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FOCUS ON BRAZIL AT EMTA 2002 LONDON SUMMER FORUM

Despite considerable market turbulence, driven in part by developments in the US corporate market and by concerns over the Brazilian elections, approximately 150 Emerging Markets professionals attended EMTA's Summer Forum, which was again hosted by Salomon Smith Barney, on 26th June in London. Panelist sentiment was largely bearish on the Latin American market short-term, although a number of speakers discussed factors with positive longer-term implications for the Emerging Markets asset class. With spreads on Brazilian debt widening dramatically in the two weeks preceding the Forum, Brazil dominated much of the discussion. However, moderators Jerome Booth (Ashmore Investment Management) and Mark Franklin (Citigroup Investments) steered their respective sell-side and buy-side panels through a wide array of Emerging Markets topics.

Welcoming the audience to the fifth annual London Summer Forum, EMTA Executive Michael M. Chamberlin's introductory remarks sounded a World Cup theme. Click Here for Chamberlin's remarks.

Sell-Side Analysts Concerned by Brazilian Economy, Risk of Default

Jose Luis Daza (Deutsche Bank) noted that the recent sell-off of Brazilian debt should be attributed to the global flight away from risky assets and secondary effects of reduced capital flows into the United States, which he stressed translates into reduced capital inflows into countries such as Brazil. The effects of these factors on the Brazilian currency and fiscal accounts result in "a serious

London Summer Forum (continued)

question of fiscal sustainability in Brazil." The Brazilians need a larger primary surplus, according to Daza, who emphasized that such an accomplishment would be tricky in an election year; consequently, he opined, "the Brazilian situation looks extremely fragile." Daza added that complicating matters is the likelihood of an immediate market crisis if populist candidate Luiz Inacio Lula da Silva is elected president of Brazil this autumn; fears of his leading the country to a financial crisis might thus become a sort of "self-fulfilling prophesy."

Philip Poole (ING Financial Markets) agreed on the longer-term need for a primary surplus in order to achieve debt sustainability, but added that Brazilian officials have a difficult dilemma as a result of the structure of government debt, with approximately half dollar-denominated and the remainder linked to the SELIC rate. Poole noted that if Brazilian officials cut interest rates, a weaker real would make the dollar-denominated paper harder to pay, while higher local rates mean that the SELIC-linked paper would be more difficult to service.

Sell-side speakers viewed the risk of default by Brazil in the next eighteen months as not being negligible, and their estimates of a likelihood of default ranged between 20 and 50%. However, Poole expressed his belief that rather than an outright default, Brazil would instead be more likely to carry out a debt work-out via a series of exchange offers. Jonathan Bayliss (J.P. Morgan) suggested that, despite sudden industry bearishness on Brazil, its C-Bonds might be comparatively cheap at 58 (the price level on the day of the Forum). Despite some difference in the degree of concern between European and US investors, he asserted that, in general, US and European buyers foresaw less risk of default than was then implied by C-Bond price levels (40%).

As for what path a Brazilian default would take, Eric Fine (Morgan Stanley) predicted it might be more similar to the Russian crisis than the Argentine crisis. Fine stated this was based not only on the heavy weighting of Brazil in many portfolios, but also on the probability that Brazil would rebound as strongly as Russia did in the years following its 1998 default/devaluation. Fine urged investors not to be complacent about possible contagion effects from a Brazilian crisis. Daza expressed his concern that a Brazilian default would exacerbate the slowdown in capital flows to Latin America and would subsequently trigger defaults in other countries such as Peru, Panama, Turkey and Venezuela (although he specified that Mexico and Russia would be unlikely to follow suit).

Panelists See Some Long Term Positive Signs for Emerging Markets Asset Class

Recent financial scandals in the United States have two contrasting effects on Emerging Markets, according to Bayliss. On the one hand, they add "another nail in the coffin to the view that US investors are better off in US credits," and will likely increase flows over the longer term to Emerging Markets as investors realize the level of disclosure in the Emerging Markets has improved so dramatically. ("We don't see cash balances posted by US credits posted on a daily basis," he reminded attendees.) On the other hand, one of the immediate ramifications of US corporate scandals is a pronounced move to greater risk aversion that, for the time being, is driving investors out of Emerging Markets debt.

London Summer Forum (continued)

On a positive note, Bayliss affirmed that there has been a "significant change" this year in institutional investors' attitudes vis-à-vis the Emerging Markets asset class, with large dedicated inflows ready to enter the market from both US and European pension funds. The pipeline of new money was, according to Bayliss, the largest he'd ever seen and much larger than at the onset of 2002, although many managers are sitting on the sidelines until the Brazil situation settles. In fact, Bayliss predicted a surprise rally once the market turbulence ended. Fine stated that one of the key themes for investors in the next twelve months is the likelihood that investors generally will move out of US and into international investments and out of equity and into debt investments, "and that essentially means us." Fine added that pension fund managers in search of 8-11% returns with low volatility would find themselves looking at Russian and Mexican debt.

Reforms Still Needed in Russia Despite Harmonious Bush-Putin Relations

Despite the recent "lovefest" between US President Bush and Russian President Putin, Fine named some longer-term concerns. "I'm worried we [the US] will end up providing life insurance to Putin similar to the way we provided life insurance to [former President] Yeltsin," he commented, "and allow a lot of things that are expedient but not in our long-term interest." Fine was also troubled that the basis for improved US-Russian relations seemed largely predicated on personal chemistry between the two leaders, rather than deeper and more established cooperation.

Poole saw the good relationship between the two presidents as fairly irrelevant to the development of Russia. "At the margin," he hypothesized, it will help with items such as WTO membership and increased access to US markets.

On the macro side, Russia has made tremendous strides, but "virtually zero progress, almost nothing" has been accomplished on the micro side, according to Daza, who stressed that the country has an "enormously distorted, inefficient economy with enormous reforms ahead." President Putin has set an agenda, which could lead the country to investment grade if it is carried out; if not, Russia's credit rating will remain in large part a function of oil pricing.

IMF Role May Be Unclear, But Praise for Its "Tough Love" Ecuador Policy

Moderator Booth also polled the speakers for their assessments of the IMF, asking if the institution's vision of its role in international finance had become unclear. Bayliss opined that the Fund's recent comments on an international bankruptcy court and changes in bond covenants suggest that the IMF is indeed searching for a new role and is uncertain of its future.

Daza praised the IMF for its "unusually" tough stance with Ecuador, stressing that the IMF was correct in pushing Quito to use oil revenues from the second oil pipeline to buyback debt, and thereby avert a future debt crisis. Daza lamented that the IMF was not equally tough with countries that have greater political power.

Argentine Restructuring Seen as Hardly Imminent

Booth requested the panel discuss their perceptions of how quickly an Argentine debt restructuring would take place, noting he personally thought the situation would be resolved in no less than two years

London Summer Forum (continued)

(and even much longer) due to constitutional issues and internal political squabbling. Fine posited that he saw no point in doing any serious analysis of an Argentine debt workout now with the socio-political situation still unresolved.

Daza agreed that the Argentine situation was unlikely to be resolved in the near-term, noting that there has been a complete breakdown of the social contract in Argentina. Furthermore, he declared, Argentina might only be put back on track by a new government that would follow a failed left-wing (or even right-wing) government. Bayliss predicted that the restructuring would be so complicated and so difficult that it could only be concluded "when everyone gives up hope." Finally, the speakers largely concurred that Argentine debt could trade down as much as ten points from current levels although they emphasized Argentina is largely "off the table" for the foreseeable future.

Turkey Remains a Concern Despite International Support

Several of the sell-side panelists voiced concern over debt sustainability in Turkey, although they declared that Turkey's geo-political importance has earned it "special status" from the official sector. Poole described a number of problems that he viewed as building, adding that following Turkey's receipt of a record amount of IMF funds, "the trigger [to a crisis] will probably be a reversal of flows to the official sector." Bayliss commented it would be extremely difficult for Turkey to "pull itself out of the debt trap" with real domestic interest rates which have rarely dipped below 20% in recent times, but he had difficulty identifying the trigger to a crisis because of its strong international support.

EMTA's panel of buy-side experts echoed many of the comments made by their sell-side colleagues, although several differences were apparent. Investor speakers tended to be slightly more optimistic in tone on Brazil, while their criticisms of slow reform progress in Russia were more muted. However, buy-side speakers largely shared sell-side "non-interest" in Argentina and also mirrored the sell-side panel with their unease with recent official sector policies.

Investors Discuss Market Turbulence in Brazil

John Cleary (Invesco Asset Management) affirmed that, despite current economic issues in Brazil, current spreads were "probably not" justified by economic factors alone. "Risk aversion has kicked in, people are looking to sell risky assets, Brazil is one of the most liquid assets, it's also one of the biggest in the benchmarks, and [selling] is what they are doing" he stated. As a result, Cleary speculated that in order for Brazil to regain the confidence of market participants, investor sentiment generally must change towards risky assets. Ingrid Iversen (Rothschild Asset Management) expressed her belief that a Brazilian default should not be considered inevitable, and that Brazil could struggle through a high rate, high spread environment for several months if necessary (although she doubted whether the current situation was tenable for more than six months). Amit Gupta (MN Services) supposed that the simplest way for Brazil to get itself out of the current crisis was to borrow $50 billion from the IMF and buyback outstanding debt, though he admitted he didn't expect the IMF to be particularly receptive to the idea.

Buy-Side Speakers Agree Recent US Treasury Proposals Won't Be Beneficial…

Moderator Franklin commented that in the most recent investor meetings with US Treasury officials, policy makers appeared to confirm their recent initiative to limit IMF assistance packages to countries in distress, as well as to change bond documentation to facilitate bond restructurings. Investor panelists were in

London Summer Forum (continued)

agreement in not seeing such new initiatives as being beneficial. Iversen and Gupta noted that changes in the collective action clauses of bond covenants might ironically facilitate sovereign defaults. In the opinion of Simon Treacher (Blue Bay Asset Management), the US Treasury is ultimately "unclear" about what it wants to do with the IMF, but that if such reforms occurred, he would find the corporate debt market more compelling than Emerging Markets.

Cleary declared collective action clauses to be problematic as a result of the recent promotion in emerging countries of local pension funds. The ownership of external bonds by local pension funds, and the greater susceptibility of such funds to government pressure in the event of default, tends to stack the deck against the foreign investor in any bond restructuring.

Franklin asserted that despite "tough talk," Washington would "ultimately flinch," in the case of Brazil, due to Western bank exposure and the substantial amount of FDI invested in Brazil in recent years. He concluded the new financial architecture discussion by noting that the scope of parties which would suffer in the event of a Brazilian debt default would go way beyond the Emerging Markets debt investors ("there are a lot of people who don't want to lose money that aren't sitting in this room," he emphasized).

…While Global Economic Environment Will Encourage New Inflows

Several panelists stressed that the international economic environment of low global interest rates and forecasts of a resumption in global growth would prove beneficial for the Emerging Markets asset class. Cleary anticipated that Emerging Markets allocations will increase over medium- and long-term as some money managers will be swayed by historical performance while some equity managers will also seek out Emerging Market assets as a result of lower dividend growth in equity markets. Cleary acknowledged that the increased understanding of the asset class by crossover investors is beneficial as such portfolio managers are not "just expecting positive returns with no volatility; they're expecting diversified returns with volatility that is less than equity and returns that could be equity-like." Iversen concurred with Cleary's assessment, and she joined Gupta in noting that the resolution of the Brazil issue would be critical to determining future inflows. Treacher believed that the global environment would facilitate new money being allocated to Emerging Markets as well, but was one of two speakers who expressed doubt that such money would, or should, use the EMBI+ as a benchmark index.

Panelists Generally Positive on Russia Despite Lack of Reform Progress

Franklin noted that most panelists at last year's Summer Forum had picked Russia as a top investment choice and asked panelists for an update on their views on Russia. Iversen emphasized that over the longer term, growth rates would determine Russian debt prices, but for the near term, she would continue to hold debt as long as the Russian government continued to carry out buy-back operations. "I would give them the benefit of the doubt; they've done a lot of tough things already," she stated, adding "I don't see any reason why they couldn't do the reforms they need to grow." Russian credit spreads could be in the 300s in June 2003, she speculated.

London Summer Forum (continued)

Gupta admitted he found Russia a difficult call, saying "I can see Russia trading at 300 over; equally I can

see it trading at 1000 over," while agreeing that government buybacks were providing considerable support for the bonds. He concluded that he wouldn't buy Russia at current levels; "however, I would be equally hesitant being short the paper." Cleary noted that despite the abundance of structural reforms still needed to be undertaken in Russia, he was generally positive on the credit, citing the geopolitical environment, FDI inflows into the oil industry, and Russia's increasing integration into the West. Finally, Treacher praised President Putin's progress to date on reforms, and added that reduced bank credit lines to Latin America may benefit Russia.

Argentina of Little Interest to Investor Panelists

Argentina did not offer a compelling investment story for most of the panelists. Treacher acknowledged he would buy the sovereign at "very distressed levels" but foresaw a workout that would be much more painful than previous crises. Iversen said only events, such as an IMF accord or credible economic policies, would prod her to look at Argentine debt. Cleary, Gupta and Treacher agreed that no restructuring was likely in 2002, with Gupta believing that Argentine paper is fairly valued at approximately 18-20.

Buy-Side 12-Month Picks More Varied than Usual Although Brazil a Common Theme

Asked for which credits would provide the highest total return during the next twelve months, investor panelist selections were more varied than in previous years when Russia was a unanimous choice--although three of four panelists (Iversen, Cleary and Gupta) included Brazil as a tempting investment over the period. Iversen and Gupta also concurred on Ecuador, although Treacher made note of his disagreement and disappointment with unfulfilled Ecuadorian promises. Other choices included Serbian blocked deposits (Iversen), Argentina (Gupta), Russia (Cleary), Mexico (Cleary), Indonesia (Treacher), Malaysia (Treacher), and a variety of Asian corporates (Treacher).

Moderator Franklin, prompted by an audience member to divulge his own selections, noted that he found certain, though not all, Argentine government debt "dirt cheap." He speculated that money could be made by simultaneously owning long-dated paper and default insurance on countries such as Brazil; and remained positive on oil exporters such as Algeria (especially illiquid yen-denominated paper).

Ending the day on a positive note, at least for Brazil partisans, EMTA hosted a big screen viewing of the World Cup semi-final between Brazil and Turkey immediately following the panel discussions for a crowd of over 100 enthusiastic football fans.

Transcript of Buy-Side Panel

Transcript of Sell-Side Panel

EMTA Board Meeting on July 17, 2002

EMTA's third Board Meeting for 2002 was held on July 17 at the offices of Bear Stearns in New York City and Merrill Lynch in London, with the usual video and teleconferencing links.

In addition to reviewing EMTA's 2002 budget, the Board elected John McIntire (Goldman Sachs) as a Director to replace Fran Bermanzohn, who has served as Goldman's EMTA Board representative since replacing Chip Seelig in 1999. The Board also elected Mohammed Grimeh (Lehman) as a Director to replace Bill Geisler.

The Board also discussed the June 3 joint letter from EMTA, EMCA, SIA, TBMA, IIF and IPMA in response to a US Treasury proposal made on April 2 by John Taylor, Under Secretary for International Affairs, for a more voluntary and decentralized approach than the recent IMF Sovereign Bankruptcy proposal to making sovereign work-outs more orderly. See page 7 for further information on this topic.

In general, the Board expressed skepticism about the UST proposal, but believed that EMTA should assist in a constructive effort to help develop specific clauses (or principles) in the context of the Taylor proposal that reconcile differing private sector interests and views. See page 7 for more detailed information on this topic (including EMTA Executive Director's Commentary on the Taylor Proposal and EMCA's Model Covenants).

Following substantial discussion of its pros and cons, the Board declined to accept a proposal from The Bond Market Association that EMTA and TBMA enter into a Memorandum of Understanding for a formal affiliation. Instead, EMTA's Board determined that, at this time, the longer-term interests of EMTA's diverse membership were better served by EMTA's remaining independent. However, when its current lease expires at 63 Wall Street, it is likely that EMTA will be relocating into shared office space with TBMA and ISDA at 360 Madison Avenue. In connection with the office move, EMTA is also seeking greater operating efficiencies through an administrative cost-sharing arrangement with TBMA.

Among other things, the Board also discussed the recently formed new EM Benefit Committee that would be responsible for making major decisions regarding the 2002 EM Benefit (such as its date, venue, theme, beneficiaries and how its fundraising and production logistics will be handled – see page 18 for more information).

Private Sector Responding to Taylor Proposal with Marketable Approach

Six leading financial trade associations (EMTA, Institute of International Finance, the Securities Industry Association, the International Primary Market Association, The Bond Market Association and the Emerging Markets Creditors Association) have been working together since the Spring to respond to recent official sector proposals to involve the private sector 'more effectively' in the resolution of financial crises in the Emerging Markets by developing model bond contract clauses that would be broadly acceptable to the private sector financial community.

The official sector has adopted a 'two-track' approach that involves pressing ahead with the IMF's highly controversial proposal for a sovereign bankruptcy regime and simultaneously promoting the more voluntary and decentralized development and adoption of new bond contract 'collective action' clauses along the lines first proposed by John Taylor, Deputy Secretary of the US Treasury for International Affairs, on April 2, 2002. The IMF's sovereign bankruptcy proposal has been widely criticized by the private sector, while the Taylor proposal (which proposes new clauses in the general areas of majority action, engagement between sovereigns and their bondholders and the initiation of restructuring discussions) has catalyzed a private sector effort to redefine its role in the so-called 'burden-sharing' debate initiated by the official sector following the Mexican Tequila Crisis.

Private Sector Response...(continued)

On June 3, 2002, the six trade associations sent to G-10 finance ministers and other public sector officials a joint letter that articulated a set of general principles for private sector involvement in resolving financial crises in the Emerging Markets. Among other things, the letter emphasizes that any such involvement must be market-oriented to ensure the best chance of maintaining market access and restoring private sector credit flows into the Emerging Markets. Specifically, the joint letter expressed support for limited collective action clauses (including the use of super-majority clauses (90-95%) to amend payment and other important contract terms) in the context of other mechanisms (including greater transparency as well as enhanced financial covenants) that reinforce a higher level of financial discipline.

Please Click Here for the complete text of the June 3 joint trade association letter.

On April 23, 2002, the Emerging Markets Creditors Association (EMCA) released the first draft (4/02) of its Model Covenants for New Sovereign Debt Issues. A revised version of the Model Covenants was released in early May (draft of 5/03/02) and posted in the New Developments area of EMTA's website.

Please Click Here for the complete text of the EMCA Model Covenants.

The Model Covenants contain provisions, among others, relating to Amendments and Waivers, Meetings of Bondholders and Notices, Events of Default and Acceleration, Jurisdiction and Governing Law, Purchase and Cancellation, Pari Passu and other Affirmative Covenants, Negative Pledge, and Incurrence of Indebtedness, as well as related definitions. While apparently not developed in specific response to the Taylor proposals, the Model Covenants nevertheless contain a number of provisions that do respond to the three concerns expressed by Mr. Taylor and by others in the official sector.

Please Click Here for an extensive Commentary on the Taylor Proposal and EMCA's Model Covenants prepared by EMTA Executive Director Michael M. Chamberlin. The Commentary reviews in detail both the Taylor Proposal and the EMCA Model Covenants, and concludes that "bondholders would consider it a fair trade if EM sovereign bonds were made easier to restructure so long as, at the same time, greater efforts are made, contractually and otherwise, to ensure that making them easier to restructure will not simply result in their default and/or restructuring becoming more likely."

To this end, the Model Covenants respond to the Taylor proposal by supporting a revised form of majority action clause and prescribing some procedures that should facilitate better dialogue between sovereign debtors and their bondholders in times of financial difficulty. Responding also to the Taylor proposal in its broader context, the Model Covenants also invite a dialogue about contractual provisions (and other mechanisms) designed to provide greater assurance that debtor countries remain more creditworthy and, when confronted with financial problems, that they treat their bondholders more fairly.

Following on from their June 3 joint letter, the six trade associations are now collaborating to develop a private sector consensus regarding specific, marketable bond contract language that balances the Taylor proposal with the legitimate concerns of bondholders that bonds be made more creditworthy at the same time that they are made easier to restructure.

It is expected that the Taylor proposal and the IMF's sovereign bankruptcy, as well as the private sector's response to them, will figure prominently in the agenda for the joint IMF/World Bank meetings scheduled for the end of September in Washington, DC.

Argentina Bonds

On May 31, Citibank, N.A. (the Fiscal Agent) notified Argentina's Par and Discount Brady bondholders that Argentina failed to deposit sufficient funds to pay the interest due on such Bonds. Click Here for the Fiscal Agent's notice.

The Bonds provide for a grace period of 30 days for non-payment of interest. Accordingly, although holders are entitled to receive payment of interest on the due date (and, as a technical matter, may bring immediate legal action to enforce such right), they may not either accelerate the principal of the Bonds, or request the release of Interest Collateral, until the expiration of the 30-day grace period. According to the Fiscal Agent, the grace period for the non-payment of interest due on May 31, 2002 expired on June 30, 2002 (which, since that date fell on a Sunday, effectively means that the grace period expired on Monday, July 1, 2002).

On August 9 and 15, respectively, the Fiscal Agent announced that the 25% voting threshold had been met to release Interest Collateral to pay the May 31 interest payment on both the USD Par and Discount Bonds. Click Here for the Fiscal Agent's request to FRBNY, as Collateral Agent, for the release of Interest Collateral on the Par Bonds. The Fiscal Agent has set September 3, 2002 as the new Record Date and September 10 as the new Payment Date for the Interest Collateral proceeds on the Par Bonds. Click Here for the Fiscal Agent's request to the Collateral Agent for the release of Interest Collateral on the Discount Bonds. The Fiscal Agent has set September 6, 2002 as the new Record Date and September 13 as the new Payment Date for the Interest Collateral proceeds on the Discount Bonds.*

The record date provisions of the Fiscal Agency Agreement complicate the question of who is entitled to receive the proceeds of the Interest Collateral and when such proceeds will be distributed to the bondholders. The right to receive payment of interest from the Interest Collateral proceeds can be affected by Bond transfers that occur between the original record date for an interest payment and the new record date for the distribution of Interest Collateral proceeds.

If a new record date is established for the Interest Collateral proceeds, a bondholder must be a record holder of the Par and/or Discount Bonds on the new record date in order to receive a share of the proceeds. Unless a bondholder retains such Bonds until the new record date for the payment of such Interest Collateral proceeds, it could, for example, be among the 25% of holders that requested the release of Interest Collateral, but not be entitled to receive the Interest Collateral proceeds.

Market participants intending to trade the Bonds should be aware not only of the record date provisions of the Bonds, but also consider how current Market Practice for trading such Bonds "flat" operates to transfer a seller's right to receive interest to the buyer.

On December 24, 2001, EMTA recommended that, unless otherwise agreed, Argentina's Brady Bonds and other sovereign global and Eurobonds should trade "flat", with settlement at an all-in (or "dirty") price and without an additional payment in respect of accrued interest. Accordingly, a buyer (or existing holder) would, unless otherwise agreed, be entitled to any Interest Collateral proceeds, *provided* that it is the record holder on the new record date established by the Fiscal Agent for the distribution of such Interest Collateral proceeds.

This result may not seem obvious to a holder who (i) sells a Par or Discount Bond after voting to release Interest Collateral proceeds but settles such trade before the new record date for such release or (ii) buys a Par or Discount Bond before such new record date in a trade that settles after such new record date.

*For informational purposes, the Fiscal Agent has informed EMTA that the 25% threshold with respect to the DM Par and Discount Bonds has also been met, that payment was made to the Kassenverein (Clearstream AG) on July 10, 2002, and that DM Par and Discount bondholders should have been paid on July 12, 2002.

Argentina Bonds (continued)

Market participants are reminded that (absent an agreement to the contrary), if they sell Argentina Par or Discount Bonds at any time (including after sellers have submitted their request for a release of the Interest Collateral), only buyers who are the record holders on the record date established by the Fiscal Agent for the distribution of such Interest Collateral proceeds would be entitled to such proceeds, and, under such circumstances, sellers would have no right to claim their buyers for such proceeds (adjustments or claims would only seem necessary in the case of delayed settlement).

Therefore, the "dirty" price for the Par and Discount Bonds would presumably reflect the current "flat" Market Practice and its ramifications regarding the proceeds of Interest Collateral (as detailed above).

Trades of Par Bonds are 'ex-dividend' as of August 29, 2002, and trades of Discount Bonds are 'ex-dividend' as of September 4, 2002.

For more information on this topic, Click Here for EMTA's Primer on Interest Collateral for Argentina's USD Par and Discount Bonds or contact Aviva Werner at awerner@emta.org or (212) 908-5003.

New Methodology Proposed for Valuing Argentina NDF's when Extended Market Closures Occur

Following on the developments earlier this year in the Argentine FX Market, as reported in EMTA's 2nd Quarter Bulletin, EMTA continued to work throughout the summer to address the need for a market-oriented solution to the possibility of a long-term market closure in Argentina and its impact on the settlement of open NDF and NDO contracts. To this end, EMTA, in consultation with various market participants, has developed a proposal that was circulated in mid-August to the Argentina NDF Working Group for its consideration and review. The proposal contemplates additional changes to the current EMTA Template Terms for ARS Non-Deliverable Forwards and related documentation (possibly involving, as well, some suggested changes in the 1998 FX and Currency Option Definitions).

The proposal, as currently formulated, involves the elimination from the Template of the Argentine Official Rate as a settlement rate option, the formal adoption of the EMTA-sponsored Industry Survey Rate as the primary settlement rate option and the adoption of a new fallback settlement rate option. In addition, the Template is proposed to be amended to include New York City as a Relevant City for determining a Business Day for Valuation Date purposes and to delete Price Materiality as a Disruption Event.

EMTA is anticipating feedback from the Argentina NDF Working Group to determine whether the proposal responds adequately to eliminate documentation uncertainty and settlement concerns in the situation of a long-term market closure while maintaining market competitiveness and efficiency. Suggestions and changes to the proposal will be made as necessary and, if the Working Group ultimately approves the proposal, EMTA will commence the process of revising the documentation and making it available to its membership.

Members Only requiring further or background information in the NDF area generally may review the applicable Market Practices in the NDF Market Practices area of EMTA's website.

As a reminder, the ARS Industry Survey Rate (published daily, excluding holidays) is available on EMTA's website at Activities and Services, Market Data, CME ARS Industry Survey, Today's Rate. To promote greater transparency and market integrity, a list of reference banks and their respective daily quotes is also available at Activities & Services, Market Data, CME/EMTA ARS Industry Survey, Reference Banks and Quotes, and a list of historical rates (together with the usable quotes and range of quotes) is at Activities & Services, Market Data, CME/EMTA ARS Industry Survey, Historical Rates.

For further information regarding the above, as well as FX and Derivative matters generally, you may reach Leslie Payton Jacobs at lpjacobs@emta.org or (212) 908-5026.

EMTA Survey: Second Quarter 2002 Emerging Markets Debt Trading Volume at US$841 Billion

Concerns Drive Brazilian Volume; Argentine Trading Sharply Down

On August 5, 2002, EMTA released its Second Quarter 2002 Debt Trading Volume Survey, which revealed that Emerging Markets debt trading volume stood at US$841 billion for the second quarter of 2002. This compares with US$789 billion in the previous quarter (a 7% increase), and US$864 billion in the second quarter of 2001 (a decrease of 3%).

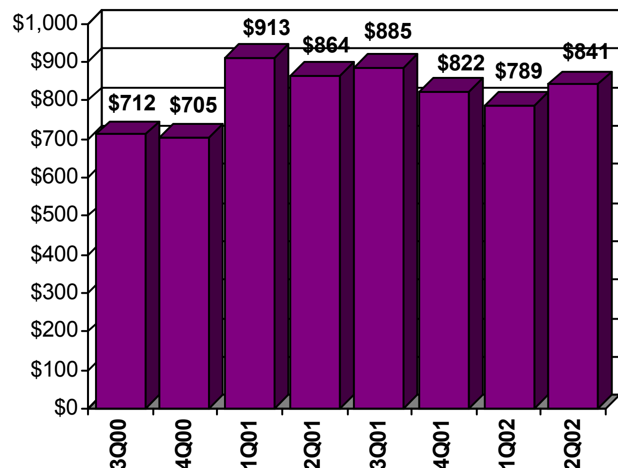
Tulio Vera, Managing Director and Head of Emerging Markets Research at Merrill Lynch, commented, “The main characteristic of the second quarter was the rise in risk aversion across all financial-asset markets. In Emerging Markets debt, this translated into an increase in volatility and an emphasis on the smaller off-the-run countries, *i.e.*, safe havens.” Indeed, in addition to the market’s largest safe haven, Mexico, volumes also increased in highly-rated countries such as South Africa, Poland and even El Salvador (which has one investment grade rating).

Mexican Volumes Almost Equaled by Brazilian Trading

At US$228 billion in turnover, Mexican debt instruments were the most frequently traded debt instruments for the seventh consecutive quarter. Second quarter Mexican debt trading rose 7% from the first quarter (US$214 billion), but was down 13% from US$262 billion in the second quarter of 2001. The majority of trading occurred in Mexican local instruments (US$154 billion), followed by Eurobonds (US$69 billion). Mexican Brady transactions continued their steep decline, to US$2.2 billion, as the sovereign continued to redeem outstanding Brady issues.

Brazilian volumes rose significantly and were just slightly below Mexican levels as market participants speculated on the country’s presidential race and debated the health of the Brazilian economy. Brazilian debt turnover stood at just below US$228 billion, vs. US$199 billion in the previous quarter (a 15% increase) and US$178 billion in the second quarter of 2001 (a 28% rise). The increase in Brazilian volumes largely occurred in Brazilian C-Bonds, the industry benchmark, which reached their highest trading levels in four years at US$102 billion, from US$64 billion in the first quarter (up 58%) and US$63 billion in the second quarter of 2001 (up 62%).

Vera affirmed, “The rise in the C-Bond volumes reflects a flight into the more liquid instruments while also reflecting the turbulence in the markets and the increased focus on Brazil.” He stressed, “Getting Brazil ‘right’ has been the most important market call this year, but because opinions have been divided on the eventual outcome of the October elections, Brazilian debt has experienced increased volatility and large price swings.”



Uruguayan Levels Down from First Quarter but Remain Relatively Strong

Uruguayan volumes remained at relatively high levels compared to recent years, but dropped dramatically from their peak levels in the first quarter of 2002. Volume stood at US$1.5 billion, down from US$4.3 billion in the previous quarter but above the US$584 million in the second quarter of 2001. In recent months, investors have become increasingly concerned by the spillover effects on Uruguay from the situations in its larger neighbors, specifically its loss of foreign exchange reserves, and credit agencies have lowered their ratings on the former investment-grade rated country well into speculative grade.

EMTA Volume Survey (continued)

Vera stated that Uruguay's status as a "fallen angel" means many high grade investors have been forced to divest themselves of the credit, triggering greater activity in recent months. However, the acceleration in credit deterioration at the end of the second quarter made the bonds less liquid, and "hence less attractive for the more conservative Emerging Markets accounts."

Argentine Volumes Remain at Historic Lows

Argentine trading volumes remained minimal following the country's decision last December to default on outstanding debt, and the removal of large amounts of securitized debt from the marketplace via the country's 'mega-swap' offers. Participants reported trading US$6.6 billion in Argentine assets, or less than one per cent of total Emerging Markets debt trading. Argentine FRB volumes, which were as high as US$71 billion in the first quarter of 1997, and which once dominated the market, dropped to only US$362 million (down 91% from US$4 billion in the previous quarter and down 99% from US$47 billion recorded in the second quarter of 2001). Analysts continue to attribute the lack of volumes to a number of factors, including Street recommendations to avoid the debt, reduced credit lines to Argentine counterparties and on Argentine assets and a common belief that a restructuring of Argentine debt will not occur in the near future.

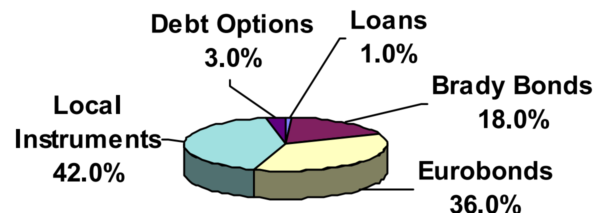
Vera, who is recommending that his clients maintain zero exposure to Argentina, notes that there is very little that Buenos Aires has accomplished which would prompt investors to agree to a restructuring of existing debt. He continued that this has kept trading at minimal levels. "There is still no news about an IMF agreement, and thus the risk of default to multilaterals remains a factor. No fiscal and monetary program to talk about, and an uncertain political outlook," he stated.

Despite continued optimism concerning the Russian economy, its recent categorization as a 'safe haven' credit during turbulence in Latin markets, activity in Russian debt instruments actually declined in the second quarter. Participants reported US$60 billion in Russian transactions, down eight per cent from US$65 billion in the previous quarter and down 22% from US$77 billion in the second quarter of 2001. Vera asserted that Russian volumes have gradually declined over the past year as participants have felt comfortable with their exposure while Russian fundamentals appear to have become clearer and more positive; subsequently market participants have felt "less need to trade it around," he commented.

Local Instruments 42% of Volume, Eurobonds with 36% Market Share

Although all instrument categories demonstrated volume growth in the second quarter vs. the prior quarter, the large increase in Brazil C-Bond trading led to an unusual gain in Brady market share. However, local instruments continued to dominate Emerging Markets trading, with a 42% share of the market in the second quarter (down from 44% in the first quarter). Local instrument trading rose 1% to US$348 billion (vs. US$344 billion in the first quarter and US$335 billion in the second quarter of 2001).

Volume by Type of Instrument, 2nd Quarter 2002



Eurobonds accounted for 36% of volumes, slightly below their 37% share in the first quarter. Most Eurobond trading involved sovereign issues, although corporate issues accounted for 7% of total Emerging Markets volumes, their highest share in two years. Brady share stood at 18% (vs. 16% in the first quarter) mainly due to the dramatic increase in C-Bond transactions, and despite the declining amount of outstanding Brady debt.

For a copy of EMTA's Second Quarter 2002 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or (212) 908-5022.

Warrant Trading & Settlement

Mexico VRR's

New Market Practices Effective on June 21

On June 17, EMTA recommended new Market Practices (effective for all trades entered into on and after June 21, 2002) for the separate trading of Mexico USD Par Bonds and their related Series of VRR's.

In connection with the redemption by Mexico of all of its USD Discount Bonds and the recent distribution by the clearing systems of Series B, C and D VRR's to redeemed bondholders (as of the relevant dates of redemption) and to holders of USD Par Bonds as of a June 21, 2002 Record Date (for more details, please see Redemption section below), EMTA recommended that, unless otherwise agreed, USD Par Bonds should trade without their related Series A, B, C and D VRR's, but the Series E-Q VRR's would be included in any such separate Bond trades.

The Market Practices also include the following related operational matters (most of which have been in effect since the previous Market Practice recommendation for the separate trading of Mexico USD Par and Discount Bonds and their related Series A VRR's):

- The Series A, B, C and D VRR's should trade, settle and be confirmed in accordance with customary Bond practices and in minimum denominations of $250,000 (and integral multiples of $1,000 in excess thereof).

- The settlement consideration paid for any Series A, B, C and D VRR's should be calculated as follows: the screen price (as a percentage) divided by 100 and multiplied by the notional amount of the VRR's traded.

- While EMTA has been informed by Mexico's US legal counsel that Transferor and Transferee Certificates are not technically required for transfers of VRR's separate from their related Bond that are settled through a clearing system, market participants are reminded that purchases of VRR's separate from the related Bond are subject to additional restrictions that may not apply to purchases of Bonds (with or without their related VRR's) (*i.e.*, the form of Mexico VRR's provides that transfers of VRR's may be made only to an Eligible Institutional Investor (as defined in Schedule G to the Fiscal Agency Agreement) within the United States or to a person that is not a US Person (as defined in Schedule F to the Fiscal Agency Agreement) outside the United States).

As of the date of the Market Practice, the Series E VRR's had not yet been distributed, but the Market Practice also clarified that Series E-Q VRR's would not generally be separately tradable until the relevant Separation Dates had occurred and the VRR's had been assigned their own separate ISIN Nos. Accordingly, for the Series E VRR's whose Separation Date had occurred on July 1, 2002, Mexico USD Par Bonds should trade, unless otherwise agreed, on and after July 1, 2002, without their related Series A-E VRR's, but the Series F-Q VRR's would be included in any such separate Bond trades.

EMTA also recommended the following related Market Practices for option, forward and repo trades entered into on and after June 21, 2002:

Consistent with the Market Practices in the spot market, (1) USD Par Bonds should trade without their related Series A, B, C and D VRR's, but the Series E-Q VRR's would be included in any such separate Bond trades and (2) Series A, B, C and D VRR's should trade separately. In addition, the Market Practices clarified that any option, forward or repo trade of Mexico Par Bonds entered into before June 21, 2002 is subject to the pre-existing Market Practice that Bonds should be transferred together with all their related Series B-Q VRR's.

Warrant Trading & Settlement (continued)

New Market Practices...(continued)
Again, as of the date of the Market Practice, the Series E VRR's had not yet been distributed, but the same convention that applies in the spot market would also apply to option, forward and repo trades entered into on and after July 1, 2002, such that (1) Mexico USD Par Bonds should trade without their related Series A-E VRR's, but the Series F-Q VRR's would be included in any such separate Bond trades and (2) Series A, B, C, D and E VRR's should trade separately.

Although all of the foregoing Market Practices are generally intended to apply only to Mexico USD Par Bonds and their related VRR's, market participants may wish to adopt analogous practices for trades of Mexico Par Bonds denominated in non-USD currencies to the extent practicable.

Redemption of Bonds/New ISIN Nos. Assigned to Series B, C, D & E VRR's
As of June 5, 2002, Mexico will have redeemed all of its USD Discount Rate Bonds due 2019. Market participants are reminded that such redemptions do not affect the outstanding Series B, C and D VRR's (whose Separation Dates have occurred on July 1, 1999, July 1, 2000 and July 1, 2001, respectively), and, therefore, holders of the redeemed Bonds that received cash for such Bonds were also entitled to receive Series B, C and D VRR's.

Citibank (the Fiscal Agent), Euroclear and Clearstream have "distributed" on June 23 Series B, C and D VRR's to holders of the redeemed Mexico Bonds (as of the relevant dates of redemption), as well as to holders of Par Bonds (as of a June 21, 2002 Record Date) that have not yet been redeemed. The Series E VRR's were distributed on July 10 to holders of Par Bonds as of July 1, 2002.

Reference Prices
Since March 1, 2001, EMTA has been publishing (mainly for possible use in connection with coordinated VRR buy-ins) a composite reference price for Mexico VRR's based upon quotes received from seven Reference Dealers. The methodology used by EMTA in determining such VRR Reference Price, as well as the most recent weekly VRR Reference Prices (which are published every Monday for the preceding week) and the historical VRR Reference Prices to date, can be located in the Activities & Services, Market Data, Mexico VRR Reference Prices area of EMTA's website.

Payments
The June 30, 2002 payment amount was zero for Series A VRR's. Click Here for the Fiscal Agent's notice regarding the VRR payment's calculation.

The September 30, 2002 payment (if any) is expected to be made to VRR holders of record (including holders of Par Bond Units) as of September 13, 2002, and EMTA has recommended that trades be settled 'ex-dividend' on September 11. (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 the Fiscal Agent has provided such calculation.)

Numerous claims among market participants for upcoming payments, as well as for previous payments, are expected.

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Mexico VRR Market Practice 105 and 104

Revised Primer on Mexico VRR's

Clearing Systems' Announcements Regarding Distribution of Series B, C and D VRR's

Clearing Systems' Announcements Regarding Distribution of Series E VRR's

Venezuela Oil Obligations

Fails in settlements of Venezuela's Oil Obligations, which accompany its Par and Discount Bonds, have been a continuing problem, similar to the VRR fails in Mexico.

Adequate and accurate reconciliation among market participants continues to be the key to resolving disputes regarding old failed Oil Obligation transfers.

Market participants are strongly encouraged to continue their efforts to reconcile internally and with their counterparties their individual accumulated failed Oil Obligation transfers, so that net bilateral positions can be ascertained and settled. In addition, EMTA encourages EMCC members to work with EMCC in pairing off as many failed trades as possible so that any buy-ins of those failed trades can be executed for much lower net Oil Obligation trade amounts.

As indicated previously, Market Practices for the separate trading of Venezuela's Bonds and Oil Obligations were recommended and became effective as of January 2, 2002.

Click Here for a copy of the Market Practices, as well as a revised background Primer on Venezuela's Oil Obligations, including the formula for determining the number of Oil Obligations related to USD Par and Discount Bonds.

Nigeria Warrants and Uruguay VRR's

Market Practices for the separate trading of Nigeria's Bonds and Payment Adjustment Warrants, and for the separate trading of Uruguay's Bonds and Value Recovery Rights, as well as background Primers on the Warrants and VRR's, are under development and expected to be available shortly.

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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) 908-5003.

FSIA Update

On August 13, the House of Delegates of the American Bar Association approved proposed amendments to the US Foreign Sovereign Immunities Act of 1976 that had been developed by the ABA's International Litigation sub-committee. On August 7, EMTA released a memorandum in opposition to certain of the proposed changes (Click Here for a copy of EMTA's memorandum). The final version of the proposed FSIA amendments reflected significant revisions designed to address EMTA's main objections (EMTA was joined in its effort by EMCA, who lobbied delegates extensively during the ABA meeting).

Among other things, the final ABA proposal recommends the insertion of a new provision into the commercial activity exception within the FSIA providing for the removal of immunity for claims "based upon a legal obligation to make a payment at a location in the United States in connection with commercial activity". This proposed insertion would appear to have the effect of making explicit in the FSIA the result of the Weltover Supreme Court decision. Click Here for the complete text of the ABA's final FSIA recommendations. ABA recommendations do not have the force of law, of course, and EMTA expects that if the FSIA is ultimately amended by Congress, the final amendments will reflect further revisions.

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For more information, please contact either Michael Chamberlin at mchamb@emta.org or (212) 908-5000, or Aviva Werner at awerner@emta.org or (212) 908-5003.

Website Updates & Additions

EMTA is paperless. Visit **www.emta.org** for the latest information.

Key Industry Views

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

- "Frequently Asked Questions Regarding Brazilian External Accounts." September 11, 2002 - Central Bank of Brazil.
- "A Casual Observer's Commentary on the Taylor Proposal and EMCA's Model Covenants for New Sovereign Debt Issues (5/3/02 draft)." August 9, 2002 - Michael M. Chamberlin (EMTA).
- "Brazil: Implications of the New US$30 Billion IMF Package." August 9, 2002 - Joyce Chang, Luis Fernando Lopes, Gabriel Sod-Hoffs, Eric Torres (J.P. Morgan).
- "Check, Please." August 8, 2002 - Walter Molano (BCP Securities).
- "Latin Local Markets: Why Bother?" Third Quarter 2002 - Karim Abdel-Motaal (Morgan Stanley).
- "Argentina: Implications of Defaulting to Multilateral Creditors." July 15, 2002 - Martin Anidjar (J.P. Morgan).
- "Do the Waffle." July 12, 2002 - Walter Molano (BCP Securities).
- "Brazil Update." July 5, 2002 - Michael Gavin (UBS Warburg).
- "Brazil's Economy and the Upcoming Elections." July 5, 2002 - Alfredo Thorne and Luis Fernando Lopes (J.P. Morgan).
- "Summary of Views from the EMTA Forum." June 27, 2002 - Richard Segal (Exotix Limited).
- "The Design and Effectiveness of Collective Action Clauses." June 6, 2002 - International Monetary Fund.
- "Collective Action Clauses in Sovereign Bond Contracts: Encouraging Greater Use." June 6, 2002 - International Monetary Fund.

Recent Developments

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

- September 11, 2002 – In Memoriam, Francis N. McGuinn Managing Director, Cantor Fitzgerald EMTA Director 2000-2001.
- August 23, 2002 – Early Market Close Recommended for September 11.
- August 21, 2002 – Proposed Changes to the US Foreign Sovereign Immunities Act Approved by American Bar Association House of Delegates.
- August 15, 2002 – Citibank, as Fiscal Agent, Requests FRBNY, as Collateral Agent, to Release Interest Collateral on Argentina's Discount Bonds. Record Date of September 6 and Payment Date of September 13 Expected.
- August 15, 2002 – Brady Bond Holiday Schedule for UK Summer Bank Holiday and US Labor Day Holiday.

Recent Developments (continued)

- August 9, 2002 – EMTA Publishes Commentary on the Taylor Proposal and on EMCA's Model Covenants for New Sovereign Debt Issues.
- August 9, 2002 – Citibank, as Fiscal Agent, Requests FRBNY, as Collateral Agent, to Release Interest Collateral on Argentina's Par Bonds; 25% Threshold Still Not Met for Discount Bonds. Record Date of September 3 and Payment Date of September 10 Expected for Par Bonds.
- August 8, 2002 Mexico VRR Record Date of September 13 and Payment Date of September 30 Expected. Trades are 'Ex-Dividend' on September 11. Calculations for Payments on the VRRs will be Announced by the Fiscal Agent Shortly.
- August 7, 2002 – EMTA Opposes Changes in the US Sovereign Immunities Act Proposed by American Bar Association Working Group.
- August 5, 2002 – EMTA Announces 2Q 2002 Debt Trading Volume Stood at US$841 Billion.
- July 29, 2002 – Press Release Issued by the Republic of Argentina.
- July 11, 2002 – Revised Primer on Interest Collateral for Argentina's USD Par and Discount Bonds, Supplemented to Include the Euroclear DACE Notice for Liquidation of Collateral.
- July 2, 2002 – Clearing Systems Distribute Mexico VRR's (Series E).
- June 28, 2002 – Primer on Interest Collateral for Argentina's USD Par and Discount Bonds.
- June 26, 2002 – Brazil Dominates Discussion at EMTA's Summer Forum in London.
- June 25, 2002 – For Information Only, Notice from Legal Counsel Representing the Republic of Moldova.
- June 21, 2002 – Revised Primer for Mexico VRR's.
- June 20, 2002 – Brady Bond Holiday Schedule for US Independence Day Holiday.
- June 18, 2002 – Calculations for Payments on Mexico VRR's, Series A, Announced.
- June 17, 2002 – New Market Practices for Mexico USD Par Bond Trades and Their Related VRR's.
- June 17, 2002 – Clearing Systems Distribute Mexico VRR's (Series B, C and D).
- June 11, 2002 – Financial Trade Associations Announce Broad Consensus on Market-Based Principles for Crisis Management and Sovereign Debt Restructuring.
- June 10, 2002 – Citibank Notice on Argentina's Discount and Par Bonds.
- June 6, 2002 – For Information Only, EMTA has Posted a Notice Received from Legal Counsel to the Republic of Moldova.
- June 5, 2002 – EMTA Annual Summer Forum in London to be Held on June 26, 2002.
- June 3, 2002 – Mexico VRR Record Date of June 14 and Payment Date of July 1 Expected. Trades are 'Ex-Dividend' on June 12. Calculations for Payments on the VRRs will be Announced by the Fiscal Agent Shortly.

Miscellany

EMTA's Annual Meeting Set for December 5

EMTA's Annual Meeting will be held on Thursday, December 5, 2002 in New York City. Salomon Smith Barney will once again host the event at its 388 Greenwich Street headquarters. Further information on the event will be made available later this Fall.

Confirmed speakers on EMTA's panels include Arturo Porzecanski (ABN Amro), Jose Luis Daza (Deutsche Bank), Paulo Leme (Goldman Sachs) Joyce Chang (J.P. Morgan), Tulio Vera (Merrill Lynch) and Tom Trebat (Salomon Smith Barney). EMTA will announce additional speakers in the coming weeks.

EM Benefit Set For December 5, 2002

The 2002 Emerging Markets Benefit Committee held meetings on May 29, June 3 and July 9 to further discuss its plans to hold an end-of-year industry charity benefit. The next Committee meeting is scheduled for September 12.

Reviewing various alternatives, the Committee has selected Thursday, December 5, as the date of the event, to coincide with EMTA's Annual Meeting, which will be held earlier that day. The Committee hopes that this will enable Emerging Markets professionals based outside of New York City to attend both functions.

After an extensive nomination and review process, the Committee has voted to recommend that the 2002 EM Benefit will support the Emerging Markets activities of EMPower, Save the Children and World Wildlife Fund.

The Committee continues to welcome new members. If you are interested in participating, please contact Jonathan Murno at jmurno@emta.org or (212) 908-5022.

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Although EMTA is not affiliated with, and does not officially support, any particular charitable organization, EMTA does believe in promoting and giving greater visibility to the industry's most worthy efforts to support charitable and other public service activities throughout the Emerging Markets.

EMTA Membership Update

If you are interested in EMTA membership, or if you know of prospective members, please contact either Jonathan Murno at jmurno@emta.org or (212) 908-5022, or Suzette Ortiz at sortiz@emta.org or (212) 908-5015. Also, in the Membership area of EMTA's website, we now offer information about our various membership categories and benefits and about how to join the Association.

EMTA Hotlines

Topic	Contact	Telephone
Argentina	Michael Chamberlin/Aviva Werner	(212) 908-5000/(212) 908-5003
Brazil	Michael Chamberlin/Aviva Werner	(212) 908-5000/(212) 908-5003
Burden-Sharing	Michael Chamberlin	(212) 908-5000
Clearing Corp. (EMCC)	Keith Kanaga (EMCC)	(212) 855-1675
Code of Conduct	Michael Chamberlin	(212) 908-5000
Corporate Governance	Michael Chamberlin	(212) 908-5000
Derivatives/NDF's	Leslie Payton Jacobs/Aviva Werner	(212) 908-5026/(212) 908-5003
EM Benefit	Jonathan Murno	(212) 908-5022
EMTA Membership	Jonathan Murno/Suzette Ortiz	(212) 908-5022/5015
EMTA Website	Lisa Palazzola/Eric Brenner	(212) 908-5019/5013
FX/NDF's	Leslie Payton Jacobs/Aviva Werner	(212) 908-5026/(212) 908-5003
Global Equities	Bruce Wolfson (Bear)	(212) 272-2571
Information/Research	Jonathan Murno	(212) 908-5022
Investor Rights	Michael Chamberlin/Aviva Werner	(212) 908-5000/(212) 908-5003
Legal/Compliance	Aviva Werner	(212) 908-5003
Loan Trading	Aviva Werner	(212) 908-5003
Local Markets	Aviva Werner	(212) 908-5003
Market Practices	Aviva Werner	(212) 908-5003
Market Price & Volume Data	Jonathan Murno	(212) 908-5022
Multilateral Netting	Aviva Werner	(212) 908-5003
Paris Club	Jonathan Murno	(212) 908-5022
Repos/Securities Lending	Aviva Werner	(212) 908-5003
Warrants/VRR's	Aviva Werner	(212) 908-5003

EMTA staff can also be reached through the general telephone number (212) 908-5000, at the following e-mail addresses or through our website.

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EMTA Calendar

Wed., July 3	Recommended 2:00 p.m. (NYC) Market Close
Thurs., July 4	Recommended Market Close (NYC) Independence Day Recommended 12:00 noon (London) Market Close
Wed., July 17	**EMTA Board Meeting (NYC/London)**
Mon., Aug. 26	Recommended Market Close (London) Summer Bank Holiday
Fri., Aug. 30	Recommended 2:00 p.m. (NYC) Market Close
Mon., Sept. 2	Recommended Market Close (NYC) Labor Day Recommended 12:00 noon (London) Market Close
Wed., Sept. 11	Recommended 2:00 p.m. (NYC) Market Close
Thurs., Sept. 19	Legal and Compliance Group Meeting 12:00 noon at Shearman & Sterling (NYC)
October*	**EMTA Farewell Event at 63 Wall Street (NYC)**
Fri., Oct. 11	Recommended 2:00 p.m. (NYC) Market Close
Mon., Oct. 14	Recommended Market Close (NYC) Columbus Day Recommended 12:00 noon (London) Market Close
Tues., Oct. 15	**EMTA Fall Forum** **UBS Warburg, 1285 Avenue of the Americas (NYC)**
Wed., Oct. 23	**EMTA Board Meeting (NYC/London)**
November*	**EMTA Housewarming at 360 Madison (NYC)**
Fri., Nov. 8	Recommended 2:00 p.m. (NYC) Market Close
Mon., Nov. 11	Recommended Market Close (NYC) Veterans Day Recommended 12:00 noon (London) Market Close
Wed., Nov. 13	Legal and Compliance Group Meeting 12:00 noon at Shearman & Sterling (NYC)
Wed., Nov. 27	Recommended 2:00 p.m. (NYC) Market Close
Thurs., Nov. 28	Recommended Market Close (NYC) Thanksgiving Day Recommended 12:00 noon (London) Market Close
Fri., Nov. 29	Recommended 2:00 p.m. (NYC) Market Close
Thurs., Dec. 5	**EMTA Annual Meeting** **Salomon Smith Barney, 388 Greenwich Street (NYC)** **2002 EM Benefit (NYC)**
Tues., Dec. 24	Recommended 2:00 p.m. (NYC) Market Close
Wed., Dec. 25	Recommended Market Close (NYC/London) Christmas
Thurs., Dec. 26	Recommended Market Close (London) Boxing Day
Tues., Dec. 31	Recommended 2:00 p.m. (NYC) Market Close
Wed., Jan. 1, 2003	Recommended Market Close (NYC/London) New Year's Day

*** Date TBA**