fed will be able to unlock credit markets, which will benefit US markets."

Bladex Investment Management's Tulio Vera warned that the worst was still likely to come, yet agreed with his former sell-side colleagues that there were opportunities in rates. EM equities were probably best played on the short side, and he also leaned towards the short side on FX. "I am relatively agnostic on credit, but I do think credit will be the first to turn," he concluded.

The argument for EM as a diversification tool has been somewhat discredited, according to Dave Rolley of Loomis Sayles, who underscored the strong correlations as EM tumbled downward with other global markets. However, there remain other strong reasons to be in EM, Rolley argued, citing the forecasts displayed during the first panel which showed expectations for lower EM default rates than in the US.

Hanna asked if longer-term, EM investment might lose some of its appeal because intermediation costs will be higher (as a result of banks needing to reserve more capital) while risk premiums will also rise. Would these combined factors serve to hurt investment and slow growth?

# EMTA Annual Meeting (continued)

Rolley remained convinced of the EM story. "I would point to the advantages of technology transfer to areas where you can have very high pay-offs," he responded. Rolley highlighted the extension of the Mexican curve, which had gone from 90 days when he started in EM to its current 30 years. "Mexico went through agony 15 years ago, they moved heaven and earth to rebuild their capital markets, and it worked!"

Vera observed that optimism was much more justified in the Latin markets. However, he warned that, unlike previous crises, the amount of global wealth destruction had been so great that it could be a while before there are inflows into the EMs.

Hari Hariharan of NWI Investment Management specified that the wealth destruction described by Vera totaled almost $50 trillion, including equities and housing price declines, equal to one full year's worth of GDP. According to Hariharan, the main issue was that there was no discretionary capital left, no proprietary funds left at banks, to take advantage of any opportunities.

What policy decisions would encourage capital inflows into EM? Barrineau acknowledged he remained "massively bullish" on the long-term EM story and pointed out that EM governments were not the ones making "huge policy mistakes," which he described as allowing Lehman to fail, discretionary changes on the US' TARP, etc.

As for which countries were doing the best job limiting the external damage, Vera believed it was probably too early to a make a final judgment, but those with the soundest policies were the same last year and this year, e.g. Brazil, Mexico and Chile, while some emerging European countries were "stumbling."

Rolley's expressed concern that export-oriented Asian countries might "go old school" and engage in competitive devaluations (a concern later amplified by Barrineau). The potential departure of "hot money" from China was also worth monitoring, as well as the number of closing factories.

Hanna closed the event by inviting speakers to discuss what the sell side was doing well and where it could improve. "Of course everyone will axiomatically say we need more liquidity in the market," Barrineau stated, while acknowledging that was a tall order in the current environment. Outside-of-the-box thinking is of great value, he added, especially as investors have greater sources of information than in the past, such as economist blogs. Vera encouraged greater factoring in of liquidity when research ideas are proposed.

# Policy Responses to Market Conditions

While the recent turmoil in the financial markets has been global in nature and effect, its epicenter was largely in the US and, fortunately for our segment of the market, not in the Emerging Markets. Nevertheless, in an inter-connected global economy, these current global market conditions, and the various policy responses to it, provide important context to the activities of the EM trading and investment community.

In light of the various proposed legislative, regulatory and other policy responses to this recent market turmoil, EMTA launched in late September a new area of its website "Responses to Market Conditions" that includes various items of interest and other communications from regulatory agencies, law firms, other trade associations, etc. This area will be updated from time to time as new information becomes available, and contains, among other sections, the sub-categories of "US Rescue Package and Related Measures", "Iceland", "IMF", "Lehman" and "Fannie Mae/Freddie Mac" so Members can access those topics more directly. EMTA Members may Click Here to access the new Responses to Market Conditions area.

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# EMTA Monitoring CDS Clearinghouse Developments – Working with ISDA to Set Trading Standards for EM CDS Contracts

At the request of our members, EMTA has been monitoring developments surrounding the launch of central counterparty clearinghouses for credit default swaps (CDS), with a specific focus on how or when Emerging Markets assets would be included in the product list of any or all of the platforms. The immediate focus of the banks and regulatory community is on resolving the issue of clearing the bulk of CDS on non-EM reference entities. However, it is expected that EM assets will be included at a later stage in most if not all of the entities competing to launch their services in this area.

To prepare for the eventual inclusion of EM assets in any clearinghouse(s), EMTA and its members have been working with ISDA and its CDS Working Group on issues relating to the trading standards applicable to EM CDS contracts.

On the most recent conference call, the consensus was that Latin America (LATAM) and Europe/Middle East/Africa (EMEA) should be discussed together for purposes of standardizing trading practices and documents, and that both EM sovereigns and corporates should be covered in those discussions. The Asia region will be handled separately for now.

On the issue of standardized coupons, a majority of the firms generally supported standardization of the EM market in line with the changes being discussed for the North America and European corporate markets, but more internal investigation within firms is needed before this will be finalized.

A poll on a move towards quarterly rolls (as opposed to the current monthly rolls) elicited some favorable views, although many firms did not want to adopt quarterly rolls as a stand-alone change, but rather as a package of market changes meant to increase standardization and generally facilitate the use of a central counterparty through a clearing house.

EMTA will continue to monitor this topic and work with ISDA on obtaining market input as it relates to EM issues. For more information about future conference calls, please contact Aviva Werner at awerner@emta.org or Starla Griffin at sgriffin@emta.org.

# EMTA Provides New Forum for EM Global Corporate Bondholders

It is critically important to the proper functioning of the EM capital markets that global investors have a mechanism to permit them to discuss their concerns about particular corporate credits, especially in an era where the willingness of some debtors to honor their obligations, apart from their capacity to do so, is under question. To that end, EMTA has recently launched a new forum for corporate investors, which has been used by investors in bonds issued by the following two companies:

**Asia Aluminum**

On February 26, 2009, EMTA hosted a conference call for global holders of Asia Aluminum Holdings (AAH) 8% Senior Notes due 2011 to discuss AAH's pending tender offer for the Senior Notes, which many market participants say sets a very negative precedent for the Asian debt markets. The conference call was led by Aberdeen Asset Management's EM Corporate Portfolio Manager Esther Chan and resulted in several follow-up calls.

**Independencia**

On March 12, 2009, EMTA hosted a conference call for global holders of Independencia International's 9.875% note due 2015 and 9.875% note due 2017. The conference call was organized for noteholders to discuss issues surrounding Independencia's cancelled tender offer and subsequent bankruptcy filing. The call was moderated by EMTA and led by Alfredo Chang, formerly of Lehman Brothers Asset Management. EMTA has also hosted several follow-up calls for noteholders interested in this credit.

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If you would like more information about either Asia Aluminum or Independencia, are interested in understanding more about EMTA's initiative to provide a forum for global holders of corporate bonds, or would like to request EMTA's assistance with a particular credit or corporate action, please contact Starla Griffin at sgriffin@emta.org or Aviva Werner at awerner@emta.org.

# EMTA London Lawyers Group

EMTA is inviting London and other European-based lawyers to join a newly created EMTA London Lawyer's Group. This group is open to lawyers who work in-house at EMTA-member institutions or in outside firms that are EMTA members. The group will meet on an ad hoc basis to discuss legal and regulatory developments affecting the Emerging Markets industry in the EMEA time zones, and also link-up for meetings of the New York-based EMTA Legal and Compliance group on issues of relevance to EMTA members on both sides of the pond. For more information, please contact Starla Griffin at sgriffin@emta.org.

# "Survival the New Success" at EMTA Winter Forum

"I cannot quite remember an EMTA session where the overwhelming mood was so downbeat," wrote one EMTA Winter Forum participant in a report to clients following the February 24 event. The Forum, which was hosted by JPMorgan in London, attracted over 150 EM professionals who listened as speakers "generally struggled to see the silver lining."

"Survival has become the new success," Joyce Chang (JPMorgan) observed dryly as she opened the Forum's Sell-Side panel. Chang warned that "economic conditions will continue to deteriorate across the board," and EM growth levels would be lower than during the 1997-98 crisis. She added that JPMorgan has been focusing on EM corporate rollovers as it tries to identify the biggest risk facing the asset class, with sovereigns remaining in comparatively "robust" conditions. Finally, Chang advised that, while her firm forecasts a tightening of the EMBI in 2009, it is underweight EM debt relative to US high-grade and high-yield paper, as the same yield can be obtained in the US high-grade market with lower risk.

Kasper Bartholdy (Credit Suisse) agreed with Chang that, in the current environment, the argument for EM debt was difficult to make. All the same, he did see value in weaker EM sovereign credits, even compared to their G-3 high yield counterparts. Asked for a rationalization of current EM cross-country spreads, and specifically why Russian 5-year paper is trading 300 basis points wider than its Turkish counterpart, Bartholdy reiterated a point made at EMTA's Annual Meeting that such differences appear to be based on domestic bank funding needs rather than financing gaps at the sovereign balance of payments level. This analysis works well for most countries, with the exceptions of Argentina and Venezuela, where political risk and other factors appear to be greater factors, according to Bartholdy.

Bartholdy doesn't anticipate a sovereign payment problem in 2009, although "clearly there is quite a high probability that there will be some defaults" in 2010. (He specified that no country has a greater than 50% probability of defaulting in 2009 although statistically, with several countries in the 10-40% range of defaulting, the combined probability that "at least one of them will default is very substantial.")

"It will take a very long time for EM corporates to re-access the markets," opined Dresdner Kleinwort's Arnab Das. Das seconded Bartholdy's prediction that there would not be a sovereign default—at least "of any meaningful country"—in 2009 while underscoring that the probability rises "substantially" in 2010. On the big picture, he expressed concern that "there is an element of risk to the entire EM thesis—globalization, the Washington Consensus, the flow of capital to the developing world, liberal open markets and convergence." There is "at least a material risk" of increased protectionism as a result of the current crisis; while "the culture of bailing out" in the developed countries will lead to the crowding out of EM countries. While Das did not expect the traditional argument for EM investment to be entirely debunked, he cautioned that such a scenario could be ruled out.

Phil Poole of HSBC argued that "we are coming out of a massive financial bubble…effectively, EM and other asset prices were pumped up way too high relative to their underlying income streams, and the only way we get to a new equilibrium is to see massive wealth destruction." Poole saw more potential profits going short EM debt than buying it while this wealth destruction is played out.

# EMTA Winter Forum (continued)

Tim Ash (Royal Bank of Scotland) commented that public sector debt-to-GDP ratios for Eastern European countries was "relatively modest" and that even with a big hit to the banking system, debt levels would still be sustainable (even Ukraine's debt to GDP ratio should still be 50%, he reasoned). On the other hand, Ash described himself as "staggered" by the decrease in demand in some emerging European exports. Asked to opine on Turkey, Ash proclaimed that the country's performance over the year has been better than one could have expected. He credited this to a couple of factors including the benefits of lower energy costs as well as, technically, the fact that skeptical foreign investors generally avoided the credit last year.

Turning to FX, the panel concurred that fixed exchange rate regimes in Eastern Europe would be greatly strained. Poole viewed the Turkish lira as also being vulnerable as a result of rate cutting. Chang offered her opinion that competitive devaluations were not likely in Asia as "the issue is not a pricing problem, but rather a lack of demand."

Turning to trade recommendations, Bartholdy reiterated Credit Suisse's overweights on Argentine and Venezuelan sovereign debt and underweights on Brazil and Colombia. Bartholdy also recommended the Chilean peso and Turkish inflation-linked bonds (although he admitted he was not championing these as vigorously as in the past).

Das would shy away from corporate debt even at current reduced levels. He predicted EM currencies will generally depreciate vs. the dollar. Poole also favored shorting Asian currencies vs. the dollar, while also suggesting shorting EM equities based upon his expectation of below expectation growth. Ash was intrigued by the risk-reward ratio for Ukraine and advised a short on fixed-rate regimes vs. their floating-rate counterparts. Chang spoke positively on Russian sovereign and quasi-sovereign debt. She also drew attention to the heavy election cycle coming up in emerging countries and "politics still matters."

During the discussion, a slide revealing forecasts for key economic variables from panel firms was displayed. Royal Bank of Scotland's forecasts were generally among the most bearish, while JPMorgan's forecasts were comparatively more optimistic. EMTA members may click here to access this slide.

## Investor Panel Critical of G-7 Leadership

"It feels to me like we are in December 1998—we are still seeing the downdraft and we don't know when the fog is going to clear," affirmed Jerome Booth of Ashmore Investment Management in introducing the Forum's investor panel. Booth sharply rebuked Washington for its lack of "sensible" policies yet asserted that "there is lots of value out there" in EM.

"Until we can clean up what is essentially an insolvent G-7 banking system, I don't think we can make any progress in any area of the world," stressed David Dowsett (BlueBay Asset Management). EM can emerge at a higher rate of growth than developed countries; however, this must be preceded by investor confidence in a G-7 recovery plan, which is problematic because "no one knows what the sizes of the losses are."

"I think the developed world is clueless," summarized Fidelity's John Carlson, who criticized the G-7 for not "being bold enough or inclusive enough." Fear has taken over but he agreed with other investor speakers that opportunities exist in the emerging world. "They've been through this many times before," he explained.

# EMTA Winter Forum (continued)

Francis Beddington of Insparo Asset Management emphasized that “we have to face the fact that we will have permanently lower G-7 growth; half the growth in the US was based on leverage.” Beddington pointed out that EM growth would henceforth be more impressive on a relative basis.

“The problem in the G-7 is that there is too much talking and not enough listening,” Carlson concluded, and suggested that much could be learned from EM politicians and ministers who have had lots of experience with financial crises. Carlson was skeptical that developed country leaders could resolve the current crisis in the foreseeable future, “because the problem is being solved by the same people who created it.”

Dowsett concurred. He acknowledged that he wasn’t sure if nationalization of the US banking system would prove a solution to current malaise. In fact, it was questionable whether anyone could really argue with certainty that bank nationalization would work because of the unique nature of the current crisis, according to Dowsett.

Carlson saw three potential outcomes to the current economic state: (1) “The Good” – inflation; (2) “The Bad” – little happens over the next year while anxiety mounts; and (3) “The Ugly” – more deflation. Carlson added that bankers’ salaries should not be capped, but bankers should be required to spend their earnings.

Brett Diment of Aberdeen Asset Management believed that the widening of the EMBI was nearing an end as leverage has disappeared and forced selling was close to being completed. Ukraine and Venezuela were appetizing at current levels, he reasoned. According to Diment, fund managers should focus more on larger EM economies where Central Banks were not managing the FX regime too aggressively, such as Brazil, Turkey and Malaysia. Finally, he would “keep it simple” and focus on sovereign debt and well-supported corporate bonds.

“It is hard to see Ukraine defaulting, but I wouldn’t rule it out,” Dowsett declared, although he viewed Eastern Europe, including Russia, as his least favorite region. Dowsett liked Argentina and believed their financing for 2009-10 was secured. Corporates maturing in the next year would be more interesting than Brazil A bonds, he added.

Carlson seconded Dowsett’s selection of Argentina (“if anyone knows how to inflate their way out, it’s the Argentines…experience counts for a lot in this market!”) He also spoke positively on Venezuela, short-dated Ukrainian bonds and—since he “never sells short a country with nuclear weapons”—also Russia and Pakistan.

Beddington selected Ivory Coast as a likely outperformer, citing London Club progress. He stressed that, in general, investors need to do detailed credit analysis in selecting their assets.

Booth’s first priority would be to buy “quality assets from distressed sellers.” He contributed the panel’s third buy opinion on Argentina, while expressing a bearish outlook on EM currencies in the short term.

# EMTA Winter Forum (continued)

The panel took a number of audience questions.  In response to a query on how nationalization of banks would affect EM liquidity conditions, Beddington replied he would "prefer to lose a Merrill Lynch than some of my EM banks which are key counterparties for me."  He highlighted the return of some boutique investment bankers as well as new emerging brokers.

Dowsett believed that the CDS market's previous liquidity "won't be coming back."  Local counterparties make more sense for local trades, and "there are enough enterprising people out there" to fill the gap in liquidity for sovereign and corporate external debt.  Diment predicted that the profits being made by the current wide bid-offer spreads would eventually lure major banks back into the external debt markets.

Prompted for their most out-of-consensus forecast for the coming year, Carlson had to assure the audience he was not joking when he predicted a 50% rally in world-wide equity markets, based on history and psychology.  Diment expected January 2010 industrial production numbers will rise by at least 20% around the globe because of low comparisons.  Dowsett feared "major discontinuities in China on a social level" as workers in coastal export zones return to their villages.  "Oil will trade comfortably above $50 for most of the year," was Beddington's contribution.

The Forum concluded with a cocktail reception.  EMTA's next Forum in London will be its 12th Annual Summer Forum on June 25, 2009.

# Special Events

## EMTA Corporate Bond Forum: Not All Doom and Gloom

EMTA's Corporate Bond Forum drew a standing-room only crowd on January 29, 2009. ING Bank NV hosted the event in London, which included a panel discussion and cocktail reception. While speakers acknowledged the current difficulties in the market—and expected the negative climate to persist for the near future—they also discussed lessons learned from the crisis and suggested profits can still be made in the sector.

Moderator Eric Ollom (ING Financial Markets) opened the Forum by polling panelists for their corporate default rate expectations in 2009. Victoria Miles of JPMorgan ventured that the overall default rate was likely to be 1 1/2 to 2 1/2% while acknowledging that this was skewed on the low side due to the predominance of quasi-sovereign paper. Miles broke down default rates by region, estimating that Latin corporate defaults could be between 5 and 10% compared with rates of 2½% and 3% in CEMEA. "In terms of recoveries, we are seeing some encouraging signs," she added, noting a general "willingness to pay" in Latin America, or cases such as Vitro, where the issuer is proactively reaching out to creditors.

Blue Bay Asset Management's Polina Kurdyavko observed that current spreads indicate market expectations of an 8% default rate. She continued that in calculating recovery potential for EM corporates, one must consider transparency, local legal frameworks and the difficulty of forming creditor committees.

Investors have learned from the crisis that they need to pay attention to both fundamentals and technical factors, while also doing their homework on each country and specific instrument, Kurdyavko stressed. Another lesson gleaned was the speed at which repricing can occur. Eric Jayaweera of UBS, who contributed a trader's point of view to the discussion, commented that investors now also need to factor in counterparty risk and pay attention to funding gaps. Max Wolman (Aberdeen Asset Management) stressed the need to take a macro-based approach in investment selection, before analyzing bond covenants and cash flow.

Liquidity will continue to be an issue with many firms dramatically cutting their proprietary trading activity, Jayaweera pointed out. "But it is not all doom and gloom…although there is not going to be any new supply, we do see some new clients coming in," he noted, specifying that Russian banks have become increasingly active in the market. Wolman called attention to anecdotal evidence of large amounts of cash on the sidelines, with real money accounts and pension funds being possible sources of new inflows. Kurdyavko believed that dedicated funds will not run away from EM corporates, though cross-over investors would show less interest. She and Jayaweera agreed that equity funds would be new buyers of EM corporates.

Also covered by the panel were the 2009 issuance prospects. Miles forecast that issuance would drop to \$35-\$40 billion versus \$50 billion in 2008 (most of which occurred in the first half) and \$150 billion in 2007. Wolman predicted that there would be some issuance in Q2 and Q3, albeit most would be the result of reverse inquiries. Issues will be shorter-term, though, with 3-year deals rather than 10-year issues.

Ollom concluded the discussion by asking for speaker recommendations. Jayaweera spoke positively on Tengizchevroil (because of its low production costs) and Privat Bank ("you are currently compensated for default risk and they are very aggressive about collecting on non-performing loans.") He also recommended selling short-dated protection in "high quality" firms such as Gazprom. Jayaweera joined other panelists in avoiding the Russian local corporate bond market.

# London Corporate Bond Forum (continued)

ISA and GVT in Brazil, and P.T. Paiton were Miles' picks. She would not recommend Brazilian steel producers (on a valuation basis) and Russian corporates generally (because of the potential downgrade of the sovereign from investment grade and any resulting forced selling).

Kurdyavko liked defensive plays such as Latin utilities (seconding a buy on Endesa Brasil), while remaining concerned about the prospects for the real estate sector in China and Mexico. Kurdyavko also considered Tengizchevroil and Qatar's Ras Laffon to be among the most undervalued credits.

Wolman favored Vimpelcom for its cash flows. He also discussed the potential for Nigerian banks while panning Kazakh banks such as BTAS. Ollom contributed his own investment selections as well, recommending the Brazilian beef sector (especially Bertin), Cemex ("there is no chance of a default") and other "multinational blue-chip names that will benefit from the economic stimulus packages." His pans included Gruma, which he expected to avoid defaulting but which he described as "over-priced for a B credit."

EMTA began its Corporate Bond Forum series in 2007 in order to provide a venue for the general discussion of corporate bond issues. In addition to its annual Corporate Bond Forums in London and New York (which will be held later this year), EMTA has also held seminars on the legal and practical considerations concerning corporate bond covenants and recently initiated a new series of corporate credit-specific investor discussions.

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# EMTA Panels Explore Recent and Potential Litigation in EM Area

On March 9, 2009, EMTA hosted a panel that reviewed the recent litigation against Argentina and other sovereigns, as well as potential litigation relating to Ecuador's payment on its 2015 Bonds (and declaration of "illegitimacy" on its 2012 and 2030 Bonds).

This event was held at EMTA's offices in NYC, with a simultaneous video-link in London hosted by Herbert Smith. Panelists included representatives from the following major law firms and credit rating agency:

Lee Buchheit (Cleary Gottlieb Steen & Hamilton), James Kerr (Davis Polk & Wardwell), Adam Johnson (Herbert Smith), Danforth Newcomb (Shearman & Sterling), Lisa Schineller (Standard & Poors), Mark Rosenberg (Sullivan & Cromwell) and Timothy DeSieno (Bingham McCutchen).

This presentation continues EMTA's series on Sovereign Debt Restructurings and their Implications, which was initiated on June 7, 2006 (How a Ratings Agency Brings a Country out of Default) and has included later events in NYC and/or London in 2006 (Enforcement Against Sovereigns in the US and Elsewhere and Official Sector Implications) and in 2007 (The Argentina Precedent: Will Others Follow?).

For more information, please Click Here for the Agenda and Click Here for the Introductory Remarks, or contact either Aviva Werner at awerner@emta.org or Starla Griffin at sgriffin@emta.org.

# Special Events (continued)

## EMTA Spring Forum

EMTA's Spring Forum will be held in New York City on April 30, 2009 with HSBC as its host.

Pablo Goldberg of HSBC will moderate a discussion of conditions in the EM marketplace. Confirmed speakers at press time include Mike Gagliardi (HSBC Halbis) and David Spegel (ING Financial Markets LLC), with other speakers expected to be announced soon.

Invitations will be sent to EMTA members shortly. Attendance for members is complimentary. Non-members may attend at a fee of US$500. For further information please contact Jonathan Murno of EMTA at jmurno@emta.org.

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## EMTA São Paulo Forum Scheduled for May 11, 2009

Following the success of last year's event, EMTA's Forum in São Paulo will be held on Monday, May 11, 2009. Banco Itaú Unibanco will host the event at Itaú Cultural Center.

The event will feature a presentation by former Brazilian Central Bank Deputy Governor for Economic Policy Ilan Goldfajn.

In addition, Daniel Gleizer of Banco Itaú Unibanco will moderate a panel of other former Brazilian Central Bank and government officials, including Alexandre Schwartsman (Banco Santander), Luiz Fernando Figueiredo (Mauá Investimentos), Luis Carlos Mendonça de Barros (Quest Asset Management) and Eduardo Loyo (UBS).

The discussion will be conducted in Portuguese with simultaneous translation into English for non-Portuguese-speakers.

Invitations will be sent to EMTA members in mid-April. Attendance for members is complimentary; there is a US$300 registration fee for non-members.

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## EMTA's Forum in Buenos Aires Set for May 13, 2009

EMTA's Second Forum in Buenos Aires will take place on Wednesday May 13, 2009. Banco Itaú Unibanco will host the event, which will be in Spanish with simultaneous translation into English.

At press time, a number of speakers had been confirmed including Fernando Ferrari of Banco Itaú Unibanco, Ricardo Maxit of Gailieo, Juan Veron of HSBC Halbis, and Josefina Pizarro of TPCG. Additional speakers will be announced shortly.

Invitations will be sent to EMTA members in mid-April. Attendance for members is complimentary; there is a US$300 registration fee for non-members.

# Special Events (continued)

## New York Charity Benefit Raises over $400,000

Despite the sharp market downturn, the annual New York Emerging Markets charity benefit still raised over $400,000 on Wednesday, December 4, 2008. The event was held at the Sheraton Hotel's Metropolitan Ballroom on West 53rd Street in New York City, following EMTA's Annual Meeting.

Funds were raised via the sales of tables and advertisements, as well as by both live and silent auctions. Going on the auctioneer's block were the use of holiday homes in Thailand, Maine and the Hamptons; a guaranteed spot at the ING New York City Marathon; seats at various sporting events; lunch with *Financial Times* commentator Martin Wolf; Belgian waffle catering for a child's party for 50 and a day at the Monticello Race Club.

The event received funds from the MarketAxess' Annual Charity Trading Day and in addition Banco Itaú sponsored a special caipirinha drink station. Finally, members of the EM community also contributed cash donations to the event.

Proceeds from the event will be distributed shortly to:

- **EMpower** - a grant-making foundation which connects the Emerging Markets community with innovative grassroots organizations enabling young people to lead healthy, productive lives www.empowerweb.org;
- **Orphaned Starfish Foundation,** dedicated to working with orphans and disadvantaged children throughout Latin America www.orphanedstarfish.org;
- **Sri Lanka Cares,** which rebuilds and restores homes lost and damaged by the Asian Tsunami www.srilankacare.org;
- **WaterPartners International**, which works to promote health in Latin America, Africa and Asia by increasing access to safe drinking water www.water.org;
- and **WorldFund,** which provides financial, managerial and technical assistance to partner schools in impoverished Latin American neighborhoods www.worldfund.org.

Committee members were pleased that net proceeds from the benefit remained at high levels during difficult market conditions. Due to the volunteer efforts by the beneficiaries and committee members (and including volunteer dj Vladmir Werning of JPMorgan), expenses remained at unusually low levels for charity galas.

The EMCB Committee is already planning its 2009 event. If you are interested in joining the Planning Committee, please contact Jonathan Murno of EMTA at jmurno@emta.org.

# Bond & Warrant Trading & Settlement

## Ecuador

Following Ecuador's announcement that it would not pay interest when due on November 17 on its 2012 Bonds (but instead use the grace period to determine whether or not such interest would be paid) EMTA recommended that, unless otherwise agreed, for all trades entered into on and after November 14, 2008, the Bonds continue trading on a "plus accrued" basis, meaning that (1) Buyers continue to pay for accrued interest for the new interest period beginning November 16, 2008 and (2) Sellers will be entitled to any accrued interest for the prior interest period ending on November 15, 2008 (together with any default interest) paid by the issuer to the trustee during the 30-day grace period (any such accrued interest or default interest paid to the trustee after the grace period being for the account of the Buyer).

For the full text of this Market Practice recommendation, which was made after market participants discussed whether or not trading in Ecuador's Bonds should be traded on a "flat" basis, Click Here.

Market participants agreed to review the above recommendation from time to time and, if such payment was not made within the 30-day grace period, consideration would be given to recommending that Ecuador's 2012, 2015 and 2030 Bonds all be traded on a "flat" basis.

In fact, after consultation with major market participants once it became clear that Ecuador was not going to make the payment on its 2015 Bonds due December 15, 2008, EMTA recommended on December 14, 2008 that Ecuador's 2012, 2015 and 2030 Bonds all be traded on a "flat" basis. For the full text of this Market Practice recommendation, which also contains a clarification regarding the amortization on the 2012 Bonds, Click Here.

Following non-payment on the 2012 Bonds, on December 17, 2008, The International Swaps and Derivatives Association, Inc. (ISDA), in consultation with EMTA, announced the launch of a CDS auction protocol to facilitate the settlement of credit derivatives trades referencing Ecuador (the first protocol in regards to the settlement of a sovereign credit event). Click Here for the Press Release regarding such CDS Protocol, Click Here for the Uniform Settlement Agreement relating to such CDS Protocol and Click Here for the ISDA notice regarding the termination of the adherence period to the CDS Protocol on January 12, 2009.

On December 24, 2008, the Trustee (US Bank) notified holders that an Event of Default has occurred under the Terms and Conditions of the 2012 Bonds. Click Here for the Trustee's notice.

On January 13, 2009, EMTA confirmed "flat" trading for the 2015 Bonds on trades entered into through the close of business on January 15, 2009.

On January 14, 2009, the Trustee for the 2015 Bonds (The Bank of New York Mellon) notified holders that it received payment from Ecuador on the 2015 Bonds, but was holding such payment in trust for the bondholders until payment was made in accordance with new record and payment dates to be set by Ecuador. Click Here for the Trustee's notice.

On January 15, 2009, following consultations with major market participants, EMTA recommended that trades in the 2015 Bonds continue to trade, unless otherwise agreed, on a "flat" basis (despite the recent payment made by Ecuador to the trustee, which is being held in trust for the benefit of bondholders of record). For the full text of this Market Practice recommendation, which also contains a clarification regarding the new record and payment dates that would need to be set by Ecuador after payment was not made on its due date, Click Here.

# Bond & Warrant Trading & Settlement (continued)

In its notice on January 20, 2009, Ecuador set the new record and payment dates on the 2015 Bonds to February 4, 2009 and February 17, 2009, respectively. Click Here for Ecuador's notice.

On January 30, 2009, following consultations with major market participants, EMTA recommended that trades in the 2015 Bonds, commencing on February 2, 2009, trade, unless otherwise agreed, on a "plus accrued" basis for the interest period commencing on December 16, 2008 (and not any prior interest periods). For the full text of this Market Practice recommendation, which also clarified that only record holders on February 4, 2009 will receive the payment originally scheduled to be made on December 15, 2008, and that the 2012 and 2030 Bonds will continue to trade on a "flat" basis, unless otherwise agreed, in accordance with EMTA's recommended Market Practice, dated December 14, 2008, Click Here.

Click Here for Ecuador's request for 2012 and 2030 bondholders to identify themselves.

Click Here for the Trustee's notice for a 2012 and 2030 bondholder conference call relating to the formation of an adhoc committee.

For Ecuador's Report (in Spanish) regarding non-payment of its "illegitimate" 2012 and 2030 Bonds, Click Here.

For recent Key Industry Views on Ecuador, please visit the New Developments Alert area of EMTA's website (http://www.emta.org/ndevelop/newdevalert.html) generally for Ecuador. The most recent articles are: "Ecuador 15 Record Date Feb 4". Jane Brauer (Merrill Lynch), "Ecuador's Dangerous Game". Abby McKenna/Federico Kaune (Morgan Stanley Investment Management), "Pari Passu and the Ecuador 15s." Joe Kogan (Barclays Capital), "Ecuador: What's Next?" December 18, 2008 - Joe Kogan (Barclays Capital), "Contagion from Ecuador – Repricing The Cost of Default." November 21, 2008 - Joe Kogan and Eduardo Levy-Yeyati (Barclays Capital), "Ecuador - Government to Use Grace Period to Analyze Whether to Make Coupon Payment on the 2012s; Talks with Bondholders to Restructure Debt a Possibility." November 17, 2008 - Alberto Ramos (Goldman Sachs) and "Ecuador: On the Likelihood of Debt Restructuring." November 17, 2008 - Gustavo Canonero and Hongtao Jiang (Deutsche Bank).

## Venezuela Oil Obligations Payment

The April 15, 2009 Oil Obligations payment is expected to be made to holders of record as of March 31, 2009, and EMTA recommended that trades be "ex-dividend" on March 27. (A copy of the Fiscal Agent's notice regarding the payment's calculation will be published in the New Developments area of EMTA's website as soon as it is made available.)

## Argentina

Click Here for the full text of Argentina's announcement relating to the calculation of its GDP payments.

Please visit EMTA's New Developments area (http://www.emta.org/ndevelop/) under the sub-category "Argentina" for copies of recent documents in connection with litigation against Argentina.

## Bosnia

EMTA is working with some major firms to clarify with Societe Generale, the Fiscal Agent for the GDP Performance Bonds Series B, whether the trigger for payment was, in fact, reached in 2006, thus requiring payment in 2008 (payment is required in June of the year succeeding two consecutive years of triggers being met, and the Fiscal Agent has already confirmed that the trigger was met in 2007). EMTA will update the market as soon as it receives confirming information from the Fiscal Agent.

## Uruguay VRR Payment

Click Here for the Fiscal Agent's notice regarding the January 2, 2009 VRR payment's calculation of zero. To date, no payments have ever become due on the VRRs.

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For further information, please visit the New Developments area of EMTA's website or contact Aviva Werner at awerner@emta.org or (212) 313-1010.

# FX & Currency Derivatives

## EMTA and ISDA Joint Market Practice #2 Published

Early in March, EMTA and ISDA succeeded in developing an industry consensus on what had been a point of contention for a long time among market participants, and on March 13, 2009 published their second joint market practice, recommending to the respective memberships of EMTA and ISDA that, for Latin American non-deliverable interest rate and cross currency swap transactions, the relevant cities for settlement or payment date be both New York and the financial center for the relevant currency but upon the occurrence of an unscheduled holiday, the relevant cities default to New York only. This resolution was a compromise position reached by the industry after extensive conversations at all levels within the industry, involving operations, documentation and trading personnel. The development of this market practice was derivative of the joint EMTA-ISDA effort to collaborate on documentation for non-deliverable swaps and its resolution paves the way for the eventual development of standard confirmations for non-deliverable swaps. As a result of the compromise position reached on this point, a conforming change was required to be made to EMTA and ISDA Joint Market Practice No. 1 which was revised and republished on the same day. See Documentation/EMTA Market Practices/Credit Derivatives and Swaps Market Practices.

## KZT and UAH Template Terms Published

On March 4, 2009, EMTA published its Recommended FX and Currency Derivatives Market Practice No. 50 recommending to its Members the use of standardized terms for Non-Deliverable KZT/USD and UAH/USD FX Transactions. The Template Terms for these currencies, which includes forms for non-deliverable FX forward and non-deliverable currency option transactions were developed by a sub group of the EMTA FX and Currency Derivatives Working Group that focuses on Eastern European currencies. Taking the EMTA Template Terms for Russian Ruble NDFs as its starting point, the working group introduced new disruption fallbacks and conformed the market practices underlying the Template Terms to those of the EMTA Template Terms for RUB/USD NDFs and NDOs, introducing a regional consistency in things such as the valuation postponement and many other terms. Importantly, a back-up industry survey rate for UAH/USD transactions has been included and is the product of a collaboration between EMTA and Thomson Reuters. In addition, new rate source definitions for these currencies have been introduced and are now included into Annex A of the 1998 FX and Currency Option Definitions by the three co-sponsors of these definitions. At the request of the working group, EMTA is sponsoring the signing of a Multilateral Amendment Agreement to facilitate the amendment by its Members of outstanding trades to incorporate the newly published terms. See Documentation/Standard Documentation/FX and Currency Derivatives.

## Cross Currency NDF's Redux?

Efforts to advance the development of documentation for cross currency non-deliverable FX transactions have been met with a variety of challenges since EMTA constituted a working group to look at this project in 2007. It was clear that a market practice and consensus had not developed sufficiently to support industry standardization in this effort. EMTA reached out to the New York Foreign Exchange Committee in January 2008 for its assistance and advice on this project and the FXC working through the FMLG, is now prepared to study the topic. Any EMTA member with an interest in this topic should email Leslie Payton Jacobs at lpjacobs@emta.org.

## Compendium to Annex A Updated March 2009

On March 18, 2009, EMTA, ISDA and the FXC issued an updated version of the Compendium of Amendments to Annex A of the 1998 FX and Currency Options Definitions which is available on EMTA's website.

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For further information regarding the above, as well as FX & Currency Derivatives matters generally, please contact Leslie Payton Jacobs at lpjacobs@emta.org or (212) 313-1003.

# Website Updates and Additions

***EMTA Members: To obtain the password for the Members Only area, please e-mail sortiz@emta.org***

## Key Industry Views

EMTA continues to recognize publications by leading research analysts and others that highlight noteworthy industry topics. In recent weeks, EMTA has made the following addition to the Key Industry Views area of EMTA's website:

- "Ukraine: A Likely Contender to Default?" February 2009 - Arjen Thiescheffer (Omni Bridgeway).
- "CDS Market Changes." February 6, 2009 - Bradley Rogoff (Barclays Capital).
- "Ecuador 15 Record Date Feb 4". January 30, 2009 - Jane Brauer (Merrill Lynch).
- "Ecuador's Dangerous Game". January 28, 2009 - Abby McKenna/Federico Kaune (Morgan Stanley Investment Management).
- "Pari Passu and the Ecuador 15s." January 27, 2009 - Joe Kogan (Barclays Capital).
- "EM Outlook 2009: Winter of Discontent. Global Deleveraging + Rebalancing = Global Recession." December 2008 - Arnab Das (Dresdner Kleinwort).
- "Emerging Markets 2009 Outlook: Lax Money, Event Risk...and Wide Fluctuations." December 22, 2008 – Lawrence Goodman, Georgia Blume, David Hauner, Christy Tan, Han-Sia Yeo, Edgar Camargo, Mai Doan and Alberto Boquín (Bank of America).
- "The 2009-2010 Outlook for Latin America: From Expansion to Adjustment Mode." December 19, 2008 - Paulo Leme, Alberto Ramos, Luis Cezario and Malachy Meechan (Goldman Sachs).
- "Ecuador: What's Next?" December 18, 2008 - Joe Kogan (Barclays Capital).
- "EM – Facing Strong Headwinds in 2009." December 12, 2008 – EM Research and Strategy Team (Commerzbank).
- "Latin American Economics: Sliding into 2009." December 9, 2008 - Gray Newman, Marcelo Carvalho, Luis A Arcentales, Daniel Volberg and Boris Segura (Morgan Stanley).
- "Prospects for Latin America: Global Tsunami to Test Local Defenses." December 4, 2008 - Alberto Ades (Citigroup).
- "Tidal Changes." December 2008 - Piero Ghezzi, Nicholas Bibby, Koon Chow, Jeff Gable, Puay Yeong Goh, Alejandro Grisanti, Donato Guarino, Matthew Huang, Sailesh Jha, Christian Keller, Andrea Kiguel, Joe Kogan, Wai Ho Leong, Eduardo Levy-Yeyati, Nyiko Mageza, Ridle Markus, Svitlana Maslova, Paulo Mateus, Roberto Melzi, Guillermo Mondino, Rogerio Oliveira, Advin Pagtakhan, Wensheng Peng, Shyampadmanabhan Ramachandran, Peter Redward, Arko Sen, Rodrigo Valdes, Sebastian Vargas, Matthew Vogel, Yan Zheng, Jimena Zuniga (Barclays Capital).

## New Developments

These and other recent news items can be found in the New Developments area of EMTA's website.

- March 13, 2009 - EMTA and ISDA Publish New Joint Market Practice No. 2 on Non-Deliverable Swap Transactions. Conforming changes also have been made to EMTA ISDA Joint Market Practice No. 1.
- March 10, 2009 - April 30 - Spring Forum (NYC). Sponsored by HSBC; May 11 - EMTA Forum in São Paulo. Sponsored by Banco Itaú; May 13 - EMTA Forum in Buenos Aires. Sponsored by Banco Itaú. Invitations will be distributed approx. 3 wks before the event.
- March 10, 2009 - Venezuela Oil Obligations Record Date of March 31 and Payment Date of April 15 Expected. Trades are "Ex-Dividend" on March 27. Calculations for Payments on the Oil Obligations will be Announced by the Fiscal Agent Shortly.
- March 9, 2009 - EMTA Special Presentation "Recent and Potential Litigation in EM Area" in NYC (with London video-link hosted by Herbert Smith) on March 9, 2009.
  - Agenda
  - Introductory Remarks by Aviva Werner, EMTA General Counsel
- March 4, 2009 - Asia Aluminum: EMTA Provides Forum for Global Bondholders.
- March 4, 2009 - EMTA publishes its Recommended FX and Currency Derivatives Market Practice No. 50 on standard terms for NDF and NDO transactions for the Kazakhstan Tenge and the Ukrainian Hryvnia.
- March 4, 2009 - Moody's Downgrades Jamaica's Foreign-Currency Government Bond Rating from B1 to B2.
- March 2, 2009 - "Asia Aluminum bond tender at risk of rejection". FinanceAsia Article. Posted with permission of FinanceAsia.
- February 27, 2009 - EMTA Special Presentation "Recent and Potential Litigation in EM Area" in NYC (with London video-link hosted by Herbert Smith) on March 9, 2009.
- February 26, 2009 - "Bondholders form group to fight Asia Aluminum over tender offer". Euroweek Article. Posted with permission of Euroweek.

# Website (continued)

- February 25, 2009 - EMTA Announces 2008 Annual Emerging Markets Debt Trading Stood at US$4.173 Trillion.
- February 25, 2009 - Standard & Poor's Downgrades Ukraine's Long-Term Foreign-Currency Rating from B to CCC+.
- February 24, 2009 - EMTA Winter Forum - Sell Side Panel Forecasts on Key Variables.
- February 24, 2009 - Standard & Poor's Downgrades Latvia's Sovereign Credit Rating from BBB- (Investment Grade) to BB+.
- February 19, 2009 - Save the Date! EMTA Special Presentation "Recent and Potential Litigation in EM Area" in NYC (with London video-link hosted by Herbert Smith) on March 9, 2009.
- February 17, 2009 - EMTA Special Presentation "The Future of Financial Regulation: Meet the New Regulators, Better Than the Old Regulators?" in NYC on February 27, 2009. Postponed.
- February 13, 2009 - Republic of Ecuador - Disclosure Request.
- February 12, 2009 - Fitch Downgrades Ukraine's Long-Term Foreign Currency Issuer Default Rating from B+ to B.
- February 10, 2009 - Moody's Upgrades Belize's Government Bond Rating form Caa1 to B3.
- February 4, 2009 - Fitch Downgrades Russia's Long-Term Issuer Default Rating from BBB+ to BBB.
- February 2, 2009 - EMTA Winter Forum in London to Be Held on February 24, 2009.
- January 30, 2009 - Market Practice for Ecuador 2015 Bonds.
- January 29, 2009 - Ecuador Notice Regarding New Record and Payment Dates for Ecuador 2015 Bonds.
- January 16, 2009 - Trustee Notice Regarding Payment and Record Dates for Ecuador 2015 Bonds.
- January 15, 2009 - Market Practice for Ecuador 2015 Bonds.
- January 14, 2009 - Capital Ventures International v. Argentina.
- January 13, 2009 - EMTA Confirms Flat Trading for Ecuador 2015 Bonds on Trades Entered Into Through the Close of Business on January 15, 2009.
- January 12, 2009 - Moody's Upgrades Uruguay's Foreign-Currency Bond Rating of Uruguay from B1 to Ba3.
- January 9, 2009 - Various Retail Bondholders v. Argentina.
- January 7, 2009 - EMTA Corporate Bond Forum in London to Be Held on January 29, 2009.
- January 7, 2009 - Moody's Downgrades Latvia's Foreign-Currency Government Rating from A3 to Baa1.
- January 6, 2009 - ISDA 2009 Ecuador CDS Protocol.
- December 24, 2008 - Fiscal Agent Notice to Ecuador Bondholders.
- December 23, 2008 - Standard & Poor's Downgrades Dominican Republic's Long-Term Sovereign Credit Rating from B+ to B.
- December 23, 2008 - Calculations for Payments on Uruguay VRR's Announced.
- December 22, 2008 - Republic of Ecuador Uniform Settlement Agreement (ISDA).
- December 17, 2008 - ISDA to Publish Protocol for Ecuador.
- December 16, 2008 - Fitch Downgrades Ecuador's Long-Term Sovereign Credit Rating to RD from CCC.
- December 16, 2008 - Moody's Downgrades Ecuador's Government Bond Rating from Caa1 to Ca.
- December 15, 2008 - Standard & Poor's Downgrades Ecuador's Long-Term and Short-Term Sovereign Credit Ratings to SD from CCC- and C, Respectively.
- December 15, 2008 - Ecuador Commission Report (in Spanish).
- December 15, 2008 - Fitch Downgrades Venezuela's Issuer Default Rating from BB- to B+.
- December 14, 2008 - Market Practice for Ecuador Bonds.
- December 12, 2008 - Aurelius Capital Partners v. Argentina.
- December 11, 2008 - EMTA publishes Recommended FX and Currency Derivatives Market Practice No. 49 for RUB / USD NDF and NDO Transactions.
- December 8, 2008 - 2009 Batch Settlement Schedule for Certain Class I Loan Assets.
- December 8, 2008 - Iceland's New Foreign Exchange Regs - Investor Q&A.
- December 8, 2008 - Standard & Poor's Downgrades Russia's Foreign-Currency Sovereign Credit Rating from BBB+ to BBB.
- December 4, 2008 - "Economic Perspectives and Measures to Foster Economic Growth, Employment and Financing." Keynote Address by Dr. Alejandro Werner, Undersecretary of Finance and Public Credit of Mexico, at EMTA's Annual Meeting.
- December 4, 2008 - EMTA Annual Meeting Sell Side Panel - Market Views on Key Variables for 2009.
- December 4, 2008 - Moody's Downgrades Iceland's Long-Term Foreign Currency Rating from A1 to Baa1.
- December 1, 2008 - Dr. Alejandro Werner, Mexico's Under Secretary for Finance and Public Credit, to Deliver Keynote Address at EMTA's Annual Meeting.
- December 1, 2008 - Argentina Announces Calculation of GDP Payments.
- November 28, 2008 - Iceland Publishes New Foreign Exchange Rules (No. 1082).
- November 25, 2008 - EMTA Announces 3Q Debt Trading Stood at US$946 Billion.
- November 20, 2008 - Euroclear to Acquire Xtrakter from ICMA.

# Website (continued)

## Reminders: Visit the *Employment, From the Market* and *Litigation* areas

Their are a few relatively new and updated areas of EMTA's website: Employment in the Job Opportunities area, From the Market in the Activities and Services area and Litigation in the EM Background area.

Because of the difficult employment environment resulting from the credit crunch, EMTA has revised the Job Opportunities area of its website to include both:

- listings of employment opportunities in the EM trading and investment community posted (for a fee) by prospective employers (Job Opportunities); and
- summary resumes posted (free of charge) by individuals seeking employment positions in the EM trading and investment industry (Jobs Wanted).

For the sake of accommodating individual preferences and sensitivities, postings may contain as much, or as little, detail as desired, and initial contact between prospective employers and employees may be arranged through EMTA.

The Job Opportunities/Employment area includes opportunities and applicants from around the globe in the EM trading and investment community. We especially encourage you to pass along the address of this site to former colleagues who are currently seeking positions in the EM debt industry.

To post an employment opportunity, please contact Jonathan Murno of EMTA at (212) 313-1005 or at jmurno@emta.org. To post a summary resume, please contact Suzette Ortiz of EMTA at (212) 313-1006 or at sortiz@emta.org.

From the Market contains items submitted to EMTA that are deemed of general interest to the Emerging Markets trading and investment community. Decisions to post items are at EMTA's discretion, and the responsibility for content of each posted item lies solely with its author. Items in a variety of formats such as articles, opinions, transcriptions, and graphics, among others, are appropriate for this area. To submit postings to this area, please contact Suzette Ortiz at sortiz@emta.org or (212) 313-1006.

Litigation is where various legal cases are posted that may be of interest to the EM trading and investment community. Cases can be viewed alphabetically in the more comprehensive List of Cases, as well as by specific subject matter category in reverse chronological order. If you are aware of any pertinent information which would be useful to post here, please contact Aviva Werner at awerner@emta.org or (212) 313-1010.

# Miscellaneous

## Information for Volume Survey Participants

As a reminder, EMTA collects volume data from market participants for its Debt Trading Volume Surveys on a quarterly schedule. EMTA contacts its survey participants approximately one week before the end of each quarter. Look for the EMTA Volume Survey e-mails!

If you are not currently a participant in the EMTA Volume Survey and believe you can contribute data for this purpose, or wish to find out more about being a survey participant, please contact Jonathan Murno at jmurno@emta.org or (212) 313-1005. Individual Survey responses are kept strictly confidential.

## EMTA is Your Forum

Questions arise from time to time about EMTA's policies regarding views expressed in items posted on its website or by speakers or panelists at EMTA events.

For the record, EMTA, by long-standing custom, does not necessarily endorse such views. Items posted on EMTA's website and speakers and panelists at EMTA events are selected because EMTA believes that they will be of topical interest to our Members and to the broader market and will contribute to the expression and free exchange of views and information in the marketplace.

EMTA is always interested in getting market feedback on the effectiveness of our website, events and activities generally. Please take the time to let us know whether or not you agree with what you see on our website or hear at one of our events and, most important, whether there is more that EMTA should be doing, or doing differently, to better serve the EM marketplace.

## EMTA Membership Update

EMTA's newest Members include:

- **B.A.F. Investments, LLC**
- **Bingham McCutchen LLP**
- **Contrarian Capital Management**
- **Danske Bank**
- **Eaton Vance Management**
- **MPS Capital Services**
- **Rabobank International**
- **TD Securities**
- **Teigland-Hunt LLP**
- **Urugrain S.A.**

If you are interested in EMTA Membership, or if you know of prospective Members, please contact Michael M. Chamberlin at mchamberlin@emta.org or (212) 313-1001, Starla Griffin at sgriffin@emta.org or (44-207) 996-3165, Jonathan Murno at jmurno@emta.org or (212) 313-1005 or Suzette Ortiz at sortiz@emta.org or (212) 313-1006. Also, in the Membership area of EMTA's website, we offer information about our various Membership categories and benefits and about how to join the Association.

# EMTA Hotlines

| Topic | Contact | Telephone |
|---|---|---|
| Asia | Jonathan Murno/Leslie Payton Jacobs | (212) 313-1005/1003 |
| Clearing Corp. | Michael Chamberlin/Starla Griffin | (212) 313-1100/(44-207) 996-3165 |
| Corporate Bonds | Jonathan Murno/Leslie Payton Jacobs/ Aviva Werner | (212) 313-1005/1003/ (212) 313-1010 |
| Credit Derivatives | Leslie Payton Jacobs | (212) 313-1003 |
| EM Bond Charts | Aviva Werner | (212) 313-1010 |
| EM Charity Benefits | Jonathan Murno | (212) 313-1005 |
| EM Litigation | Aviva Werner | (212) 313-1010 |
| EMTA Annual Meeting | Jonathan Murno | (212) 313-1005 |
| EMTA Governance | Michael Chamberlin | (212) 313-1000 |
| EMTA Quarterly Forums | Jonathan Murno | (212) 313-1005 |
| EMTA Rate Quotation Services | Leslie Payton Jacobs | (212) 313-1003 |
| FX and Currency Derivatives | Leslie Payton Jacobs | (212) 313-1003 |
| International Financial Architecture | Michael Chamberlin | (212) 313-1000 |
| Investor Issues | Michael Chamberlin/Aviva Werner | (212) 313-1000/1010 |
| Legal/Compliance | Aviva Werner | (212) 313-1010 |
| Library and Archive Requests | Evelyn Ramirez | (212) 313-1008 |
| Loan and Bond Trading | Aviva Werner | (212) 313-1010 |
| Local Markets | Aviva Werner/Leslie Payton Jacobs/ Starla Griffin | (212) 313-1010/1003/ (44-207) 996-3165 |
| Market Information/Research | Jonathan Murno | (212) 313-1005 |
| Membership | Jonathan Murno/Starla Griffin/ Suzette Ortiz | (212) 313-1005/(44-207) 996-3165/ (212) 313-1006 |
| Netting: Multilateral Netting Facilities | Aviva Werner | (212) 313-1010 |
| Paris Club | Starla Griffin | (44-207) 996-3165 |
| Press Inquiries | Jonathan Murno | (212) 313-1005 |
| Repos/Securities Lending | Aviva Werner | (212) 313-1010 |
| Volume Survey | Jonathan Murno | (212) 313-1005 |
| Warrants/VRR's | Aviva Werner | (212) 313-1010 |
| Website | Suzette Ortiz | (212) 313-1006 |

EMTA staff can also be reached through the general telephone number (212) 313-1000, at the following e-mail addresses or through EMTA's website (www.emta.org).

| | |
|---|---|
| Michael Chamberlin | mchamberlin@emta.org |
| Monika Forbes | mforbes@emta.org |
| Starla Griffin | sgriffin@emta.org |
| Leo Hsu | lhsu@emta.org |
| Jonathan Murno | jmurno@emta.org |
| Suzette Ortiz | sortiz@emta.org |
| Leslie Payton Jacobs | lpjacobs@emta.org |
| Evelyn Ramirez | eramirez@emta.org |
| Aviva Werner | awerner@emta.org |

# EMTA Calendar

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|---|---|
| **Fri., Jan. 16** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Mon., Jan. 19** | Recommended Market Close (NYC) Martin Luther King Jr. Day<br>Recommended 12:00 Noon (London) Early Market Close |
| **Thurs., Jan. 29** | **Corporate Bond Forum (London)**<br>**ING Bank NV**<br>**60 London Wall**<br>**London** |
| **Fri., Feb. 13** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Mon., Feb. 16** | Recommended Market Close (NYC) Presidents' Day<br>Recommended 12:00 Noon (London) Early Market Close |
| **Tues., Feb. 24** | **Winter Forum (London)**<br>**JPMorgan**<br>**The Great Wall, 60 Victoria Embankment**<br>**London** |
| **Mon., March 9** | **Special Presentation - Litigation Update in EM**<br>**Global Financial Markets Conference Center**<br>**360 Madison Avenue, 17th Floor (NYC)** |
| **Thurs., April 9** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Fri., April 10** | Recommended Market Close (NYC/London) Good Friday |
| **Mon., April 13** | Recommended Market Close (London) Easter Monday |
| **April 21, 22 or 23** | **Board Meeting (NYC/London)** |
| **Thurs., April 30** | **Spring Forum (NYC)**<br>**Hosted by HSBC**<br>**452 Fifth Avenue, 11th Floor (at 40th St.)**<br>**NYC** |
| **Mon., May 4** | Recommended Market Close (London) May Day Bank Holiday |
| **Mon., May 11** | **EMTA Forum - São Paulo**<br>**Hosted by Banco Itaú**<br>**Itaú Cultural Institute**<br>**Av. Paulista n° 149 - São Paulo (Brazil)** |
| **Wed., May 13** | **EMTA Forum - Buenos Aires**<br>**Hosted by Banco Itaú**<br>**Cerrito 740, 18th Floor (Argentina** |

# EMTA Calendar (cont)

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|---|---|
| **Fri., May 22** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Mon., May 25** | Recommended Market Close (NYC/London) Memorial Day/Spring Bank Holiday |
| **Thurs., June 25** | **Summer Forum (London)**<br>**Merrill Lynch**<br>**2 King Edward Street**<br>**London** |
| **Thurs., July 2** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Fri., July 3** | Recommended Market Close (NYC) Independence Day<br>Recommended 12:00 Noon (London) Early Market Close |
| **Mon., August 31** | Recommended Market Close (London) Summer Bank Holiday |
| **Fri., Sept. 4** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Mon., Sept. 7** | Recommended Market Close (NYC) Labor Day<br>Recommended 12:00 Noon (London) Early Market Close |
| **Fri., Oct. 9** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Mon., Oct. 12** | Recommended Market Close (NYC) Columbus Day<br>Recommended 12:00 Noon (London) Early Market Close |
| **Tues., Nov. 10** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Wed., Nov. 11** | Recommended Market Close (NYC) Veterans' Day<br>Recommended 12:00 Noon (London) Early Market Close |
| **Wed., Nov. 25** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Thurs., Nov. 26** | Recommended Market Close (NYC) Thanksgiving Day<br>Recommended 12:00 Noon (London) Early Market Close |
| **Fri., Nov. 27** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **December*** | **EMTA Annual Meeting**<br>**Citigroup, 388 Greenwich Street (NYC)**<br><br>**2009 Emerging Markets Benefit (NYC)** |
| **Thurs., Dec. 24** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Fri., Dec. 25** | Recommended Market Close (NYC/London) Christmas Day |
| **Mon., Dec. 28** | Recommended Market Close (London) Boxing Day |
| **Thurs., Dec. 31** | Recommended 2:00 p.m. (NYC) Early Market Close |
| **Fri., Jan. 1, 2010** | Recommended Market Close (NYC/London) New Year's Day (2010) |

*** Details TBA**