



## Panelists Highlight Argentina at EMTA's First Spring Forum

Argentina was the major topic as EMTA held its first Spring Forum on Thursday, April 26, at the offices of Morgan Stanley in New York City. Jaime Valdivia-Hernandez (Morgan Stanley) led a panel that included Walter Molano (BCP Securities), Carl Ross (Bear Stearns), EMTA Vice-Chair John Cleary (INVESCO) and EMTA Board Member Keith Gardner (Western Asset Management). Despite concerns earlier in the day that the event might be pre-empted by late afternoon market news out of Argentina, over 100 EM professionals attended the Forum, which also included a cocktail reception.



The panel agreed that Argentina had two basic options to address its current financial crisis: fiscal adjustment or restructuring. Walter Molano said that although the Argentines believe that they are being pressured by outside forces, in fact, "the choice is Argentina's: either they go in and they cut expenditures...or else they will have to do a debt restructuring." He added, "It is well within the power of Argentina to do the right thing."

Carl Ross stressed the importance of Buenos Aires "staying engaged with the Washington community," in addition to Argentina's stretching out its debt amortization schedule and making a credible commitment to fiscal adjustment "over a reasonable period of time." Argentine officials are on the right path, and their plan "has a good shot of working." Ross noted that he was among those who believed Argentina's current monetary system is consistent with long-term growth.



"I think it's now obvious that the possibility of Argentina just muddling through no longer exists" posited Keith Gardner. He praised Argentine officials for having correctly identified lack of growth as the major economic issue and having taken appropriate measures, but expressed concerns that much of the country's future economic success hinges on confidence.

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Special Insert:

[EMTA's Main Message Points regarding the Paris Club](#)

## Spring Forum (continued)

Asked about ramifications for the EMs should the worse case default scenario arise, John Cleary responded “Argentina or Turkey—or anywhere— defaulting or restructuring is a problem, it’s a hassle, but it doesn’t kill the asset class.” Cleary opined that the EMs are prone to crisis and that crises can have positive consequences in the long run. He also stressed the broadening of the asset class in recent years, the increasing size of new issues and the rise of euro-denominated issues as important improvements, while noting that returns on G-7 bonds are trending lower, forcing investors to look elsewhere for the yields they may have previously received in countries such as Italy. In the same default scenario, Ross pointed out the possible effects of contagion and of several Latin American countries conceivably “lurching to the left.” Gardner noted that restructuring would not address Argentina’s biggest problem – lack of growth.



In the event of an Argentine default, both Cleary and Gardner predicted that the EMBI+ could return to 800 bps within a year as recent restructurings have been accomplished at a relatively quick pace, while Ross, who believed the effects could be permanent, offered 1000 bps as his prediction. Molano noted that a restructuring would have beneficial effects on other countries, for which the capital markets have “basically been closed” for much of 2001 because of Argentina’s woes.

Assuming that the Argentine situation is satisfactorily resolved one way or another, the panelists all identified Brazilian external debt as one of their top investment choices in the EM debt universe, despite some long-term concerns such as structural issues in the balance of payments and the composition of Brazilian government obligations. Several panelists also spoke positively on Russia, praising President Putin’s commitment to reform. In addition, Molano called Colombia “a country on its way back,” Gardner saw “big bounce” potential in Peru, while Ross and Cleary cited Argentina as obviously ripe for a rebound should its current situation improve.



Opinions were mixed on Ecuador, with Gardner saying he had nothing constructive to say but Ross suggesting that current high yields are attractive despite concerns over whether IMF aid will continue. Opinions also diverged on Mexican paper, with Molano concerned that many investors who have bought Mexican debt as a “safe haven” in recent months will pull out. Ross disagreed, saying that the prospect of S&P investment grade status provided a “carrot” that made Mexican bonds attractive compared to similarly rated debt, especially that of some Asian nations.

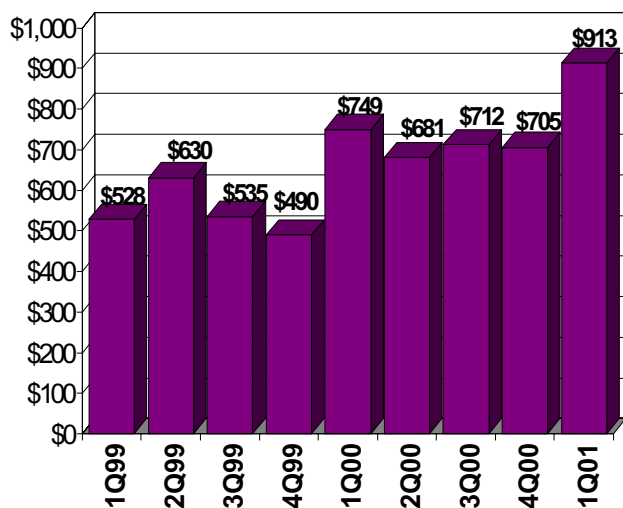
The Spring Forum was one of two new events EMTA plans to hold annually. An Autumn Forum is tentatively scheduled for September in Newport Beach, California, while EMTA’s Summer Forum, which has been held in London for several years, is set for June 28, 2001 at Deutsche Bank.

A transcript of the event will be available shortly on EMTA’s website.

## EMTA Debt Trading Survey: First Quarter 2001 EM Debt Trading Rises to US\$913 Billion

Emerging Markets debt trading rose to US\$913 billion in the first quarter of 2001, according to EMTA's quarterly report on turnover in Emerging Markets debt. This represents a 29% increase over the US\$705 billion reported in the previous quarter, and a 22% increase vs. the US\$749 billion reported in the same period in 2000. The quarter's rise in trading continued the general trend toward greater activity that began in the first quarter of 2000, following a sharp drop in the aftermath of the August 1998 Russian crisis.

**Aggregate Trading Volume**  
(in US\$billions)



Bolstered by concerns over the Argentine economy, as well as a continuing crisis in the Turkish economy and suggestions that Russia was considering halting its Paris Club payments, trading volumes reached their highest quarterly level in over two years. Joyce Chang, Managing Director and Global Head of Emerging Markets Research at J.P. Morgan noted that her institution's internal client activity in March "included the largest monthly net selling since June 1998, just prior to the Russian crisis."

While most Emerging Markets news emanated from other countries, Mexican debt instruments were the most frequently traded for the second consecutive quarter. Mexican debt turnover stood at US\$335 billion, a 52% increase vs. the US\$221 billion reported in the fourth quarter of 2000 and a 154% increase vs. the US\$132 billion reported in the first quarter of 2000. "The increased trading volume for Mexican assets reflects the much broader investment base that Mexico enjoys due to its investment grade status," according to Chang. "Moreover," she added, "Mexico has actually benefited from turbulence in other countries as it is perceived as a safe haven, even in a period of slowing growth in the US." During the quarter, Mexico also attracted investor attention as it successfully completed a US\$3.3 billion debt exchange.

As in recent quarters, an overwhelming majority (78%) of turnover in Mexican debt occurred in local treasury instruments and Mexican local instrument trading accounted for 29% of total volume in EMTA's Survey. Paul Masco, Managing Director and Head of Emerging Markets Debt Trading at Salomon Smith Barney, commented, "The recent rally in Mexican local debt was in large part due to the appreciation of the Mexican peso while the market continues to anticipate Mexico being awarded a second investment grade rating from Standard & Poor's." Complementing foreign investor activity in local debt, Chang noted that local pension funds are for the first time showing strong interest in Mexican external debt.



## EMTA Survey (continued)

Brazilian debt instruments were the second most frequently traded assets, with first quarter volume of US\$180 billion (a 19% increase over US\$151 billion in the fourth quarter while 21% below the US\$228 billion reported in the first quarter of 2000). Brazilian C-Bonds (US\$48 billion) remained the most frequently traded individual instrument although turnover declined 14% from US\$56 billion in the previous quarter. Brazil's 2040 Bond accounted for US\$15 billion in turnover, while reported trading in its new 2006 bond, launched in January, was US\$6 billion.

Trading in Argentine assets, the third most frequently traded instruments, accounted for US\$117 billion (up 19% from US\$99 billion in the fourth quarter). Turnover in the Argentine FRB (the second most frequently traded individual instrument) rose 21% to US\$43 billion, while activity in some Argentine eurobonds (including the 2027 and 2030) and local instruments fell.

Russian volume was fourth, with trading increasing 22% to US\$61 billion from US\$49 billion in the fourth quarter. Russia's 2030 bond, issued as part of the 2000 restructuring, accounted for US\$24 billion in volume (up 14% from US\$21 billion in the previous quarter), and remained the third most frequently traded instrument in the Survey.

In general, local markets instruments accounted for a record 45% of all trading according to the EMTA Survey, vs. 43% and 39% shares in the two previous quarters. Eurobond volumes accounted for 33% of trading, vs. 31% in the previous quarter, reflecting approximately \$20 billion in new issuance in the first quarter. Brady Bond share dropped to 17% as both Argentina and Mexico retired outstanding Brady debt via exchanges; options accounted for 4% of volume and loans constituted 1% of the total.

Despite recent market turbulence, Chang remains fairly optimistic on Emerging Markets debt, commenting "We see the balance of risks for the EMBI+ to the upside from a trading perspective, if not on a fundamental basis." She forecast an EMBI+ range of 725 to 775 bps for the near term, roughly the index's range since the beginning of 2000.

For a copy of EMTA's First Quarter 2001 Debt Trading Volume Survey, please contact Jonathan Murno at [jmurno@emta.org](mailto:jmurno@emta.org) (or 212-908-5022).



## EMTA Visits the Paris Club

Several EMTA representatives, along with representatives from the Institute of International Finance (IIF) and the Emerging Markets Creditors Association, met with the Paris Club on April 3, at the invitation of Paris Club Chairman Jean-Pierre Jouyet. EMTA was represented by Jerome Booth (Ashmore Investment Management), John Cleary (INVESCO), Starla Cohen (EMTA's Managing Director for Europe) and Michael Chamberlin. The Main Message Points made by EMTA to the Paris Club during the meeting have been posted on EMTA's website ([www.emta.org](http://www.emta.org)) in the New Developments area ([click here for the Main Message Points](#)) and are included as an insert to this Bulletin.

These Main Message Points were, for the most part, previously reflected in EMTA's position paper "Burden-Sharing in 2001: Now is the Time to Reform the Paris Club" (2/13/01), which was sent to Mr. Jouyet and widely distributed throughout the official sector in late February. A copy of this paper also appears on EMTA's website ([click here for the Position Paper](#)).

Topics discussed at the meeting included (1) current efforts by the Paris Club to increase the transparency of its operations, (2) the relations between the Paris Club and the private sector and (3) the principle of comparable treatment.

The first topic focused on the newly proposed Paris Club website, which was described and briefly previewed by Paris Club staff for the meeting's participants. The website ([www.clubdeparis.org](http://www.clubdeparis.org)), which became live on April 25, contains a general description of the Paris Club and its rules and principles, as well as a description of the 330 agreements that have been reached by the Paris Club with 75 countries since 1956. It is envisioned that the website will be updated regularly to include Paris Club press releases and other news.

The new website contains a great deal of information about the Paris Club that has not previously been generally available to the public. It remains to be seen how effectively the website will be updated to include new or prospective information that will be useful to the market as specific country situations develop. EMTA's preliminary view is that the new website represents a very positive development in Paris Club transparency, but EMTA (and, we assume, its individual members) will be reviewing and commenting upon the website in the coming weeks.

The second topic, which was introduced on behalf of the private sector representatives by Jacques de Larosiere (formerly head of the IMF and now at BNP Paribas), focused on the desirability of more extensive, on-going consultations between the Paris Club and the private sector. Following a wide-ranging discussion, Paris Club Co-Chair Stephane Pallez expressed the Paris Club's willingness for better two-way communications with the private sector and invited proposals for such consultations. Mr. Jouyet indicated that they intended to follow-up this meeting with another one next Fall.

The issue of on-going dialogue is a very important one to EMTA and its membership, because we believe that it is key to Paris Club decision-making, both understanding it better and improving it. EMTA expects to develop the discussion of consultations in our Main Message Points within the next several weeks into a more concrete proposal for on-going consultations.



## Paris Club (continued)

It is not surprising that the third topic, comparable treatment, involved the most spirited discussion. Paris Club representatives explained some of the history and philosophy of the principle and provided their analysis of its application to Pakistan in 1999 and Ecuador in 1999/2000 (the analysis was also posted on EMTA's website). Various private sector representatives pointed out difficulties in the principle and its application, in large part due to key differences between official sector and private sector lending and decision-making.

It seems clear that the principle of comparable treatment, as well as its application in specific cases, raises serious questions that require further discussion. The recent efforts by the Paris Club to enhance its transparency have been accompanied by an apparent openness to greater private sector dialogue generally. EMTA expects that, in the coming months, much of this dialogue will focus on comparable treatment.

EMTA will be following-up on the matters discussed with the Paris Club at the meeting, and will be apprising you of further developments. Until then, we welcome your views.



## Hague Project on Pledging Securities

EMTA is continuing to analyze the issues of relevance to the Emerging Markets trading and investment community as the Hague project to develop an international conflict of laws convention on the law applicable to pledging securities held through indirect holding systems progresses.

An EMTA member questionnaire to be completed either by (1) persons responsible for overseeing local market activities or (2) persons working in local markets has been distributed to members of the EMTA Legal & Compliance and Local Documentation Working Groups for appropriate forwarding. A copy of the questionnaire is also available by [clicking here](#).

The questionnaire is designed to assist us in collecting accurate information as to (1) the level of local market activity involving the taking of securities, held through intermediaries, as collateral; (2) the prevalence of holding such securities in off-shore intermediaries; and (3) the state of the local commercial law regimes governing these transactions.

This information will help us to determine whether it will be necessary to recommend that a special Emerging Markets provision be included in the Convention (to avoid a result which requires market participants to apply the local law to the proprietary aspects of a collateral transaction if the legal regime covering such activity is not in place in the local market).

For more information concerning work in this area, please contact Starla Cohen at [scohen@emta.org](mailto:scohen@emta.org) (or 011-331-4455-0129).



## Mexico VRR's

### **New Market Practices**

**E**MTA's new Market Practices for the separate trading of USD Discount and Par Bonds and their related Series A VRR's became effective on February 1, 2001. The Market Practices (together with other related materials, including a revised Mexico VRR Primer) are available on EMTA's website ([www.emta.org](http://www.emta.org)) under the January 24, 2001 New Developments item. The approach taken under the new Market Practices for Mexico USD Bonds is expected to be extended to Venezuela, Nigeria and Uruguay Brady Bonds in the near future.

The market's reaction to the new Market Practices has been favorable. EMCC has reported that some Series A VRR trades that had initially failed were eventually settled; however, despite some progress in the clean-up effort, many other VRR trades remain unsettled.

### **Reconciliation of Old VRR Transfers**

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

Market participants are strongly encouraged to continue their efforts to reconcile internally and with their counterparties their individual accumulated failed VRR transfers, and resulting net VRR and VRR payments positions.

The March 31, 2001 payment on the Series A VRR's was made on April 2, 2001 to VRR holders of record (and holders of Par Bond Units, if any) as of March 16, 2001. (A copy of the Fiscal Agent notice regarding the payment's calculation was published in the New Developments area of EMTA's website on March 13.)

Numerous claims among market participants for the March payment, as well as for previous payments, are expected.

### **Remedies for Old and New Failed VRR Transfers**

At present, EMTA is considering two Multilateral Netting Facilities: one or more Facilities to clean up old VRR fails and a separate Facility that is intended to operate more regularly for new VRR trades. As currently envisioned, neither Facility would require physical settlement:

- The first Facility for old VRR fails would enable the netted VRR fail amounts to be cash-settled based upon an industry-approved methodology for determining the market value of a VRR trade.
- The second Facility for new VRR trades would permit participants in the Facility to settle their net VRR obligations to other participants or, alternatively, to 'roll' their net VRR obligations into subsequent Facilities.

More information on these proposed Facilities will be available on EMTA's website in the New Developments area.





## Mexico VRR's (continued)

### Mexico VRR Reference Prices

Since March 1, 2001, EMTA has been calculating a composite reference price for Mexico VRR's based upon quotes received from seven Reference Dealers. The methodology used by EMTA in determining such EMTA VRR Reference Price is described below.

### Methodology for EMTA VRR Reference Prices

*Reference Dealers:* CSFB, Deutsche, JP Morgan Chase, Merrill, Morgan Stanley, Salomon and UBS.

*Polling Procedure:* What are your bid and offer prices at a specified time (to be determined by EMTA between 10:00 a.m. and 2:00 p.m. (NYC time)) for a standard size (U.S. \$2 million) Mexico VRR (Series A) trade?

For the sake of convenience and for the foreseeable future, EMTA will conduct its polling of each of the seven Reference Dealers by e-mail, requesting them to provide such bid and offer prices by the end of the business day (but no later than 5:00 p.m. (NYC time)) for a standard size (U.S. \$2 million) Mexico VRR (Series A) trade at 11:00 a.m. (NYC time).

*Calculation:* The arithmetic mean of each bid and offer pair is calculated by EMTA, and the highest and lowest resulting arithmetic means are eliminated. The EMTA VRR Reference Price is the arithmetic mean of the remaining arithmetic means.

*EMTA Data Reporting:* The most recent weekly EMTA VRR Reference Prices (which are published every Monday for the preceding week), as well as the historical EMTA VRR References Prices to date, are listed on EMTA's website in the [Activities & Services, Market Data, Mexico VRR Reference Prices area](#).

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For further information regarding VRR's and the Methodology for the EMTA VRR Reference Price, please visit the New Developments area of EMTA's website or contact Aviva Werner at [awerner@emta.org](mailto:awerner@emta.org) (or 212-908-5003).



## Some Nuts & Bolts of New Financial Architecture

An EMTA Working Group has been reviewing various questions and concerns about the quality and quantity of information flow to the market, and the relative responsibilities of the exchange agent, lead manager, issuer and clearing systems, in connection with exchange offers over the past year for Argentina, Russia, Ecuador, Brazil and Mexico.

EMTA has also recently met with the clearing systems (Euroclear, Clearstream and DTCC), as well as counsel for various exchange and fiscal agents, to determine what other generic issues relating to future exchange offers may require further attention.

Some of the issues identified by the Working Group that require EMTA input are:

- Sensitizing exchange agents, lead managers and issuers (and their legal counsel) to the need for prompt and accurate information to be disseminated to investors and clearing systems (including information about, and reconciliation of, bond positions tendered and new bond amounts to be received, as well as the completion of Letters of Transmittal).
- Clarification from the clearing systems on how and when bond positions are blocked and unblocked, and the mechanics of any extensions of an exchange offer or rescheduling.
- Promoting greater investor and clearing system input into new bond documentation (including possible changes in notification requirements (e.g., using EMTA's website as a source for information relating to payments, etc.), shortening of record dates and standardization of Transfer Certificates).

In addition, the Working Group is also addressing information flow issues relating to existing bonds, including difficulties in obtaining prompt and accurate information such as rates of interest, amortizations, capitalizations, payment dates and amounts, record dates and any errors in such information previously disclosed.

EMTA has also been requested by the Working Group to assume a greater role in receiving such information from agents and posting it on EMTA's website. In some circumstances (e.g., Mexico VRR's), fiscal agents are already providing EMTA with payment information that can be posted on its website simultaneously with customary newspaper publication. EMTA has compiled data in connection with interest rates, amortizations, capitalizations, payment dates and amounts and record dates, and has requested fiscal agents to review such data for future posting on EMTA's website.

Finally, the Working Group is also looking into issues relating to delayed or partial payments (e.g., Peru or Ivory Coast), including the feasibility of obtaining more information on a timely basis from issuers, fiscal agents and clearing systems.

For more information concerning work in this area, please contact Aviva Werner at [awerner@emta.org](mailto:awerner@emta.org) (or 212-908-5003).



## FX/Derivatives

### Latin America

The Argentina NDF Working Group has been developing a revised Template and back-up provision to minimize exposures in the event of a devaluation of the Argentine Peso. Rather than continuing to use the reference dealer poll as the primary Settlement Rate Option, market participants have opted to move to the use of the ARS Official Rate as the Primary Settlement Rate Option. Citing the Official Rate should prevent the possibility that previously existed that a rate other than the Official Rate could be quoted due to slight fluctuations in the Peso price in the local spot market (despite the fact that polling should have been for same-day rates, which should have stayed steady at 1 Peso to 1 USD), although no devaluation had occurred. There has also been market consensus to include a Price Materiality Disruption Event in the ARS Template, which could trigger the use of a new back-up rate source, the CME/EMTAARS Industry Survey Rate, in certain circumstances.

The ARS Official Rate is defined in Annex A as the rate set by Banco Nacion pursuant to the Convertibility Law of 1991.

The CME/EMTAARS Industry Survey Rate which has been developed by market participants is based on an industry survey conducted by the CME. The CME will poll market participants in the local Buenos Aires Peso/Dollar spot (same day) market as of 12:00 noon on the Rate Calculation Date in order to determine the CME/EMTAARS Industry Survey Rate. The CME/EMTAARS Industry Survey Rate will be published in the event the ARS Official Rate is not published (Price Source Disruption), or if a minimum of 3 off-shore dealers active in the ARS/USD NDF markets requests that EMTA submit a Survey Request to the CME.

In the latter case, the CME/EMTAARS Survey Rate will be used to settle relevant NDF contracts only if the ARS Official Rate diverges from the CME/EMTAARS Industry Survey Rate by a margin of at least .3%. If insufficient responses are obtained in the survey process, no CME/EMTAARS Industry Survey Rate will be determined and market participants will move to the next Disruption Fallback, Calculation Agent Determination of Settlement Rate, to settle their NDFs.

Copies of the most recent drafts of the ARS Template Terms and the ARS Industry Survey Methodology are available on EMTA's website under Standard Documentation in the FX/Derivatives Documentation Index.

### Asia

A memorandum highlighting the outstanding Asia-related NDF issues was distributed on May 10, 2001. A conference call of the Asia NDF Working Group took place on Thursday, May 17, 2001.

### Non-Deliverable Options

A memorandum highlighting several issues affecting the trading and documentation of non-deliverable currency options was distributed on April 10, 2001. A conference call of the NDF Lawyers Subcommittee will be held shortly to discuss these issues.

Questions concerning these FX matters should be directed to Starla Cohen at [scohen@emta.org](mailto:scohen@emta.org) (or 011-331-4455-0129).



## Bond/Loan Trading & Settlement

### Calculation of Accrued Interest

On October 14, 1997, EMTA recommended that, unless otherwise agreed, the European method (ISMA's Rule 251) should be used by all market participants (regardless of their location or whether they are ISMA members) for settling all trades of Brady Bonds and Emerging Markets Eurobonds that settle on the 31st day of any calendar month (regardless of place of settlement).

This Market Practice recommending the European Method for settling Emerging Markets trades has not been uniformly applied by the market or by research services (such as Bloomberg) that help the market determine an accurate calculation for accrued interest. After EMTA discussions with Bloomberg representatives, Bloomberg agreed that, for all EM sovereign issues, it would make the necessary changes to its system to calculate accrued interest based on the European Method.

In a recent Market Practice, EMTA recommended that the European Method (as recently modified in ISMA's Rule 251) should also be used by all market participants (regardless of their location or whether they are ISMA members) for settling all trades of Emerging Markets corporate bonds that settle on the 31st day of any calendar month (regardless of place of settlement).

This Market Practice (effective for all trades entered into on and after Monday, May 14, 2001) for the Calculation of Accrued Interest for Settlement of Certain Month-End Trades of Emerging Markets Sovereign and Corporate Bonds has recently been made available in the Members Only area of EMTA's website ([www.emta.org](http://www.emta.org)) under Market Practice No. 96.

### Loan Agent Fees

EMTA also recommended that, effective for all trades entered into on and after Monday, May 14, 2001, Buyers pay all agent fees in connection with the transfer of any Emerging Markets loan asset subject to EMTA's Standard Terms for Assignments of Loan Assets, dated June 26, 2000. This Market Practice has recently been made available in the Members Only area of EMTA's website ([www.emta.org](http://www.emta.org)) under Market Practice No. 97.

### Ivory Coast

Market Practices for Ivory Coast Bonds have recently been made available in the Members Only area of EMTA's website ([www.emta.org](http://www.emta.org)) under Market Practice No. 95. The Market Practices recommend that, in light of the continuing non-payment of principal on the PDI Bonds, (1) such Bonds should continue to trade and settle by using the amortization factor of 95% and (2) entitlement to the principal payments due on September 30, 2000 and March 31, 2001 (whenever paid in the form of cash or otherwise) should be for the account of the entity receiving such principal payments in accordance with the terms of the Fiscal Agency Agreement or otherwise.

Any questions on these Market Practices may be directed to Aviva Werner at [awerner@emta.org](mailto:awerner@emta.org) (or 212-908-5003).



## Website Updates & Additions

### Industry Focus - Eye on Argentina

EMTA's Key Industry Views website area now includes a number of market reactions to the recent proposal to revise Argentina's Convertibility Law, which would tie the Argentine peso to a basket composed of the US dollar and the Euro. The Key Industry Views section also includes a recent article authored by Argentine Economy Minister Domingo Cavallo, in addition to other important articles concerning the EM debt trading industry.

"An Open Letter to the Markets." April 22, 2001 - Domingo F. Cavallo (Minister of the Economy, Republic of Argentina).

"Having His Cake and Eating It Too." April 18, 2001 - Pablo Goldberg (Merrill Lynch).

"Argentina: The Euro and the Convertibility Regime." April 17, 2001 - Andres Lederman (Salomon Smith Barney).

"Argentina: The Costs and Benefits of Changing US\$ Convertibility to a Basket." April 17, 2001 - Martin Anidjar (J.P. Morgan)

"Argentina: A Currency Basket is Becoming a Reality." April 17, 2001 - Carlos Janada (Morgan Stanley Dean Witter).

"Argentina: The Risks of Cavallo's Currency Basket Proposal." April 16, 2001 - Leonardo Leiderman (Deutsche Bank).

"Brazilian Relative Value: High Brady Cash Flow Payments Historically Have Little Impact on Asset Pricing." April 17, 2001 - Stuart Sclater-Booth and Eric Beinstein (J.P. Morgan).

"Do Large Brady Payments Lead to Abnormally High Market Returns?" April 2, 2001 - Javier Kulesz and Michael Corlett (UBS Warburg).

"Fundamentals Challenging Technicals." March 9, 2001 - Eric Fine (Morgan Stanley Dean Witter).

"Sovereign Piracy." February 2001 - G. Mitu Gulati and Kenneth N. Klee (The Business Lawyer, Vol. 56).

EMTA is  
now paperless.

Visit

[www.emta.org](http://www.emta.org)

for the  
latest information.

### FRBNY Announces 'Frauds and Scams' Website Page

The Federal Reserve Bank of New York has launched a new "Frauds & Scams" page on its website. This page will list frauds and scams involving the use of the Federal Reserve's name to give a false appearance of legitimacy to fraudulent financial instruments, investment opportunities & fund raising proposals; the page will be updated periodically. An e-mail service with updates on new scams is also available. Further information is available on the web at <http://www.newyorkfed.org/bankinfo/circular/11333.html>.

**EMTA Members:**  
The password for the  
Members Only area has  
changed. To obtain the  
new password, just e-mail  
[emtanyc@emta.org](mailto:emtanyc@emta.org).



## Miscellany

### Fourth London Summer Forum Set for June 28, 2001

EMTA's Fourth Annual Summer Forum will take place on Thursday, June 28, 2001, in London. Deutsche Bank will again host in their Auditorium at Winchester House, 1 Great Winchester Street in London. Panelists will include Jerome Booth (Ashmore Investment Management), Mark Franklin (Citigroup Investments), Maryam Ettehadieh (Credit Suisse Asset Management), Jose Luis Daza (Deutsche Bank), Tom Fallon (Fortis Investment Management), Philip Poole (ING Barings), Robin Hubbard (JP Morgan), Amit Gupta (MN Services), Eric Fine (Morgan Stanley) and Paul Murray-John (Scudder Threadneedle).

Invitations will be sent to EMTA Members in late May. For more information, please contact Jonathan Murno at EMTA at [jmurno@emta.org](mailto:jmurno@emta.org) (or 212-908-5022).

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### EMTA Executive Director Speaks at Asian Debt Conference

EMTA's Executive Director Michael Chamberlin spoke at a conference on the Asian Debt markets sponsored by the Asia Society on May 17, 2001. Mr. Chamberlin focused on investor rights in his presentation, saying that investor appetite in many EM equity markets is compromised by inadequate regulations regarding bankruptcies, accounting and corporate governance, while interest in EM debt markets has been weakened by uncertainty about private sector involvement in sovereign debt crises.

Mr. Chamberlin noted that EMTA continues to work to address these Buy-Side issues in a number of ways, such as advocating the private sector's point of view in public policy debates, making recommendations on clauses in bond documentation and supporting private sector efforts in local legal and regulatory reforms.

A full transcript of Mr. Chamberlin's remarks can be found on EMTA's website at <http://www.emta.org/ndevelop/mmcasia.pdf>.



## Miscellany (continued)

### EMTA Hosts EMPower Meeting

On Tuesday, May 15, 2001, EMTA hosted a meeting of EMPower, the foundation created by a number of leading Emerging Markets professionals, which awards grants to small grassroots organizations in Emerging Market countries. The meeting, which is one of several EMPower has held to introduce grant recipients to EM debt community donors, featured speaker Jane Sieh, the Founder and Director of Grupo Primavera in São Paulo.

Grupo Primavera is a non-governmental organization using private financial and technical resources to spin off a for-profit business from a non-profit organization. EMPower recently awarded Grupo Primavera a \$7,500 grant to facilitate an industrial-scale expansion of Grupo Primavera’s “Brothinos” doll-making business, which will provide training and employment opportunities to the women of the Campinas area of São Paulo.

For more information on EMPower, please contact Craig Cramer at [ccramer@earthlink.net](mailto:ccramer@earthlink.net) or Barbara Magnoni at [bmagnoni@mindspring.com](mailto:bmagnoni@mindspring.com).

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*Although EMTA is not affiliated with, and does not officially support, any charitable organization, EMTA does believe in promoting and giving greater visibility to the industry’s efforts to support charitable and other public service activities.*

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### EMTA Membership Update

EMTA’s newest member is **Trust and Investment Bank**. If you know of other prospective members, please contact either Jonathan Murno at [jmurno@emta.org](mailto:jmurno@emta.org) (or 212-908-5022) or Suzette Ortiz at [sortiz@emta.org](mailto:sortiz@emta.org) (or 212-908-5015). EMTA’s website ([www.emta.org](http://www.emta.org)) under Membership now offers information about joining our association.



## EMTA Hotlines

<u>Topic</u>	<u>Contact</u>	<u>Telephone</u>
Clearing Corp. (EMCC)	Keith Kanaga (EMCC)	(212) 855-1675
Code of Conduct	Michael Chamberlin	(212) 908-5000
Corporate Governance	Starla Cohen	(331) 4455-0129
Derivatives/NDF's	Starla Cohen/Aviva Werner	(331) 4455-0129/(212) 908-5003
Electronic Trading	Michael Chamberlin	(212) 908-5000
Foreign Exchange	Starla Cohen/Aviva Werner	(331) 4455-0129/(212) 908-5003
Global Equities	Starla Cohen/Bruce Wolfson (Bear)	(331) 4455-0129/(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	Starla Cohen	(331) 4455-0129
Market Practices	Aviva Werner	(212) 908-5003
Market Price & Volume Data	Jonathan Murno/Lisa Palazzola	(212) 908-5022/5019
Membership	Jonathan Murno/Suzette Ortiz	(212) 908-5022/(212) 908-5015
Multilateral Netting	Don Goecks/Suzette Ortiz	(212) 908-5010/5015
Paris Club	Starla Cohen	(331) 4455-0129
Repos/Securities Lending	Aviva Werner	(212) 908-5003
Warrants/VRR's	Aviva Werner	(212) 908-5003
Website	Lisa Palazzola/Eric Brenner	(212) 908-5019/5013

EMTA staff can also be reached through the general telephone number (212) 908-5000, at the following e-mail addresses or by visiting EMTA's website at [www.emta.org](http://www.emta.org).

Michael Chamberlin	<a href="mailto:mchamb@emta.org">mchamb@emta.org</a>	Eric Brenner	<a href="mailto:ebrenner@emta.org">ebrenner@emta.org</a>
Starla Cohen	<a href="mailto:scohen@emta.org">scohen@emta.org</a>	Suzette Ortiz	<a href="mailto:sortiz@emta.org">sortiz@emta.org</a>
Donald Goecks	<a href="mailto:dgoecks@emta.org">dgoecks@emta.org</a>	Lisa Palazzola	<a href="mailto:lpalazzola@emta.org">lpalazzola@emta.org</a>
Jonathan Murno	<a href="mailto:jmurno@emta.org">jmurno@emta.org</a>	Aviva Werner	<a href="mailto:awerner@emta.org">awerner@emta.org</a>





## EMTA Calendar

<b>Tues., May 22</b>	Legal and Compliance Group Meeting, 12:00 noon at Shearman & Sterling (NYC)
<b>Fri., May 25</b>	Recommended 2:00 p.m. (NYC) Market Close
<b>Mon., May 28</b>	Recommended Market Close (NYC/London) US Memorial Day/Spring Bank Holiday in London
<b>Tues., June 26*</b>	Legal and Compliance Group Meeting, 8:00 a.m. at Shearman & Sterling (NYC)
<b>Wed., June 27</b>	<b>EMTA Board Meeting (London/NYC)</b>
<b>Thurs., June 28</b>	<b>London Summer Forum</b> <b>Deutsche Bank, 1 Great Winchester Street, London</b>
<b>Tues., July 3</b>	Recommended 2:00 p.m. (NYC) Market Close
<b>Wed., July 4</b>	Recommended Market Close (NYC) Independence Day Recommended 12:00 noon (London) Market Close
<b>Mon., Aug. 27</b>	Recommended Market Close (London) Summer Bank Holiday
<b>Fri., Aug. 31</b>	Recommended 2:00 p.m. (NYC) Market Close
<b>September**</b>	<b>Autumn Forum (Southern California)</b>
<b>Mon., Sept. 3</b>	Recommended Market Close (NYC) Labor Day Recommended 12:00 noon (London) Market Close
<b>Fri., Oct. 5</b>	Recommended 2:00 p.m. (NYC) Market Close
<b>Mon., Oct. 8</b>	Recommended Market Close (NYC) Columbus Day Recommended 12:00 noon (London) Market Close
<b>Wed., Oct. 24</b>	<b>EMTA Board Meeting (NYC/London)</b>
<b>Fri., Nov. 9</b>	Recommended 2:00 p.m. (NYC) Market Close
<b>Mon., Nov. 12</b>	Recommended Market Close (NYC) Veterans Day Recommended 12:00 noon (London) Market Close
<b>Wed., Nov. 21</b>	Recommended 2:00 p.m. (NYC) Market Close
<b>Thurs., Nov. 22</b>	Recommended Market Close (NYC) Thanksgiving Day Recommended 12:00 noon (London) Market Close
<b>Fri., Nov. 23</b>	Recommended 2:00 p.m. (NYC) Market Close
<b>December**</b>	<b>EMTA Annual Meeting (NYC)</b>

\* Tentative Date

\*\* Date TBA