E M T A

Bulletin

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EMTA Annual Meeting on December 4, 2008 to Focus on Market Conditions

Inside

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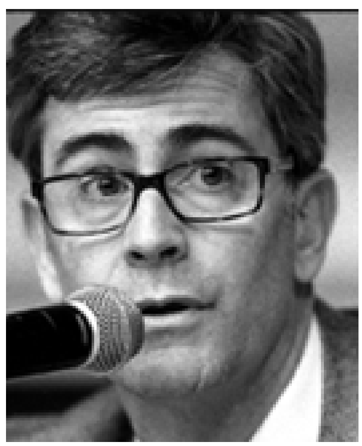
EMTA's Annual Meeting will be held on Thursday, December 4, 2008, at Citigroup, 388 Greenwich Street in lower Manhattan. All EMTA Members are encouraged to attend.

The annual event's traditional sell-side and investor panels will focus on EM prospects in the context of current market conditions. Joyce Chang (JPMorgan) will moderate the sell-side panel, which will include Kasper Bartholdy (Credit Suisse), Anne Milne (Deutsche Bank), Paulo Leme (Goldman Sachs) and Daniel Tenengauzer (Merrill Lynch).



The investor panel will be led by Citigroup's Don Hanna, who will poll leading fund managers on their expectations for 2009. Speakers will include Jim Barrineau (AllianceBernstein), Tulio Vera (Bladex Asset Management), Dave Rolley (Loomis Sayles) and Hari Hariharan (NWI Investment Management).

For further information concerning EMTA's Annual Meeting, please contact Jonathan Murno at jmurno@emta.org.

EMTA Survey: Emerging Markets Debt Trading Falls to US$946 Billion in Third Quarter

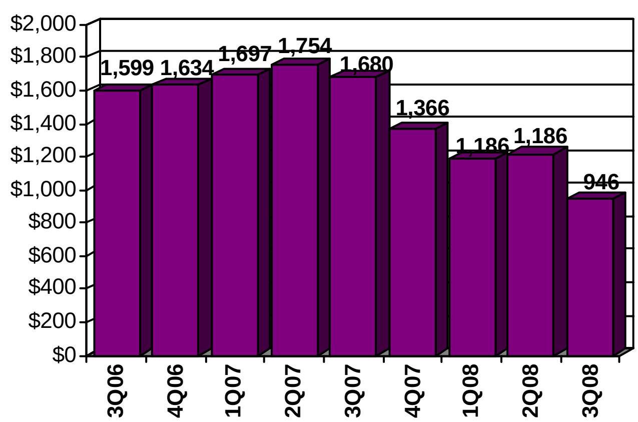
Trading in Emerging Markets debt instruments fell to its lowest levels in five and a half years during the third quarter of 2008. EMTA's Third Quarter Emerging Markets Debt Trading Volume Survey, released on November 25, 2008, shows turnover falling to US$946 billion in the third quarter, down 43% from the US$1.671 trillion reported in the third quarter of 2007 and down 22% from the second quarter of 2008 (US$1.218 trillion).

EMTA noted that, although the Emerging Markets have not been spared the effects of the global credit crisis, it did not originate in the Emerging Markets and improvements in fundamentals in many EM countries have helped them weather the storm better than in previous financial crises.

Local Market Instrument Trades Represent 68% of Volume

Turnover in local markets instruments stood at US$643 billion according to Survey participants. This represents a 46% decline vs. third quarter 2007 volume of US$1.191 trillion, and a 22% drop compared with second quarter 2008's US$827 billion in trading. Local markets volumes represented 68% of total Survey volume.

Aggregate Trading Volume
(in US$billions)



Brazilian instruments were the most frequently traded local markets debt, accounting for US$141 billion. Other frequently traded local instruments were those from South Africa (US$108 billion), Turkey (US$83 billion), Argentina (US$45 billion) and Singapore (US$36 billion).

Sovereign Eurobond Trading at US$196 Billion; Corporates at US$88 Billion

Eurobond volumes stood at US$293 billion, declining 36% on a year-on-year basis from US$458 billion and down 22% on a quarter-on-quarter basis from US$376 billion. Sovereign debt accounted for the vast majority of Eurobond trading, and stood at US$197 billion in turnover in the third quarter. Sovereign Eurobonds represented 21% of total Survey volume.

Corporate Eurobond volume stood at US$88 billion in the third quarter. This represents a 40% contraction from US$148 billion in the third quarter of 2007 and a 33% decline from US$132 billion in the second quarter of 2008. Corporate Eurobonds accounted for 9% of overall volume.

The most frequently traded Eurobonds included issues from Brazil (US$58 billion), Russia (US$38 billion), Turkey (US$33 billion), Mexico (US$28 billion) and Argentina (US$24 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$6 billion in option trades (1% of volume), US$3 billion in loan assignments (less than 1% of volume) and US$400 million in Brady bond transactions (also less than 1% of Survey turnover).

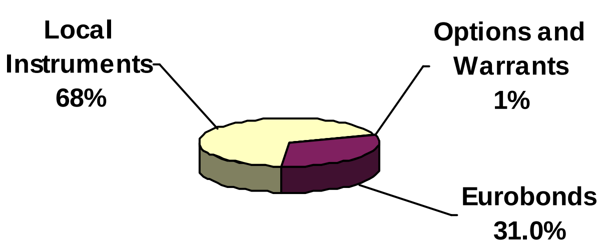
EMTA Volume Survey (continued)

Brazil, Turkey and South Africa Most Frequently Traded Countries

Brazilian instruments remained the most frequently traded instruments according to the EMTA Survey, with US$204 billion in turnover. This compares with US$305 billion reported in the third quarter of 2007 (down 33%) and US$241 billion in the second quarter of 2008 (representing a 15% decrease). Brazil's 2040 bond remained the most frequently traded industry instrument, accounting for US$17 billion of Survey turnover, although volume was down 71% from third quarter 2007 volume of US$60 billion and down 13% from second quarter 2008 trading of US$20 billion. Brazilian volumes accounted for 21% of total Survey trading.

Turkish debt jumped to the second most frequently traded instruments, at US$116 billion, compared to US$128 billion in the third quarter of 2007 (down 10%) and US$91 billion in the second quarter of 2008 (up 26%). The majority of Turkish trading included local market transactions. Turkish volume accounted for over 12% of Survey volume.

Volume by Type of Instrument, 3Q 2008



South African volumes were the Survey's third highest, at US$111 billion (compared with US$142 billion in the third quarter of 2007 and US$109 billion in the second quarter of 2008). South African trading represented 12% of the Survey.

Other frequently traded instruments were securities from Argentina (US$72 billion), and Russia (US$68 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries. For a copy of EMTA's Third Quarter 2008 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (212) 313-1005.

EMTA Board Meeting on October 29, 2008

EMTA's third Board Meeting for 2008 was held on October 29 at EMTA's office in New York City with teleconferencing links.

Elected to the Board at the beginning of the meeting were Igor Mansour, who was nominated by Morgan Stanley to replace his colleague, Nick Riley; Ruth Laslo, nominated by UBS to replace her colleague, Antoine Estier; and Dalinc Ariburnu, nominated by Deutsche Bank to replace his colleague, Kay Haigh. In addition, Mr. Ariburnu was elected as a Vice Chair. Ruth Laslo is returning to EMTA's Board after a brief absence.

In addition to reviewing EMTA's 3rd Quarter results against 2008 Budget (with preliminary results for revenues generally in line with the 2008 Budget and EMTA's very preliminary 2009 Budget (which anticipates a substantial revenue decline somewhat offset by decreased expenses), the Board also discussed the progress made in the expansion of EMTA's Volume Survey to include the CDS market, as well as a strategic review of EMTA's finances, staffing and direction in light of current market conditions.

The next meeting of EMTA's Board is scheduled to be held late in January 2009.

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 "Policy 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 Policy Responses to Market Conditions area.

Fall Forum Speakers Remain Long-Term Advocates of EM Despite Market Turmoil

Shortly after succeeding to Lehman Brothers' EM trading business, Barclays Capital hosted EMTA's Fall Forum on October 7, 2008 in Lehman's former auditorium in midtown NYC. In his opening remarks, EMTA Executive Director Michael Chamberlin acknowledged Lehman's demise, but noted how fitting it was that EMTA's Fall Forum was still being held in the Lehman venue and with the participation and attendance of former Lehman staff. At the event, speakers remained generally positive on the future for EM countries while acknowledging the difficult market conditions.

Guillermo Mondino (formerly of Lehman Brothers and now at Barclays Capital) served as panel moderator, opening the discussion by inviting speakers to offer a general market overview. Goldman Sachs' Alberto Ramos reviewed his firm's economic outlook which included a constructive take on commodities. He described a second fiscal package in the US as possible in 2009, as growth declines to a forecasted 0.2% and unemployment rises to 8% by next December.

Eric Ollum (ING Financial Markets) noted that recently the corporate sector had largely "gotten its act together" as the amount of short-term debt has now decreased to 25-30% of liabilities. While LatAm corporates were going into this crisis "in the best shape ever," he acknowledged that credit lines were being cut and warned that corporate defaults could approach 15%. He added that the EMBI+ index was likely to widen to 700 bps.

According to JP Morgan Asset Management's Gunter Heiland, whether the US goes into a light or deep recession depends upon leadership from Washington. He suggested that investors "take a look" at countries which are buying back debt as markets "always overshoot on the way down and there could be opportunities."

Pharo Management's Mark Dow stressed that whether the unwinding of risk would be orderly remained the big question. In the past, he noted, EM countries were vulnerable to a G-7 slowdown because of their debt levels. However the recent improvement in fundamentals in emerging countries means most will be protected and most will "remain on track." For now, Pharo is "staying liquid and staying nimble."

Mondino asked if recent enthusiasm for local market debt had soured as a result of current conditions. Dow responded that currencies were overshooting for purely technical reasons. "This should not interrupt the secular move to local markets, but it reminds us that this is a two-way street," he declared.

"We have been lucky not have outflows," asserted Heiland. He added that while the tailwind of record commodity prices no longer provides an extra boost to Local Markets, many commodities remain at high levels on a historical basis.

Speakers were also polled for their reaction to Argentina's apparent plans to launch an exchange offer for non-performing debt. "We applaud the gesture," announced Ramos, who hoped it indicated a more constructive stance towards investors by Buenos Aires, although he did not expect it to indicate a major policy change. Dow also doubted this represented any change in government outlook, and believed that the deal was only being offered to generate positive cash flows.

EMTA Fall Forum (continued)

Other high beta countries were also analyzed. Heiland described his concern over Ecuador, which resulted mostly from government's "unpredictability." He feared recent discussions regarding the "legitimacy" of external debt signaled a future willingness to pay issue.

Panelists offered a variety of views of Venezuela. For Heiland, President Chavez might "insult us in the headlines, but he still has to sell his crude to the US." Heiland noted that Venezuela had serviced debt even when oil stood at $12 per barrel. "Chavez will blow the place up eventually," commented Dow, as a result of bad economic policies, regardless of his ill intentions.

Returning to the corporate sector, Ollum reviewed a number of default candidates. He predicted Vitro would survive 2008 while acknowledging its solvency in 2009 was an open question. He also expressed concern for Brazilian airlines. Finally, Ollum judged the potential risk on Argentine corporates generally outweighed the reward.

Special Events

Further Downside Risk Predicted at EMTA Forum in Hong Kong

Analysts and investors continued to voice their concerns over the state of global markets at EMTA's third annual Hong Kong Forum. The event, held October 27, 2008 at the Mandarin Oriental Hotel, was sponsored by ING Wholesale Bank.

ING's Tim Condon began the event's panel discussion by polling speakers for their thoughts on the markets going into 2009. Charles Li of Spinnaker Capital replied that although the "visibility is poor," the first half of 2009 would likely prove even more difficult than the current environment, although improvement could occur during the second half. ING Investment Management's Joel Kim argued that while Asia is fundamentally in better shape, markets are likely to deteriorate further before they improve. Dong Tao (Credit Suisse) was hopeful that any further sell-offs will be country-specific rather than general in nature, although he noted that the G-3 slowdown made all of Asia vulnerable. Timothy Tan of Oasis Management conceded that he was the most bearish of all, believing that financial markets will get "a lot worse" and that a vicious credit cycle was possible.

As for the most vulnerable nations, Li noted that South Korea, while battered by the markets, was in better shape than during the 1998 crisis with improved levels of reserves. However, the Korean banking system was overstretched and is worse off than a decade ago. He expressed disappointment that officials had not resolved banking issues in recent years "when they had the chance." Several panelists concurred that a sovereign default by Seoul was unlikely, while Kim urged that the Bank of Korea act quickly to restore confidence.

Tan voiced greatest concern for the Philippines, which he opined could be greatly harmed by decreased worker remittances. He added that, generally, Eastern European countries were more likely to default than those in Asia, and while the EU would likely try to avoid such a scenario, member states might be overstretched salvaging their own banking sectors.

Turning to China, Tao argued that while a slowdown had been widely anticipated, the huge domestic demand and a fairly underleveraged domestic financial system provide some level of support. "Thus we expect a slowdown, but not a crash, in China," he stated. He observed that while investors would have recently been disappointed with 8-9% Chinese growth, the economy could actually now grow at an even slower pace and a return to double-digit increases was not likely "anytime fast." Tao underscored that the property market posed a much more serious threat (an opinion seconded by other speakers) than the domestic equity market, as a decline in values could spark a consumer confidence crisis.

Panelists offered a variety of signs which could presage the end of the current crisis, such as the re-opening of the high-yield market. Kim advised investors might need to demonstrate patience, stating that "credible steps" have been taken and would take time to filter through.

The event concluded on a somber note. Panelists largely concurred that the market is unlikely to tighten significantly in the near-term. Li believed that cheaper entry points might occur in 2009, and cautioned that investors should be "very picky." Tan predicted that corporate downgrades were likely to occur, though sovereigns might fare better.

Special Events (continued)

A Tough Year Predicted at EMTA Forum in Singapore

EMTA's third annual Singapore Forum on October 23, 2008 was a standing-room only event, as market participants eagerly sought out the advice of industry gurus during turbulent market times. The event, held at the elegant Fullerton Hotel, was sponsored by ING Wholesale Bank.

Tim Condon (ING Financial Markets) opened with the question on every attendee's mind: Is 2009 going to be a year of "outright misery?" JP Morgan's David Fernandez responded that "one can't be bearish enough looking into 2009." Fernandez noted the bleak tone of the recent IMF Annual Meetings, described by attendees as the most pessimistic in a decade. Martin Hohensee (Deutsche Bank) concurred, arguing that a fundamental change in the system needs to take place to change market direction. Hohensee cited huge outflows and poor 3Q performance from hedge funds as adding to bearish sentiment, noting that EM funds have lost one-fifth of their assets under management in the past month.

Would the current market decline mirror the Asian crisis of 1998 or will the region be spared the bloodshed of the last major crisis? Sim Moh Siong of Citigroup argued that Asia is "damaged but not broken," while acknowledging that if global conditions continue to deteriorate, "you will see more collateral damage." Interbank lending seemed to be picking up, he observed, which could augur improvements in the market, although he did not expect a quick turnaround.

Cem Karacadag of Credit Suisse believed that many investors now have cash positions of 25-30%, with some even as much as 90% in cash, with no appetite to take on new long positions. Asked to comment specifically on the outlook for Korea, he opined that headline news is keeping sentiment negative, although corporate issuers were probably positioned to "weather the storm."

Turning to a discussion of the upcoming November 15 global financial summit, for Fernandez the lack of global coordination in addressing the crisis had been obvious. "Recent moves have been more along the lines of keeping up with the Joneses," he stated, as countries mimicked each others moves such as recapitalizing banks rather than working in tandem; while the "natural" leaders—the US, the IMF and BIS—have seemed unable to playing a leading role.

As for Asian currency depreciation, Sim believed that Beijing is attempting to keep the yuan stable, which would help Asian currencies generally. Indonesia was fighting to prevent an excessive devaluation of the rupiah, but "if it goes, it will have ramifications on the rest of Asia."

Analysts were generally hesitant to recommend any long positions. Sim, while noting he was not a strategist, suggested local currency bonds from Malaysia, Singapore and Thailand might perform well. Hohensee predicted there would be opportunities in the corporate bond market but stressed that, generally, institutions remained understaffed in corporate analysts.

Assuming that Asian growth will remain positive despite the slowdown, the region's dollar-denominated bonds might be oversold, Karacadag suggested, with default rates lower than current levels imply. Fernandez added that when investors' buying appetite returned, distressed debt funds would be able to make the huge profits they made in Asia in the aftermath of the 1998 crisis.

EMTA Forum in Singapore (continued)

Caution also reigned on the event's investor panel, moderated by Lumen Advisor's Aaron Low. Ashmore Investment Management's Barry Field was pessimistic on the market's outlook for the fourth quarter, observing that forced selling continued to be a major market theme, which he anticipated would continue for several months.

Goetz Eggelhoeffer (The Rohatyn Group) agreed that the market's short-term outlook was not promising. The nationalization of banks will accelerate "ferocious" deleveraging, he asserted, and this will continue for at least another six months. He continued that while the past six years of bull markets were supported on a fundamental basis, "at least some of it was the result of cheap capital looking for yield," and this could take up to 18 months to reverse.

Low offered his assessment that Wall Street had seemed "like a morgue" recently and asked speakers if Asian investors were still more complacent than their US and EU counterparts. Rajeev De Mello (Western Asset Management) conceded that this was probably the case until the past month, although such nonchalance has now come to an end as macro-economic data confirms an Asian slowdown.

Despite the bearish outlook on the immediate future, Field noted that Ashmore's clients are not deserting the asset class and in fact are likely to increase allocations once they no longer fear "catching a falling knife." Field stressed "we *will* see the market pick up….the question is when." De Mello seconded the observation that despite nervous clients, his firm had also not seen indications of investors leaving EM.

Government of Singapore Investment Corporation's Liew Tzu Mi agreed with earlier comments that deleveraging would continue, and would thus make the near-term hazardous, while expecting eventual buying opportunities. She suggested that thereafter the market could remain strong for another decade.

Low guided the panelists into a discussion on the quest for alpha in the current environment. Liew declared that finding alpha was no easy feat with the limited liquidity in the market. "If you want something done, you are told the trader is in a meeting that never ends," she joked. Eggelhoeffer followed up that finding alpha was also not easy in a market that is now highly correlated.

Panelists offered several suggestions on what could prompt investors to dip back into the market. Eggelhoeffer reasoned that as the problems had started with the US housing market, that sector must first show signs of stability. Field also stressed that confidence was likely to be restored by developments in the US –perhaps after the presidential election. He suggested that China and the IMF might also play important roles.

"I am spoilt for choice," Eggelhoeffer responded when asked to name the most vulnerable EM country, before naming Hungary and Ukraine as his greatest concerns. De Mello stated that the most vulnerable countries such as Pakistan, Sri Lanka and Vietnam, had already been punished by the markets. Liew and Field were wary of Latvia's outlook, with Liew also concerned about the economic future of Romania, Kazakhstan and Argentina.

The investor panel echoed the sell-siders' limited trade recommendations. With her firm's long-term goals, Liew viewed Asian local markets as potentially interesting if 2009 proves to be a year of synchronized rate cuts. "You can take your time as the cash market is dead now," she advised. Field would probably buy Russian sovereign debt and, once confidence returns, corporates. For De Mello, some dollar-denominated bonds might be worth the risk-reward ratio, while Eggelhoeffer would continue to short Asian currencies.

Special Events (continued)

Kazakhstan's Avoidance of Bank Collapse and Market Turbulence Discussed at NYC Corporate Bond Forum

EMTA's Second Annual Corporate Bond Forum in New York took place on September 17, 2008 as uncertainty about the global economy reached new levels. Despite the meltdown in the financial markets—or perhaps because of it—100 investors and other EM professionals eagerly listened to the viewpoints of industry experts.

First, Jonathan Schiffer of Moody's Investors Service delivered remarks on the Kazakh government and its efforts to support the country's banking industry during last year's crisis.

In the second half of 2007, as investors became concerned about the health of Kazakh banks, he explained, the Central Bank adopted a strategy of providing liquidity, stabilizing the tenge and restoring confidence in the market. The government pursed this strategy because it viewed the banking industry as playing an "essential role" in the nation's overall economic diversification. Also, Schiffer noted, the vast amounts of pension funds in the banking system meant that there was the potential for political instability.

The Kazakh government sought to prop up the banks by altering reserve requirements and concluding an agreement with the country's six major banks which tied access to their Central Bank reserve accounts to a limitation on their foreign borrowing. The government also attempted to install confidence by floating a rumor of a potential purchase of bank shares (as had been done previously in Hong Kong and Russia), pledging a $4 billion liquidity fund and by promising to buy investment projects and non-performing loans from banks if necessary.

Luckily, Schiffer noted, the vocal and multifaceted response by the government worked. The threat of a potential liquidity problem has since evolved into a non-performing asset issue. None of the country's major banks were bailed out or taken over; several sold stakes or sought greater shareholder equity injections. Addressing the new issue, the government seems poised to setting up a "bad loan bank" with private sector institutions in order to take bad loans off of commercial loan books.

But would Astana really have been willing and able to bail out the country's banks if the liquidity situation had deteriorated? Schiffer adapted Teddy Roosevelt's famous adage on speaking softly. "I think they made a lot of noise… but in the end, they did very little. They kept their hands in their pockets and they did this well," he affirmed.

Thus today combined official and oil fund reserves are on track to surpass banking sector liabilities by year-end; and the outlook, notwithstanding the current global credit crisis, is much improved. The lesson? "It can be done! The government did what it had to do and the results are quite admirable," Schiffer stated.

NYC Corporate Bond Forum (continued)

Schiffer took a series of questions from the floor. As the main sovereign analyst for Russia at Moody's, he was requested to discuss the causes of recent capital flight. Schiffer noted that capital fleeing Russia is a recurring theme, and it is occurring in an overarching context of a global shortage of liquidity and oil price volatility. He then attributed the most recent episode to additional factors: (1) the recent BP-TNK episode, which reminded investors of the Yukos scandal; (2) former President Putin's confrontation with the mining company Mechel which suggested that Putin might be open to an administrative approach to price and profit setting and (3) the county's recent invasion of Georgia and concerns about increased political tensions. "This is my explanation, although there are others," he concluded.

Following Schiffer's remarks, ING Financial Market's David Spegel led a panel discussion of leading investors and sell-side analysts. "At last year's event, we thought Goldilocks was alive and well. The cracks that have formed in the global financial architecture will leave the landscape for credit markets, including EM, forever changed," he summarized in opening remarks before polling panelists for their reactions to unfolding events.

Alfredo Chang of Lehman Brothers Asset Management suggested that the lesson for borrowers is that one needs to move quickly if one has financing needs. He added that the demise of several counterparties in 2008 has left big holes that need to be filled.

Katherine Renfrew (TIAA-CREF) acknowledged that EM assets will inevitably be affected by the global financial crisis. "The nascent local currency-corporate market will definitely be set back," she stated. Deutsche Bank's Anne Milne seconded comments that the decreasing number of counterparties is a concern for investors, as is the decreased number of potential underwriters for new issues.

The number of distressed issues, defined as assets with spreads of over 1000 bps, has skyrocketed from four last summer to 96 last month and 140 at the time of the Forum, according to Spegel. To what extent is this a reflection of distortions in the market, or is this a valid reflection of fundamentals? ABN Amro's Aaron Holsberg responded "Clearly this is a bit of both, but the number of those that are really in trouble is small." Holsberg also gave an historical context: "During the Mexican peso crisis, the whole sector was trading at 1000 over, and only two defaulted," he reminded market veterans. Renfrew concurred that despite limited instances where massive spreads were justified on a fundamental basis, "there are some attractively-priced assets out there; you just have to be patient and do your due diligence." She cautioned that buyers should expect protracted volatility.

Holsberg observed that the current crisis is occurring in the context of the strong net creditor positions of Mexico and Brazil, as opposed to earlier EM-focused crises. "It is too early to judge how deep and how long this will be, but this is the first crisis in 15 years that is completely exogenous to Latin America," he stated.

Panelists also discussed how long corporate borrowers can delay refunding. Renfrew believed that many issuers would be able to withstand funding pressures for awhile, especially investment grade-rated issuers. "A lot of savvy managers have been through this before," she noted. Holsberg and Milne agreed that corporates might be able to scale back current projects or obtain financing through other sources, while conceding local markets are probably not adequate sources.

NYC Corporate Bond Forum (continued)

Spegel concluded the panel by polling speakers for their top recommendations, as well as their thoughts on the new issues market. Holsberg argued that with the collapse of the Telmar deal earlier in the week, it was quite possible that there could be no new Latin corporate issues for the rest of 2008. While he had no outright buy recommendations, he would recommend Vitro if the financial markets stabilize yet spreads on the Mexican glass firm's debt remain at current levels.

Milne warned that the markets were likely to widen further before they stabilized. New issuance was "anyone's guess" but unlikely to exceed $5 or $10 billion in any case. As for recommendations, "I have no top picks right now, only sells," she admitted. Chang speculated that with managers hoarding cash, there was still a faint possibility of a 4Q rally. "But who knows?" He concurred with previous speakers that any new issuance was likely to be limited and opined that many issuers will rush to secure funding if the new issues window is cracked open.

Spegel agreed that the situation was likely to worsen before stability was restored. Fund managers were likely to protect their cash in light of potential redemptions which would put further downward strain on the new issuance market. He praised CVRD and America Movil as "excellent credits" likely to outperform on market downside. He closed the event by asserting that when the dust settles from the developed market credit crisis, the fundamental and structural drivers that favor EM would allow investors to again see its rising star potential.

Special Events (continued)

EM Corporate Bonds: Legal and Practical Considerations - As Important as Fundamentals?

EMTA's special presentation on Emerging Market Corporate Bonds: "Legal and Practical Considerations – As Important as Fundamentals?" was hosted by Fitch Ratings in London on October 15, 2008. The event attracted a large group of EM traders, investors and lawyers, who were treated to a very informative and provocative discussion that lasted well-beyond the scheduled conclusion.

Trevor Pitman of Fitch Ratings delivered the keynote address, which was followed by a panel discussion featuring Victoria Miles of JP Morgan, as moderator, and Konstantin Kroll of Allen & Overy's Moscow office, Diane Roberts of Ashursts, Robin Forrest of Ashmore Investment Management and John Hatton of Fitch Ratings, as panellists. While the topic of discussion was EM corporate entities broadly, there was an emphasis on borrowers from the CIS region and Russia, due to the expertise of the panellists.

The Keynote Address

In his keynote address Trevor Pitman began by outlining for participants the special considerations Fitch applies when rating EM corporates as distinct from developed-market entities. While Fitch's analytical approach is consistent for both, in the sense that it applies the same global methodology, he highlighted several areas of special consideration in the EM context, noting that the short answer to the question posed by the event title was "yes". He noted that the sovereign rating already captured within the corporate rating any country-specific risks, but from there, highlighted issues relating to corporate governance, local legal frameworks and political risk; group structures, bond documentation and deal structures, that are further taken into account in the corporate rating analysis. For example, whether the rule of law is respected, in particular as relates to private property, has become a line of inquiry that Fitch considers in its rating analysis for corporates following the Yukos debacle.

Pitman then discussed Fitch's recovery ratings framework for secured debt. Fitch undertakes a bespoke and detailed recovery analysis for all entities rated B+ or lower, which examines the local legal regimes, corporate governance indicators and other relevant regulations, as these relate to a creditor's likelihood to have its security interest recognized in the case of a default. If the jurisdiction has a creditor-friendly environment, the recovery rating could result in an uptick in the issuer default rating for secured debt. Whereas the UK has a recovery rating of 1, certain EM have their recovery rating capped at 4. This means that Fitch gives no benefit in its rating for secured debt, primarily due to uncertainty as to how the legal regime would operate in the case of a bankruptcy. South Africa was highlighted as an EM that does not have a capped recovery rating. Click Here for a breakdown of Fitch's recovery ratings which can be found in the slides of his presentation available on EMTA's website.

The next broad area of Pitman's discussion focused on corporate groups and the prevalence of complicated and opaque group structures in the EM corporate world. From the rating agency perspective, it is important to have the whole picture of the borrowing group and how entities relate to one another, in particular when guaranties and/or sureties are being granted amongst group members, and oftentimes across jurisdictions. He mentioned that Fitch has come across EM entities that had not previously considered their borrowing structures, or put in place proper restrictions against internal transfers of assets or cash, before accessing the international debt markets. And he highlighted the case of Mirax, a Russian real estate company, which modified its group structure mid-stream, in essence changing the obligor.

Special London Presentation on EM Corporates (continued)

Pitman closed his presentation with remarks about the current global liquidity crisis that is putting many Russian and Ukrainian entities under strain and has led to some Fitch rating actions, for example in connection with Mirax, Sistema Hals and PIK. Otherwise, in answer to a question about how the rating agencies will be reacting to the current crisis in terms of adjusting ratings downward to reflect the poor market conditions, Pitman responded that "we could lower everything to a CCC, but what useful information would that provide?" Instead, he suggested that they would focus on how highly companies are leveraged in determining whether to take ratings actions, with those companies whose leverage is out of line seeing their ratings under strain. Ironically, he pointed out that most EM corporates were less leveraged then their developed-market counterparts.

The Panel

In light of the fact that many EM Eurobonds are issued in complex off-shore transactions, the panel took up the question of governance and complicated group structures to discuss what options bondholders have to look after their interests when investing in EM corporates despite being several levels away from the operating company and assets backing up their investment. The lesson here was "know your borrower". Several panellists offered observations on this point. Pitman noted that bondholders needed to be aware when major shareholders engaged in transactions, such as disposing major assets, that could harm the overall creditworthiness of a borrower. Robin Forrest of Ashmore added that often when designing a "credit group" for purposes of borrowing, the investor and an EM owner/entrepreneur may have different groups in mind and that there was at times a blurring between debt and equity holders in these situations. His recommendation was for investors to "be cautious". Diane Roberts added that it was important to have confidence in the locals.

Konstantin Kroll noted that there were many reasons for issuers from jurisdictions adopting the Russian legal model to design off-shore structures (for example, shareholder agreements are not recognised under Russian law), but mentioned that a risk for international investors who are far removed from the local companies, was that owners might channel assets out of a group, despite the covenants. He noted that it was, at times, an issue of the borrower not being aware - or claiming not to be aware - that covenants create on-going obligations, so bondholders should insist on relevant covenants and be vigilant.

Enforcing Creditors' Rights

The panel then turned to enforcement of international creditor rights in local jurisdictions. Additional risks associated with synthetic deal structures, in particular credit-linked structures and loan participation structures used in some bond deals, were also discussed.

Konstantin Kroll kicked off the discussion by explaining that foreign court judgments are not enforceable in Russia (or other jurisdictions which follow the Russian legal model). Therefore, for any creditor enforcement action in these countries, bond documentation must include a provision for arbitration. However, arbitral awards are not automatically enforceable and may not be if a court determines that the enforcement would be contrary to public policy or to mandatory provisions of the local law. Therefore, a great deal of uncertainty remains. Kroll further explained that all Russian Eurobonds were issued through indirect, off-shore structures for legal and tax reasons. In these structures, a trustee always represents the noteholders and would need to step into the shoes of the bondholder to enforce its rights The use of trustees in these deal structures - including whether the trustee would ultimately be recognized as the valid representative of bondholders by a local court - elicited a great deal of commentary.

Special London Presentation on EM Corporates (continued)

In response to a question about what rights individual bondholders have in trustee structures, the panel clarified the difference between trustee responsibilities under U.K. and New York law: under U.K. law, only the trustee may act on behalf of noteholders, and individual noteholders have no individual right of action unless the Trustee refuses to act; under New York law governed structures following the Trust Indenture Act of 1939 (which many LatAm bonds incorporate), holders have certain individual rights of action. It was pointed out that indemnification issues and the need for swift action make the trustee structure less than ideal for investors. Diane Roberts underscored the point about trustees becoming more forceful with respect to payment, sharing a recent experience where a trustee was demanding hard-cash up-front before acting on behalf of investors. Robin Forrest also stated that trustee structures were problematic because they were slow to act and bureaucratic at times when investors would be seeking quick action and direct negotiations with the debtor.

How Can Bondholders Protect Themselves?

The panel next turned to the situation where foreign bondholders could be compromised by other creditor actions, in particular bank creditors, and what bondholders could do to protect their interests. Everyone acknowledged that bank creditors have better covenants, more control and more flexibility when dealing with borrowers, and admitted that in many jurisdictions, bondholders were essentially viewed like senior equity, as they had to deal with, in some cases, both structural subordination and contractual subordination as well.

To improve one's position as a bondholder, the panellists provided a number of suggestions.

- Bondholders should seek additional security, if possible outside the local jurisdiction, but if not possible then even in the local jurisdiction. Konstantin Kroll admitted that it is difficult to enforce security interests in Russia (in particular because investors had to rely on their trustee to act for them, and security must be disposed of through public auction), but it was still advisable to have security, and it was becoming more common for debtors to provide security.

- Investors should use their influence to convince some of the more qualified and respected trustees to work in the EM.

- Investors should demand a full set of covenants in bond documentation to give them equal rights to sit around the table with bank creditors in times of stress.

- Investors should seek more amortizing repayment structures to ensure repayment and put some discipline into the process, with Diane Roberts suggesting that the days of the bullet payment were over.

- Trevor Pitman suggested that financial covenants might be appropriate in bond documentation as they are customary in loan documentation, again, to provide leverage to creditors at times of stress.

Special London Presentation on EM Corporates (continued)

The rating agencies explained that they were probably not best placed to provide information once a situation had deteriorated to the point of bankruptcy or administration simply because experience in EM, with Turkey being held out as the example in one case, was that the information flow was cut off at some point prior to the work-out stage, or they were asked to remove their ratings by the companies once insolvency loomed.

Konstantin Kroll shared a Russian bank insolvency example from the late 1990's, noting that there have been no cross-border defaults of late (with the exception of a Yukos-related transaction). The note of caution here was that the Russian legal system is untested, still developing and not consistently applied. However, in the bankruptcy case in 1999 – 2000, Konstantin explained that the agent for a syndicate of creditor banks was not recognized as the proper representative, and suggested that this might not bode well for trustees trying to argue that they represent noteholders. He added that a major challenge for international bondholders today would be to be represented on the ground and get oneself registered as a creditor and one's claims recognized as soon as possible.

A final note of warning was that investors should be wary when trying to apply legal concepts from English or New York law, for example, into deals involving Russian or other legal systems. To illustrate, Konstantin Kroll used the examples of guaranties and sureties. Under Russian law, only banks may issue guarantees, which are stand-alone obligations. Corporations can issue sureties, but they are ancillary to the underlying obligation. It is unclear if investors tried to create an English style guaranty (i.e., stand-alone and issued by a non-bank entity), whether Russian courts would recognize that or say that it was counter to mandatory provisions of Russian law.

For more information about this meeting, please contact Starla Griffin at sgriffin@emta.org.

Special Events (continued)

EMTA - ISDA Joint Symposium on NDF Documentation to be Held on December 1, 2008 in New York City

EMTA and ISDA will sponsor a seminar on documenting NDFs, NDO's and NDS's in New York City on December 1, 2008 and will be substantially similar to the seminar held in London on April 30, 2008. Click Here for registration information.

EMTA Corporate Bond Forum in London Scheduled for January 29, 2009

EMTA's third annual Corporate Bond Forum in London will take place on Thursday, January 29, 2009. ING Wholesale Bank will host the event, which will include a panel discussion moderated by Eric Ollum (ING Financial Markets). As of press time, confirmed speakers included Polina Kurdyavko (BlueBay Asset Management), Victoria Miles (JPMorgan) and Eric Jayaweera (UBS). Additional speakers will be announced shortly.

Invitations will be sent to all EMTA members in early January (attendance is complimentary). Non-members may also attend at a registration fee of US$300.

For more information, please contact Jonathan Murno of EMTA at jmurno@emta.org.

EMTA Winter Forum

EMTA's Winter Forum will be held in London on February 24, 2009. JPMorgan will sponsor the event.

Joyce Chang of JPMorgan will moderate the event's sell-side panel. Additional speakers will be confirmed shortly.

Invitations will be sent to EMTA members in early February. 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.

EMTA's Focus on Africa

Following its Africa Workshop in London on November 5, 2007 (a summary report for which was issued on April 18, 2008), EMTA continues to monitor developments in Africa and looks forward to working with market participants on future Africa projects. While the current financial market turmoil has begun to adversely affect Emerging Markets across most regions, Africa has thus far been largely spared, in part due to its poor integration in the global market. Growth for 2008 is on track to surpass 6%, although falling commodity prices may threaten optimistic forecasts for 2009. Nevertheless, Africa still presents a good investment story with respect to reform and improving governance and debt management, but infrastructure is still not getting built fast enough. China, India, Brazil and Russia are still heavily invested and the view is that African assets continue to be undervalued across the board. There is concern going forward that official development assistance budgets will be cut and there will be financing holes, but that leaves some space for the private sector to step in. EMTA is keen to work with market participants to provide a forum to highlight opportunities in Africa. Please contact Starla Griffin at sgriffin@emta.org with any proposals for future Africa-related events or projects.

Special Events (continued)

In Difficult Market, EM Professionals Still Raise Funds for Charity at London Benefit

Despite the effects of the global credit crisis, attendees of the annual Emerging Market Benefit in London demonstrated a continued commitment to philanthropic causes. While organizers are still finalizing the accounts, they are hopeful that the event's profit will not be dramatically lower than the £319,000 (US$ 606,000) raised at the 2007 Benefit.

The sold-out event, "Africa!," was held at the Old Billingsgate Market on Friday, October 17, 2008. The crowd of 1,000 Emerging Markets professionals—some of whom had flown in from as far away as New York, Buenos Aires and Hong Kong—was treated to performances by African dancers and the popular band Rain. In addition, DJ's kept the dance floor crowded until the 1 am carriages.

The black-tie gala also featured a golfing contest as well as live and silent auctions. Among the top-selling auction items were use of holiday villas in St Lucia and Chamonix, a skydiving experience with the Red Devils and three days of sailing in the Aegean on a fully-crewed yacht. A number of items celebrated Nelson Mandela, including an autographed copy of his autobiography and a tapestry featuring major events in the Nobel Peace Prize winner's life.

The event was made possible with the generous support of Absa Capital affiliated with Barclays Capital, Renaissance Capital and Standard Bank. Additional support was provided by The Royal Bank of Scotland, UBA Capital, UBS and Principal Search. MarketAxess also pledged to donate half of the proceeds of its Annual Charity Trading Day.

Beneficiaries from the 2008 ball are:

- **Cotlands**, www.cotlands.org, which provides support for children affected by the HIV/AIDS pandemic in South Africa;
- **Task Brasil**, www.taskbrasil.org.uk, which provides shelter and vocational training for street children in Rio de Janeiro;
- **Health Unlimited**, www.healthunlimited.org, which provides basic health care to rural communities around the globe;
- **Downside Up**, www.downsideup.org, which provides support and education for children in Russia with Downs Syndrome and
- **EMpower**, www.empowerweb.org, a grant-making foundation which connects the Emerging Markets community with innovative grassroots organizations enabling young people to lead healthy, productive lives.

Organizers, who wish to thank the EM community during this difficult time, are already beginning work on the 2009 ball. Please contact Jonathan Murno at jmurno@emta.org if you are interested in becoming involved. Hats off to fellow co-chairs Emma McClintock and Judith Wheelan of Barclays Capital and Michael Cook for a job well done!

Special Events (continued)

MarketAxess Holds Fifth Annual Charity Trading Day

Trading Revenues to Benefit Emerging Markets Charities

MarketAxess Holdings, the operator of a leading electronic trading platform for fixed income securities including Emerging Markets bonds, held its fifth annual Charity Trading Day on October 30, 2008. In partnership with EMTA, MarketAxess is donating all EM revenues from the trading day to EM charities via the industry benefits held on October 17, 2008 in London and December 4, 2008 in New York.

MarketAxess has raised nearly $430,000 for EM charities since 2004. "The Emerging Markets Charity Trading Day is a great source of pride for MarketAxess and an opportunity for the EM trading community to come together and support these meaningful charities," said Richard M. McVey, chairman and chief executive officer of MarketAxess. He added that he hoped the Charity Trading Day might introduce investors to the firm's new offerings in the local currency markets, including Argentina, Brazil, Columbia, Mexico, Peru and Uruguay.

EMTA and the Event organizers again thank MarketAxess for their generosity.

New York Charity Benefit Slated for December 4, 2008

The annual New York Emerging Markets industry charity benefit will be held on Wednesday, December 4, 2008 at the Sheraton Hotel's Metropolitan Ballroom on West 53rd Street in New York City. The event will immediately follow EMTA's Annual Meeting and will once again be co-sponsored by MarketAxess' Annual Charity Trading Day.

Tables of ten are priced at $12,500. EM industry members are also encouraged to support the event as an advertiser in the evening's program, donating auction items or making cash contributions.

The EMCB Planning Committee began work on the event this past Spring. At meetings held on May 6, 2008 and June 17, 2008, committee members reviewed applications from 12 nominated charities. After lengthy deliberations and interviews with 7 semi-finalist organizations, the committee selected five beneficiaries for the 2008 event:

- **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.

Last year's Gala raised a record of just under $500,000 and had a record low expense ratio of 19%. Proceeds from the 2007 Ball were distributed earlier this year to organizations working to improve health and education in Emerging countries, as well as to fund micro-grants for entrepreneurs.

The EMCB continues to welcome new members. 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.

This recommendation is subject to review from time to time and, if such payment is not made within the 30-day grace period, consideration will be given to recommending that Ecuador's 2012, 2015 and 2030 Bonds all be traded on a "flat" basis.

Nigeria Payment Adjustment Rights

To assist market participants in better understanding the Nigeria Rights, and the background of the settlement and payment backlog, EMTA has prepared a Nigeria Primer (November 20, 2007), which includes the formula for determining the number of Rights related to the Bonds and a history of prior payments up to that date. For subsequent payments, please visit EMTA's website in the New Developments area (www.emta.org/ndevelop) under the Nigeria sub-category on the right-hand side.

Click Here for the Fiscal Agent notice regarding the calculation for the November 17, 2008 payment.

Venezuela Oil Obligations

To assist market participants in better understanding the Venezuela Oil Obligations, and the background of the settlement and payment backlog, EMTA's Venezuela Primer (November 20, 2007) includes the formula for determining the number of Oil Obligations related to the Bonds and a history of prior payments. For subsequent payments, please visit EMTA's website in the New Developments area (www.emta.org/ndevelop) under the Venezuela subcategory on the right-hand side.

The October 15, 2008 Oil Obligations payment was made to holders of record as of September 30, 2008, and EMTA recommended that trades be "ex-dividend" on September 26. Click Here for the Fiscal Agent's notice regarding the payment's calculation.

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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

Iceland Crisis Working Group Constituted

At the urgent request of its membership, and with the encouragement of the Foreign Exchange Joint Standing Committee of the Bank of England, EMTA has provided its membership a forum to address the issues facing the market arising from the current economic crisis in Iceland. While not traditionally thought of as an EM, Iceland presented a crisis situation that EMTA was uniquely positioned to address, given its ability to reach out quickly and effectively to the financial community as well as its experience with the EM foreign exchange sector. The initial effort of the group was to arrange a call with a representative of the Central Bank of Iceland. Following this call, the EMTA working group established a pattern of regular group calls during which information about the situation in and related to Iceland has been exchanged among the working group members. Among other things, the group has also actively weighed the need for unwind scenarios and mechanisms and while not currently pursuing these options, the group will consider them if later determined necessary. As part of this effort, EMTA gives frequent updates to ISDA, the FXJSC and the FXC to assist in industry coordination. In addition, EMTA has established a section on its website devoted to the publication of materials related to the crisis in Iceland. Currently accessible from the home page, this section displays information on regulatory developments in Iceland and other materials of utility to the market. See Iceland on the EMTA homepage.

EMTA and ISDA Joint Market Practice for BRL-CDI Swaps Published

On June 25, 2008, EMTA and ISDA published a joint market practice recommending standard terms for BRL-CDI non-deliverable swaps. This was the result of more than six months' collaboration by a joint EMTA-ISDA working group, bringing together the expertise needed in both swap products and in non-deliverable settlements. The development of this market practice was derivative of the joint EMTA-ISDA effort to collaborate on documentation for deliverable swaps. The market practice can be found on EMTA's website in a newly created subsection of its Market Practices area. This market practice is expected to pave the way for definitive documentation for BRL CDI Non-Deliverable Swaps. See Documentation/EMTA Market Practices/Credit Derivatives and Swaps Market Practices.

PKR and VND Template Terms Published

Following almost 18 months of work, on July 14, 2008, EMTA, the SFEMC and the FXC jointly published Template Terms for PKR/USD Non-Deliverable FX Transactions and Template Terms for Non-Deliverable VND/USD FX Transactions. EMTA published its Recommended FX and Currency Derivatives Market Practice No. 48 recommending to its Members the use of these forms. In addition, EMTA (jointly with the other sponsors) published the Second Addendum to 2004 Asian Currency Non-Deliverable Forward FX Documentation which details the provisions of the Template Terms and the related documentation. The Market Practice, the User's Guide, the templates and the supporting documentation are published on the websites of all three of the sponsors. The documentation for these two currencies follows closely the precedents set in the User's Guide to 2004 Asian Currency NDF Documentation published on December 1, 2004 (including the first Addendum thereto for the Malaysian Ringgit). Salient features of the PKR documentation include a primary rate source of the Pakistan Central Bank with a fallback indicative survey and a valuation postponement of 14 calendar days.

FX & Currency Derivatives (continued)

For the Vietnamese Dong, the Association of Banks of Singapore agreed to provide an industry rate source similar to the rate quotations they support for the Indonesian Rupiah and the Malaysian Ringgit. Conducted out of Singapore, these three rate sources are surveys of offshore bank quotes. The documentation for VND also includes an indicative rate quote fallback and a 14 calendar day postponement.

Master Confirmation Agreement for NDO's Completed

Work on the Master Confirmation Agreement for Non-deliverable Currency Option Transactions was completed by the Financial Markets Lawyers Group of the New York Foreign Exchange Committee (FMLG) in the early summer and was published on June 25, 2008. Integral to the operation of the Master Confirmation Agreement architecture was the necessity for stand-alone Template Terms for non-deliverable currency option transactions. EMTA undertook to develop stand-alone NDO Template Terms for thirteen separate currencies which were posted on EMTA's website on July 1, 2008. These currencies included all of the currencies for which EMTA had previously published template terms for non-deliverable forward FX transactions. On July 14, 2008, the additional currencies of PKR and VND were covered. In 2007, EMTA had published a User's Guide to Documenting Non-Deliverable Currency Option Transactions which set forth a form of universal template for NDOs and gave detailed guidance on using the universal template to produce currency specific forms of confirmations for NDOs. The stand-along confirmations published on July 1 were produced utilizing the form of universal template and applying the provisions of the User's Guide. An updated User's Guide to Documenting Non-Deliverable Currency Option Transactions was published on June 26, 2008 which update provides for the inclusion of one additional term into the form of NDO confirmations.

Compendium to Annex A Updated June 25, 2008

On June 25, 2008, 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.

KZT and UAH Template Terms Underway

EMTA's KZT/UAH NDF Working Group has convened several times since its formation in the spring and has been working to address the need for standard terms and market practices for non-deliverable forward FX transactions for the Kazakh Tenge and the Ukrainian Hrvnia. Primary settlement rate options and a waterfall of disruption events have been identified and several drafts of the template terms and related documentation have been circulated among the working group members for comments. The working group has looked largely to the EMTA RUB/USD Template Terms for Non-Deliverable Forward FX Transactions as a model for the proposed terms for the Tenge and the Hrvnia. Among other things, new rate source definitions will be needed for both of these currencies and Annex A will require amendments to incorporate them. When appropriate, drafts of the documentation will be circulated to the larger EMTA NDF Working Group for review and comment with a view toward developing a consensus on publication of the forms of confirmation and related documentation.

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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:

- "Contagion from Ecuador – Repricing The Cost of Default." November 21, 2008 - Joe Kogan and Eduardo Levy-Yeyati (Barclays Capital).
- "Ecuador: On the Likelihood of Debt Restructuring." November 17, 2008 - Gustavo Canonero and Hongtao Jiang (Deutsche Bank).
- "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).

New Developments

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

- November 20, 2008 - EMTA's Annual Meeting to Be Held on Thursday, December 4, 2008.
- November 20, 2008 - List of Silent Auction and Live Auction Items for Annual Charity Benefit in New York Now Available!
- November 20, 2008 - IMF Approves $2.1 Billion Loan For Iceland.
- November 18, 2008 - Fitch Downgrades Jamaica's Issuer Default Rating from B+ to B.
- November 17, 2008 - Standard & Poor's Downgrades Hungary's Long-Term Foreign Currency Rating from BBB+ to BBB.
- November 14, 2008 - Market Practice for Ecuador 2012 Bonds.
- November 14, 2008 - Standard & Poor's Downgrades Ecuador's Long-Term Sovereign Credit Rating from B- to CCC-.
- November 14, 2008 - Moody's Downgrades Ecuador's Sovereign Rating from B3 to Caa1.
- November 14, 2008 - Statement Issued by Ecuadorian Ministry of Finance Concerning Global Bond Issues (in Spanish).
- November 12, 2008 - Holiday Schedule for EM Bond Trades for US Thanksgiving Holiday.
- November 10, 2008 - Fitch Downgrades Hungary's Long-Term Foreign Currency Issuer Default Rating from BBB+ to BBB.
- November 10, 2008 - Fitch Downgrades Kazakhstan's Long-Term Foreign Currency Issuer Default Rating from BBB to BBB-.
- November 10, 2008 - Fitch Downgrades Romania's Long-Term Foreign Currency Issuer Default Rating from BBB to BB+.
- November 10, 2008 - Fitch Downgrades Bulgaria's Long-Term Foreign Currency Issuer Default Rating from BBB to BBB-.
- November 10, 2008 - EMTA Annual Meeting in New York City to be Held on December 4, 2008. Invitations to be distributed shortly.
- November 7, 2008 - HM Treasury Issues General License (L5) under Landesbanki Freezing Order 2008.
- November 7, 2008 - Moody's Downgrades Hungary's Foreign-Currency Government Bond Rating from A2 to A3.
- November 7, 2008 - Moody's Downgrades Latvia's Foreign-Currency Government Bond Rating from A2 to A3.
- November 5, 2008 - Aurelius Capital Partners v. Argentina.
- October 31, 2008 - Fiscal Agent Notice Regarding November 17, 2008 Payment on Nigeria Payment Adjustment Rights.
- October 31, 2008 - Standard & Poor's Downgrades Argentina's Foreign-Currency Sovereign Rating from B to B-.
- October 30, 2008 - Aurelius Capital Partners v. Argentina.
- October 30, 2008 - Standard & Poor's Downgrades Bulgaria's Long-Term Sovereign Credit Rating from BBB+ to BBB.
- October 29, 2008 - Holiday Schedule for EM Bond Trades for US Veterans' Day Holiday.
- October 29, 2008 - MarketAxess Annual Charity Trading Day To Be Held on Thursday October 30, 2008.
- October 29, 2008 - IMF to Launch New Facility for Emerging Markets Hit by Crisis.

Website (continued)

- October 29, 2008 - US Federal Reserve Press Release on Swap Lines with Brazil, Mexico, South Korea and Singapore.
- October 28, 2008 - Moody's Downgrades Pakistan's Government Bond Rating from B2 to B3.
- October 27, 2008 - 2008 ISDA Icelandic Banks CDS Protocols.
- October 27, 2008 - Standard & Poor's Downgrades Romania's Long-Term Foreign Currency Rating from BBB- to BB+.
- October 24, 2008 - IMF Announces Staff Level Agreement on US$2.1 Billion Loan to Iceland.
- October 22, 2008 - Iceland Regulators Establish New Kaupthing bank hf.
- October 17, 2008 - Guidance Note of HM Treasury Re The Landesbanki Freezing Order 2008.
- October 16, 2008 - Iceland Central Bank Statement on Status of Payments.
- October 16, 2008 - Iceland Central Bank Statement on Payments to Icelandic Banks.
- October 15, 2008 - Presentation by Trevor Pitman (Fitch Ratings) at EMTA Corporate Bond Meeting in London, October 15, 2008.
- October 14, 2008 - Iceland Regulators Establish New Glitner bank, fh.
- October 13, 2008 - Second General License Granted Pursuant to HM Treasury Freeezing Order 2008.
- October 10, 2008 - List of Live Auction and Silent Auction Items for EM Benefit to Be Held in London on October 17, 2008 Now Available.
- October 10, 2008 - Temporary Capital Controls Introduced by Iceland.
- October 10, 2008 - Calculations for Payments on Venezuela Oil Obligations Announced.
- October 10, 2008 - HM Treasury The Landsbanki Freezing Order 2008.
- October 9, 2008 - Iceland Regulators Establish New Landesbanki Íslands hf.
- October 9, 2008 - Decision of the Financial Services Authority on the appointment of a Receivership Committee for Kaupthing bank hf.
- October 9, 2008 - General License Granted Pursuant to HM Treasury Freezing Order 2008.
- October 8, 2008 - The Landesbanki Freezring Order 2008 of HM Treasury.
- October 7, 2008 - Decision of the Financial Services Authority on the appointment of a Receivership Committee for Glitner bank hf.
- October 6, 2008 - Prime Minister's Office Statement on Deposit Guarantee.
- October 6, 2008 - Act No. 125/2008 on the Authority for Treasury Disbursements due to Unusual Financial Market Circumstances etc.
- October 1, 2008 - EMTA Fall Forum in New York City to Be Held on October 7, 2008.
- October 1, 2008 - Holiday Schedule for EM Bond Trades for US Columbus Day Holiday.
- September 30, 2008 - EMTA Forum in Hong Kong to Be Held on October 27, 2008.
- September 29, 2008 - EMTA Forum in Singapore to Be Held on October 23, 2008.
- September 26, 2008 - New Area Highlighting Responses to 2008 Market Conditions Now Available on EMTA's Website.
- September 24, 2008 - Commentary on Argentina Bond Swap Proposal from Credit Suisse.
- September 23, 2008 - Venezuela Oil Obligations Record Date of September 30 and Payment Date of October 15 Expected. Trades are "Ex-Dividend" on September 26. Calculations for Payments on the Oil Obligations will be Announced by the Fiscal Agent Shortly.
- September 22, 2008 - President Kirchner Confirms that Argentina Considering Proposals to Restructure Outstanding Defaulted Bonds. Commentary from BCP, Credit Suisse and Merrill Lynch.
- September 22, 2008 - EMTA Special Presentation "EM Corporate Bonds: Legal and Practical Considerations - As Important as Fundamentals?" in London on October 15, 2008.
- September 18, 2008 - EM Ltd. and NML Capital v. Argentina.
- September 17, 2008 - "Kazakh Banks and the Kazakh Government" Presentation by Jonathan Schiffer (Moody's Investors Service) at the EMTA Corporate Bond Forum.
- September 17, 2008 - EMTA's Third Quarter Bulletin is Now Available in our About EMTA/Bulletin Section.
- September 11, 2008 - EMTA Remembers.
- September 9, 2008 - EMTA and ISDA To Sponsor Joint Symposium on December 1, 2008 in New York City on NDF, NDO and NDS Documentation.
- September 2, 2008 - International Working Group of Sovereign Wealth Funds Reaches a Preliminary Agreement on Draft Set Generally Accepted Principles and Practices - "Santiago Principles".

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:

- **Bunge S.A.**
- **Cadwalader, Wickersham & Taft**
- **Insparo Asset Management**
- **Riz Capital Management**

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
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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).

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EMTA Calendar

Tues., Oct. 7	**Fall Forum (NYC)** **Barclays Capital** **745 Seventh Avenue (NYC)**
Fri., Oct. 10	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., Oct. 13	Recommended Market Close (NYC) Columbus Day Recommended 12:00 Noon (London) Early Market Close
Wed., Oct. 15	**Special Presentation - EM Corporate Bonds: Legal and Practical Considerations for Investors** **Hosted by Fitch Ratings (London)**
Fri., Oct. 17	**2008 Emerging Markets Benefit (London)** **Old Billingsgate Market** **London**
Thurs., Oct. 23	**EMTA Singapore Forum** **Fullerton Hotel** **1 Fullerton Square (Singapore)**
Mon., Oct. 27	**EMTA Hong Kong Forum** **The Ritz-Carlton Hotel** **3, Connaught Road** **Central District (Hong Kong)**
Wed., Oct. 29	**Board Meeting (NYC/London)**
Mon., Nov. 10	Recommended 2:00 p.m. (NYC) Early Market Close
Tues., Nov. 11	Recommended Market Close (NYC) Veterans' Day Recommended 12:00 Noon (London) Early Market Close
Wed., Nov. 26	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Nov. 27	Recommended Market Close (NYC) Thanksgiving Day Recommended 12:00 Noon (London) Early Market Close
Fri., Nov. 28	Recommended 2:00 p.m. (NYC) Early Market Close

EMTA Calendar (cont)

Mon., Dec. 1	**ISDA/EMTA Symposium: A Primer on Documenting Non-Deliverable Forwards, Options and Swaps (NYC)**
Thurs., Dec. 4	**EMTA Annual Meeting** **Citigroup, 388 Greenwich Street (NYC)** **2008 Emerging Markets Benefit (NYC)** **Metropolitan Ballroom** **Sheraton Hotel, 811 Seventh Avenue** **NYC**
Wed., Dec. 24	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Dec. 25	Recommended Market Close (NYC/London) Christmas Day
Fri., Dec. 26	Recommended Market Close (London) Boxing Day
Wed., Dec. 31	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Jan. 1, 2009	Recommended Market Close (NYC/London) New Year's Day (2009)
Fri., Jan. 2	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Jan. 29	**Corporate Bond Forum (London)** **ING Bank NV** **60 London Wall** **London**
Tues., Feb. 24	**Winter Forum (London)** **JPMorgan** **The Great Wall, 60 Victoria Embankment** **London**