Emerging Markets Traders Association

Bulletin

EMTA's BULLETIN IS GOING PAPERLESS see page 2

2000 - EMTA's 10th Anniversary Year
2nd Quarter 2000 Volume 2000: No. 2

In this Issue:

Some Good News

Building on the views widely expressed at last December's Annual Meeting that credit fundamentals warranted continued market growth in 2000, Russia and Mexico both provided some good news in the 1st Quarter.

Russia Agrees Restructuring Terms

If you bet that Russia's London Club negotiations would drag out past Russia's presidential elections into mid-year. . .you lost.

On February 11, Russia and its Advisory Committee pleasantly surprised most market participants by announcing proposed terms for restructuring U.S. $31.8 billion Vnesheconombank debt. Under the terms, the Russian Federation will offer to exchange new 30-year Russian Federation Eurobonds for Restructured Prin at a discount of 37.5% (i.e., $100 face value of Restructured Prin will receive $62.50 face value of Bonds). IAN holders would also receive 30-year Eurobonds, but at a discount of 33%. PDI claims would be exchanged for a new 10-year Eurobond, with a cash payment of 9.5% of the face amount on the closing date of the exchange. The deal is expected to be completed before June 30. See Loan/Bond Trading & Settlement on page 8.

Mexico Reaches Investment Grade

In another positive development, Mexico reached investment grade in March.

Ten years after Mexico's historic Brady restructuring, and five years after its peso devaluation and subsequent rescue, Moody's upgraded Mexico's foreign currency debt to Baa3. Widely expected, but not necessarily before July's presidential elections, Mexico now joins a short list of Latin America's only investment grade country credits. Moody's action expressed confidence shared by many analysts that Mexico's economic and political reforms have become deeply rooted. Some market participants hailed Mexico's upgrade as another reason why the return of cross-over investors to the Emerging Markets should gain momentum in 2000.

Tel. (212) 908-5000 63 Wall Street, New York, NY 10005 Fax (212) 908-5039
www.emta.org

EMTA Launches New Website

www.emta.org to become primary way to disseminate EMTA information

Since March 6, 2000, EMTA members and other surfers on the net have been able to access EMTA's newly redesigned website *(www.emta.org)*. While some pages remain under construction, the current site now features *New Developments*; a timeline of Significant Market Events & EMTA Activities; EMTA Board and staff bios; links to many finance industry sites, including governments, multilateral financial institutions, other trade associations and EMTA Member firms; as well as an improved *Members Only* section with access to current standardized documentation and market practices.

EMTA plans to develop the site into an important "information network" for the Emerging Markets industry. Some enhancements Members can expect in the near future include daily historical EMCC price and volume data on more than 230 EMCC-eligible Emerging Markets debt securities; current and historical CME/EMTA U.S. Dollar/Russian Ruble exchange rates; information on Emerging Markets bond coupon settings, amortizations and capitalizations; and historical daily average bid and ask prices on a variety of exotic Emerging Markets debt instruments.

EMTA's Bulletin, distributed quarterly in hardcopy since 1992, will be published solely in electronic form effective with the 3rd Quarter issue (circa July 20, 2000). As you may have noticed, EMTA is sending more e-mails and fewer faxes and mailings. It's cheaper, faster and, we hope, a better way to communicate with our Members. Starting later this year, EMTA's Annual Report will also go paperless.

EMTA's Bulletin will go paperless in July.

Visit

www.emta.org

for the latest information.

EMTA's goal is to create a site that serves as the primary information source for not only EMTA activities, but also for valuable industry-related information. Please visit us there and give us your comments and suggestions on ways the site can best meet your needs.

Happy surfing!

EMTA Members: To obtain your password for the Members Only section, e-mail emtanyc@emta.org

10 YEARS

EMTA was formally incorporated in December 1990. To help mark its 10th anniversary, EMTA's Bulletin is featuring a series on various periods in EMTA's history. This issue contains Bruce Wolfson's 'prehistoric' recollections of the informal meetings beginning in early 1989 that eventually led a group of leading Emerging Markets (then LDC!) debt traders to formally establish an industry trade association. Bruce has been a leading Emerging Markets lawyer and aficionado since the early 1980's and an EMTA Director since 1994.

EMTA's Beginnings

by Bruce Wolfson, EMTA Director and Senior Managing Director at Bear Stearns

Not long after the first restructurings for Latin American debt were agreed in December 1982, the first loan trades were consummated. At first the trades were for the limited purpose of allowing lenders to reallocate their portfolios of sovereign credits. Trades (called 'ratio' or 'cocktail' swaps) were structured as exchanges of assets, avoiding any mention of prices that might force the parties to adjust the value of billions of dollars of similar credits still on their books.

A few years later, provisions allowing creditors to exchange sovereign debt for equity or other assets were introduced into the new restructuring agreements. This brought added impetus to the trading markets, as prospective investors became purchasers of restructured debt. Financial institutions representing such investors often accumulated debt to be used in debt/equity and other swaps.

The restructuring process continued in Latin America throughout the 1980's and then spread to other Emerging Markets around the world. The first round of restructuring was succeeded by others, vastly increasing the supply of tradable loans. When Citibank established a significant reserve against its LDC debt in the spring of 1987, most other major lenders followed. Sales for cash by some lenders to generate tax losses occurred in late 1987, and throughout 1988 the cash market further developed. Loan trading volumes soared, heralding the creation of a new trading asset class and bringing considerable attention to this young industry.

Unfortunately, not all of the attention was favorable. Press coverage of the trading industry (as well as coverage of bank debt negotiations) was somewhat hostile, and market rumors abounded. Banking regulators had begun to express their concerns that sovereign loan trading resembled a 'wild west show'.

As book values of loans became more realistic, it became harder to get commercial banks to make the new money loans required under the Baker Plan. At the same time, public concerns were growing about the ability of sovereign borrowers to repay loans, and about the cost to the countries of doing so. Mexico's Aztec Bonds in 1988 represented one of the early efforts by a debtor country to 'capture the discount' that the trading markets had made plain to all.

Against this backdrop, U.S. Treasury Secretary Nicholas Brady delivered an address at Bretton Woods in March 1989 proposing partial forgiveness of LDC debt in exchange for collateralized instruments that would be easier to trade. Mexico's negotiations began the next month, resulting in a deal by July and a term sheet in September. The deal was set to close in March 1990.

There were many significant aspects of the so-called "Brady Plan". Principal maturities were to be extended to thirty years. Debt relief was provided by means of a reduction in principal (in the case of Mexico, by 35%) or interest (in Mexico's case, to 6.25% fixed). The U.S. Treasury sold borrowers zero-coupon bonds to be used as principal collateral. Interest was to be partially collateralized as well. Oil warrants, called Value Recovery Rights, were issued to Mexico's creditors, and Venezuela, Uruguay, Nigeria and Costa Rica issued similar instruments. Perhaps most importantly for purposes of this article, loans were to be exchanged for bonds in a variety of series and currencies, all of which were designed to be instruments capable of trading freely in the secondary markets.

From the term sheet, Brady Bonds looked like they would be complicated trading instruments, and the trading community pondered the approaching deadline for their creation. For years, Emerging Markets trading desks had devoted enormous amounts of time and money to preparing, negotiating and executing loan trading documentation on a trade-by-trade basis. Although a small group of commercial banks had worked out confirmation forms for the Aztec Bonds, there were no other standard documents or market practices, and loan trades routinely took weeks to settle. Most of the major players were commercial banks or former commercial bankers with just enough experience in bond trading to know that individually negotiated documentation and delayed settlements would not work for Brady Bonds.

A few traders had long harbored hopes of creating a trade association to bring greater efficiency and transparency to the markets. The advent of the Brady Plan, along with the added regulatory focus on the growing loan trading business, made the moment ripe. One afternoon in late 1989, Peter Geraghty, then head of the LDC debt trading business at NMB, invited a few of his colleagues around the street to discuss procedures for trading Brady Bonds.

The urgent need to develop standard documents for trading Brady Bonds was recognized by all, but most firms were hesitant to confer any authority to enforce their use or define market practices. As the meeting adjourned, a small group of lawyers was formed to prepare draft confirmations, but no decision to form a trade association was taken.

In the weeks and months that followed, Peter Geraghty continued to lobby his colleagues to form a trade association to bring greater order and efficiency to the markets. Nick Rohatyn of JP Morgan argued that industry standards had to be above reproach and that such an association could address concerns of regulators that LDC loan trading was in need of increased regulation. As the effort to create standard bond confirms proceeded, the firms seemed to grow more comfortable with the idea of working together under the auspices of a trade association. In due course, trade confirmation forms for Mexico's Brady Bonds were completed and put into use.

The first issuance of Brady Bonds gave further fuel to the market's growth and development. Before long, the first broker's screens were introduced. If LDC debt trading was still a club, its membership was growing.

As interest in a trade association grew, many of the fears remained. There was widespread agreement on the wisdom of developing standard documentation that counterparties could use to facilitate settlement. There was also significant support for publishing standard market practices that would govern all trades unless the parties otherwise agreed. On the other hand, there was no appetite for a self-regulatory organization. Participation in the new trade group, provisionally called the LDC Debt Traders Association, was to be wholly voluntary. There was to be no authority to require members to use standard documents or to follow published market practices. The Association was to act only on matters as to which a broad consensus could be reached.

Thus the decision was made to form the association that is today the Emerging Markets Traders Association. The eleven original directors, which included a number of the traders who had attended the early Aztec and Brady bond meetings, were Rick Haller of Morgan Grenfell, Kathy Galbraith of The Chase Manhattan Bank, Nick Rohatyn of JP Morgan, Peter Geraghty of NMB, Alex Rodzianko of Manufacturers Hanover, Peter Drittel of Bear, Stearns, Manuel Mejia-Aoun of Merrill Lynch, Steve Dizard of Salomon Brothers, Hugo Verdegaal of Citibank, Neil Allen of Bankers Trust, and Robert Trisciuzzi of Bank of Tokyo. Nick Rohatyn served as the first Chair and later contributed EMTA's first offices and Executive Director — Tom Winslade, a JP Morgan attorney, who was secunded to EMTA full-time from June 1992 through 1993. Following a 'beauty contest', Michael Chamberlin of Shearman & Sterling was named outside legal counsel in late 1990 and was charged with incorporating the Association.

In December 1990, the LDC Debt Traders Association was formally incorporated. What began the 1980's as a few heavily negotiated asset swaps greeted the 1990's as a major industry. The subsequent years have been challenging for EMTA, and for the business it represents. But through the many highs and lows, there can be little doubt that the efforts of those who met in that conference room at NMB just over a decade ago have contributed more to the stability and transparency of the Emerging Markets than even they could have imagined.

Emerging Markets Clearing Corporation

As EMCC's first and only CEO, Keith Kanaga has led the effort, together with several key industry leaders, to bring greater efficiency and less risk to the clearing of Emerging Markets bond trading. Rather than provide second-hand updates, we thought you might prefer to hear about EMCC developments from Keith directly.

Electronic Screen-Based Clearing

By Keith Kanaga, Managing Director of EMCC

Like other marketplaces, the Emerging Markets debt arena is rapidly preparing for the implementation of some exciting new technologies and innovations. Several inter-dealer brokers currently supporting Emerging Markets bonds, in addition to a number of new brokers entering the market seeking to capture market share, all share a common vision – electronic screen-based trading. This vision has now been embraced by many of the major dealers in order to achieve significant efficiencies and cost reductions. The screens will also provide the trading desk with up-to-the minute market information with the click of a button.

The trading desks of the dealers have been reviewing the various broker screens being offered in the marketplace, and several major dealers are in the process of installing these screens. The trading screens offer a wide array of features and will allow the trader to manipulate his activity by pointing and clicking on various screens and/or commands. While the screens being offered by the brokers are similar in nature, each offers some unique capabilities.

While the trading side is undergoing significant changes, so too will the clearance and settlement component. Some brokers may offer electronic screens and continue to clear through a correspondent clearing firm. Other brokers may introduce dual screens (EMCC-only vs. non-EMCC screens), depending on which screen the trade is executed on, and the dealers will then either submit the trade to EMCC or Euroclear for further processing.

The evolution of EMCC has positioned the marketplace to take the next step to support Electronic Communications Networks (ECNs), which will introduce trading screens for EMCC-only members and EMCC-only securities. It is proposed that, once matched, the trades will be routed directly to EMCC for trade guarantees and risk reduction. This methodology, in addition to eliminating the telephone check-out process, will also enable the ECN brokers to further reduce commissions to those dealers using the system.

Seeking to support this quickly moving shift in the marketplace, EMCC has held several meetings with brokers and dealers, both in London and New York, to define how the trade flows will work. There will be at least three different variations on how the trades will be handled after the trade is executed.

The first electronic trading screen went live on April 5 with a limited number of dealers accessing the EMCC-only screen. Several other trading screens are now being rolled out and are expected to go live shortly. Several major dealers have indicated that they plan to trade on the EMCC-only screens and, as a result, we expect to see the trading volumes increase over time.

The future is here. Traders should prepare now for this new marketplace and coordinate their efforts with their middle and back office staff.

For further information regarding EMCC, please contact either Keith Kanaga at (212) 701-9701 (kkanaga@e-m-c-c.com) or Michael Chamberlin at (212) 908-5000 (mchamb@emta.org).

Cross-Product Master Agreement

At a symposium hosted by the Federal Reserve Bank of New York ("FRBNY") on February 16, The Bond Market Association ("TBMA") and an international consortium of global financial industry associations (including EMTA, ISDA, IPMA, LIBA, BBA and the FX Committee of the FRBNY) released the Cross-Product Master Agreement. The Agreement is the result of an extensive industry-wide effort to promote netting in financial transactions and to minimize counterparty and systemic risk in the financial markets across multiple product areas.

At the well-attended Symposium where the Agreement was formally unveiled, FRBNY President William McDonough and market representatives spoke in support of this global cooperative effort. Workshops also focused on how the Agreement works and related enforceability and capital issues.

A major impetus for the Agreement stemmed from 1998's unsettled financial markets, prompted by Russia's default and concerns about the viability of a major hedge fund. This standard umbrella netting agreement can embrace a variety of bilateral financial contracts and helps counterparties' ability to assess and manage their overall credit exposure and reduce systemic risk if a major market participant were unable to meet its obligations.

The Agreement, which respects the basic contractual framework of underlying master agreements, has the following two features:

- a cross-default mechanism, which provides for the close-out of all master agreements subject to the Agreement; and
- a "rolling" settlement of all netted settlement amounts under each master agreement.The Agreement (together with its Guidance Notes) is available on EMTA's website at www.emta.org, on TBMA's website at www.bondmarkets.com and on the FX Committee's website at www.ny.frb.org/fxc.

The Agreement is an important step in the global recognition of the benefits of enforceable netting arrangements in reducing financial systemic risk. The Agreement provides greater legal certainty and enhances liquidity in global financial markets. All market participants are encouraged to take note of this initiative and to consider using the Agreement where appropriate, keeping in mind that netting requirements may differ from jurisdiction to jurisdiction.

For further information on this project, please contact Aviva Werner at (212) 908-5003 (awerner@emta.org) or Wendy Fried of TBMA at (212) 440-9431 (wfried@bondmarkets.com).

Global Equity Markets Association (GEMA)

The organizational meeting of the Founding Directors of the Global Equity Markets Association (GEMA) was held at EMTA's offices on March 16. Coming from a spectrum of buy-side and sell-side firms, as well as custodians and industry vendors, GEMA's Founding Directors include the following institutions: Allen & Overy, Andersen Consulting, Bloomberg Financial Markets, CLSA Global Emerging Markets, Nicholas Applegate Capital Management, PricewaterhouseCoopers LLP and State Street Global Advisors. GEMA membership is open to all participants in the global equity markets.

GEMA's mission is to promote greater efficiency, fairness, transparency and professionalism in the global equity capital markets. To this end, GEMA has formed action committees to focus on several specific areas: promoting improved corporate governance and regulatory reform in the Emerging Markets, and encouraging the sound development of global electronic trading of equities.

GEMA is preparing its global launch, which will involve kick-off events in NYC, Hong Kong and London, beginning later this Spring.

Any EMTA Member interested in receiving further information about GEMA should contact GEMA co-chairs Rob Jafek (Nicholas Applegate) at (619) 652-5423 (rjafek@nacm.com) or Tom Sablosky (Credit Lyonnais SA) at (212) 408-5896 (sabloskyt@clsasia.com) or EMTA's Starla Cohen at (331) 4306-7416 (scohen@emta.org).

London Summer Forum Scheduled for July 13

EMTA's third London Summer Forum will be held on Thursday, July 13, 2000, at Deutsche Bank, Winchester House, 1 Great Winchester Street in London, beginning at 2 p.m.

Sell-Side panelists will include Robin Hubbard (Chase), Marcel Cassard (Deutsche Bank), Philip Poole (ING Barings) and Karim Abdel-Motaal (J.P. Morgan), and will be moderated by Jerome Booth (Ashmore Investment Management). EMTA's Buy-Side panel will include Michael Sonner (DIT), Thomas Fallon (Fortis Investment Management), John Cleary (Invesco) and Ingrid Iversen (Rothschild Asset Management) and will be moderated by Mark Franklin (CitiGroup Investments).

EMTA's past panels have featured market predictions that would astound you. Following the mostly bullish views expressed at EMTA's Annual Meeting last December, what will EMTA's panelists be saying this Summer?

Whatever their views, a cocktail reception will follow the panel discussions.

Invitations will be sent out shortly; to pre-register, contact Natalie Mendoza at (212) 908-5000 (nmendoza@emta.org). For further information, contact Jonathan Murno at (212) 908-5022 (jmurno@emta.org).

Emerging Markets Benefit

Last year, the Emerging Markets Charity Benefit in New York raised approximately $370,000 in support of The Children's Aid Society, Save the Children and the Women's Commission for Refugee Women and Children. Let's do even better this year.

Please mark December 7, 2000 on your calendars for this year's benefit in New York.

The London Benefit will take place in October. Details TBA.

For further information, please contact Jonathan Murno at (212) 908-5022 (jmurno@emta.org) or Mandy Sleigh at (44207) 545-3196 (msleigh@emta.org).

Loan/Bond Trading & Settlement

Russia Restructuring
W/I Trading and Bilateral Netting

On February 14, EMTA distributed confirmation forms to facilitate when-issued trading in Russian Federation Eurobonds to be exchanged for Prins, IANs and PDI, together with a Bilateral Netting Agreement to enable Members to reduce aggregate credit exposures between counterparties and to simplify and expedite the settlement of W/I trades.

EMTA has also developed (solely for the sake of convenience and without recommending its use for all trades) and distributed suggested language for counterparties wishing to collateralize their W/I trades and/or to benefit from some of the close-out provisions currently contained in ISDA and TBMA master agreements. Because of the many different types of collateral and close-out arrangements, the Bilateral Netting Agreement does not purport to specify detailed arrangements, but instead provides a framework that market participants may wish to use to incorporate specific arrangements of their own design.

Russia Market Practices

EMTA has also distributed on April 17 recommended Market Practices (together with suggested language for use in confirmations) concerning interest payments relating to the trading of options on tendered Russian Prins.

Ukraine
New Notes Issued

On April 14, Ukraine successfully issued Euro 10% Amortizing Notes due 2007. Parties are reminded that transfers of the U.S. Tranche to institutional Accredited Investors must be made through the Registrar (and cannot be made through Euroclear, Clearstream or DTC). In addition, an investment letter and a transfer certificate must be executed by the transferor, in each case in the form that may be obtained from the Registrar or the Transfer Agent, as the case may be. Parties should refer to the Offering Memorandum for a complete explanation of the transfer restrictions provisions.

Ivory Coast Market Practices

Based upon then current information received from BNP Luxembourg (the Fiscal Agent) that no interest payments will be made prior to the expiration of the grace period (April 30, 2000), EMTA has recommended that all Ivory Coast Bonds trade 'flat', effective for all trades entered into on and after May 1, 2000.

Brazil C-Bonds Market Practices

EMTA has distributed on April 12 recommended Market Practices concerning the settlement of Brazil C-Bonds based upon the final capitalization factor of 1.23141.

For copies, please contact Felita Tate-Harrell at (212) 908-5026 (ftate@emta.org). Please contact Aviva Werner at (212) 908-5003 (awerner@emta.org) with your questions or comments.

Multilateral Netting

In view of the recent increase in trading activity for Russia VEB Restructured Principal ("Prins"), EMTA reminds all market participants that its Prin Multilateral Net Delivery Facility operates twice a month to reduce counterparty exposure and transaction settlement costs. During the first quarter of 2000, the Facility netted and settled 862 net positions aggregating U.S. $7.71 billion face amount. From its inception, the Facility has netted and settled 7,788 net positions aggregating U.S. $60.1 billion face amount.

Similar to the Multilateral Net Delivery Facilities operated by EMTA just before the closing date of the December 1997 restructuring, EMTA expects to operate Multilateral Net Delivery Facilities for assignments of, and participations in, Prins just before the closing date of the exchange of Prins for Russian Federation Eurobonds.

If you are interested in participating (or would like to nominate another institution as a participant), or if you have questions of a general nature, please contact Aviva Werner at (212) 908-5003 (awerner@emta.org). Technical questions should be addressed to Suzette Ortiz at (212) 908-5015 (sortiz@emta.org).

Mexican Value Recovery Rights

With recent surges in oil prices, an EMTA Working Group has been reviewing possible solutions to the continuing problem of failed settlement of the value recovery rights ("VRR's") which accompany Mexico's Brady bonds. Similar situations also exist in connection with other countries' VRR's. The problem was initially caused, for the most part, by the inadvertent non-delivery of VRR's in connection with past trades of such bonds.

Although market practice has long required that, unless otherwise agreed, such bonds trade with all such related VRR's, in reality, there have been many failed settlements of such related VRR's, due mainly to the failure to input, or match on, the separate settlement instructions that are needed to effectively transfer certain series of such VRR's.

The 1997 creation of the Mexican Par 'Unit', Euroclear and Clearstream policies regarding VRR detachment and other measures have combined to retard the accumulation of new fails, but a backlog of old failed settlements threatens settlement chaos if payments are made, as many expect, on the Mexican Series A VRR's this coming June 30.

EMTA's Working Group has considered several proposals to re-attach the VRR's, including creation of a Discount Bond Unit that would permit voluntary re-attachment of 'orphaned' VRR's and minimize future inadvertent detachments. An alternative approach is to recommend that, unlike current market practice, bonds and their detachable VRR's henceforth trade separately. As of the publication of this Bulletin (May 23), no final decisions had been reached as to how best to address this problem going forward.

Unfortunately, as far as the old backlog goes, there does not appear to be a very realistic alternative to a difficult process of trade-by-trade reconciliation. To help in this reconciliation effort, EMTA is in the process of assembling an industry-wide contact list of dealers, buy-side institutions and their custodians to enable market participants to move forward quicker in their bilateral discussions. EMTA will also be sponsoring road show 'education sessions' with various custodians and buy-side institutions to sensitize them to the proposed solutions to the backlog of VRR fails and the need for rigorous reconciliation efforts to resolve it.

For background on Mexico's Value Recovery Rights, please see the Primer enclosed in this Bulletin.

Further developments regarding Mexican VRR's will be communicated on EMTA's website and by e-mail within the next several weeks.

For further information, please contact Aviva Werner at (212) 908-5003 (awerner@emta.org).

Non-Deliverable Forwards (NDF's)

Asia

An NDF industry meeting of market participants in Singapore, Hong Kong, Tokyo and London took place on April 12. At this meeting, market participants discussed the Market Practices adopted by the New York and London markets to date, the issues relating to Business Day Convention applicable to Valuation Date, specific characteristics of the local Asian NDF markets and the development of Template Terms on a currency-by-currency basis. A copy of the agenda is available.

Latin America

The EMTA Brazilian Real/U.S. Dollar Template Terms dated as of February 8, 2000 are now available on EMTA's website under New Developments, Recent Events. The BRL Methodology for determining the BRL Industry Survey Rate is also posted, and is available on the websites of ISDA and the Foreign Exchange Committee.

The next Template for the Argentine Peso is being developed by the Argentina Sub-committee.

CME/EMTA Ruble/USD Ref. Rate

EMTA and the CME are continuing to publish the CME/EMTA Reference Rate for the Russian ruble/ U.S. dollar on Reuters page "EMTA". In the near future, EMTA will also publish the daily rates and the historical rates on its website.

Central/Eastern America

The EMTA Hungarian Forint/ U.S. Dollar and Hungarian Forint/Euro Template Terms are available in draft form. In both cases, the Template Terms contemplate that the primary Settlement Rate Option will be the Hungarian Official Rate for the U.S. Dollar and the Euro (as appropriate) published by the National Bank of Hungary. Participants in this market support the development of an Industry Survey procedure to determine a back-up rate in the event of a Price Source Disruption. Draft HUF Methodologies for both the U.S. Dollar and the Euro that would be used in the Industry Survey are available for comment.

NDF Confirmation Standardization Project

A list of NDF Market Practices adopted to date in the New York and London NDF markets, and to be endorsed by Asia, is now available. Once the Market Practices are adopted by the Asian market, they will be posted on EMTA's website. Meanwhile, the process of developing Template Terms and Industry Surveys for Back-up Rates continues on a currency-by-currency basis.

Website Publication of Annex A

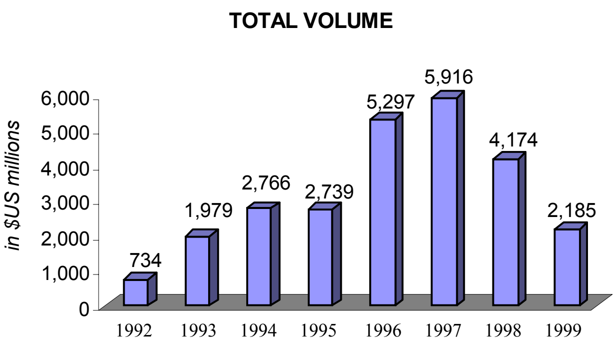
The revised version of Annex A will be posted on the websites of EMTA, ISDA and the Foreign Exchange Committee shortly.

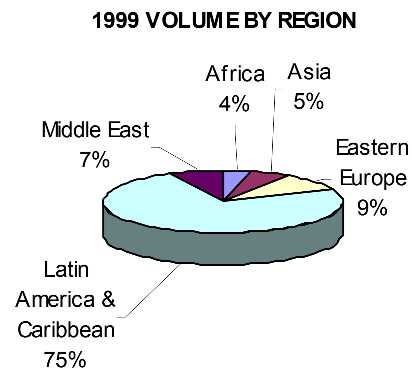
For more information on these projects, please contact Starla Cohen at (331) 4306-7416 (scohen@emta.org) or Mandy Sleigh at (44207) 545-3196 (msleigh@emta.org).

1999 Annual Emerging Markets Debt Trading Volume At US $2.2 Trillion

EMTA announced in February that Emerging Markets debt instrument trading stood at US$490 billion face amount in the fourth quarter of 1999. This represents an 8% decline from the US$535 billion reported in the third quarter of 1999, and a 6% decrease from the US$522 billion reported in the fourth quarter of 1998.

Vera also commented that, in addition to Y2K concerns, volumes in the last weeks of last year were surpressed as strong returns in Emerging Markets debt by November 1999 led investors to adopt conservative trading postures, with an eye to locking in profits.



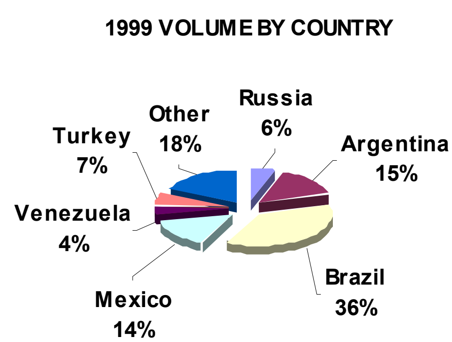


With the addition of fourth quarter figures, 1999 annual Emerging Markets debt trading stood at US$2.2 trillion, down 48% from the US$4.2 trillion in Emerging Markets debt turnover reported for 1998 by Survey participants. 1999 volumes represent the lowest annual turnover in Emerging Markets debt since 1993. Several investors indicated that 1999's limited turnover reflects the continuing repercussions of the Russian default and devaluation in August 1998, as well as Y2K concerns throughout the second half of 1999. Following seven consecutive calendar quarters of US$1 trillion-plus volumes in 1997 and 1998, activity levels have remained under US$650 million for the five quarters since the onset of the Russian economic crisis.

Mohamed El-Erian, Managing Director at PIMCO, highlighted the contrast between the improving market technicals in 1999 (such as the JPM EMBI+ Index's 26% gain in 1999) and continuing low trading activity. El-Erian noted, "The investor base remained narrow, reflecting the limited activity of cross-over investors and the virtual absence of hedge funds and proprietary desks."

Tulio Vera, Managing Director at Merrill Lynch, added that 1999 was "very much a transitional year for the asset class, which still had to 'prove itself' to investors."

Yet despite sluggish 1999 volumes, some analysts suggested that, following the EMBI+'s 1999 gains, activity levels were poised to rebound in 2000. They cited positive developments such as Moody's recent upgrading of Mexico to an investment grade rating, increased political stability in Russia and the announcement of a Russian restructuring deal and generally positive economic developments in many other Emerging Market countries, including Brazil.



For copies of EMTA's Volume Surveys including the Supplementary Analysis, please contact Jonathan Murno at (212) 908-5000 (jmurno@emta.org).

EMTA Miscellaneous

Toward a Marketwide Agenda (Redux)

EMTA needs your input on ways in which it can meet the changing needs of a broader segment of the marketplace. In particular, EMTA is looking for greater involvement from the Buy-Side in developing and implementing its agenda.

Please take a few moments to complete the enclosed questionnaire and return it by fax.

EMTA Staff Updates

EMTA welcomes back former Communications Associate Tiffany Cothran for a limited return engagement. Until May, Ms. Cothran will be assisting with EMTA communications matters, including website maintenance and development and this Bulletin. Also on temporary assignment in the communications and website areas is Eric S. Brenner, a professional singer who made his solo debut at Carnegie Hall last December.

Leaving EMTA in May after almost five years is Associate Brian Morrisroe, who has been attending B-School part-time at Fordham. Brian will be joining Warburg Dillon Read (fixed income sales and trading) for the Summer before heading back to B-School full-time in the Fall.

Membership Update

EMTA's newest members include **Atlantic Security Bank, Banco de Galicia, Ereorg.com,** and **Trading Edge**. If you know of any other prospective Members, please contact Jonathan Murno at (212) 908-5022 (jmurno@emta.org) or Suzette Ortiz at (212) 908-5015 (sortiz@emta.org).

On a Sartorial Note…

In case of doubt, the dress code for EMTA working group meetings is generally EMTA working casual.

For those unsure of what that means, 'EMTA working casual' is one shade cooler than 'business casual'. At least we think so.

EMTA Hotlines

Topic	Contact Person	Telephone
Accounting/Finance	Don Goecks/Lisa Palazzola	(212) 908-5010/5019
Africa/Asia	Mandy Sleigh	(44171) 545-3196
Central/Eastern Europe	Mandy Sleigh	(44171) 545-3196
Clearing Corp. (EMCC)	Keith Kanaga (EMCC)	(212) 701-9701
Code of Conduct	Michael Chamberlin	(212) 908-5000
Conferences	Jonathan Murno	(212) 908-5022
Derivatives	Starla Cohen/Aviva Werner	(331) 4306-7416/(212) 908-5003
Electronic Trading	Michael Chamberlin	(212) 908-5000
European Working Group	Mandy Sleigh	(44171) 545-3196
Foreign Exchange	Starla Cohen/Aviva Werner	(331) 4306-7416/(212) 908-5003
Global Equities	Starla Cohen/Bruce Wolfson (Bear Stearns)	(331) 4306-7416/(212) 272-2571
Information/Research	Jonathan Murno	(212) 908-5022
Legal/Compliance	Aviva Werner	(212) 908-5003
Loan Trading	Aviva Werner	(212) 908-5003
Local Markets	Starla Cohen	(331) 4306-7416
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
Repos/Securities Lending	Aviva Werner	(212) 908-5003
Russia	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 reception number (212) 908-5000, at the following e-mail addresses or by visiting EMTA's website at *www.emta.org*.

Michael Chamberlin	mchamb@emta.org	Suzette Ortiz	sortiz@emta.org
Starla Cohen	scohen@emta.org	Lisa Palazzola	lpalazzola@emta.org
Donald Goecks	dgoecks@emta.org	Mandy Sleigh	msleigh@emta.org
Jonathan Murno	jmurno@emta.org	Aviva Werner	awerner@emta.org

EMTA Calendar

Thurs., April 20	Recommended 2:00 p.m. (NYC) Market Close
Fri., April 21	Recommended Market Close (NYC/London) Good Friday
Mon., April 24	Recommended Market Close (London) Easter Holiday
Wed., April 26	**EMTA Board Meeting**
Mon., May 1	Recommended Market Close (London) May Day Bank Holiday
Tues., May 2	Lawyers Group Meeting, 8:00 a.m. at Shearman & Sterling
Tues., May 16	EMCC Board Meeting
Fri., May 26	Recommended 2:00 p.m. (NYC) Market Close
Mon., May 29	Recommended Market Close (NYC/London) Memorial Day/Spring Bank Holiday
Tues., June 27	Lawyers Group Meeting, 8:00 a.m. at Shearman & Sterling
Mon., July 3	Recommended 2:00 p.m. (NYC) Market Close
Tues., July 4	Recommended Market Close (NYC) Independence Day
Wed., July 12	**EMTA Board Meeting (London)**
Thurs., July 13	**EMTA Summer Forum in London**
Sept. 2000*	EMTA gathering for Past & Present EMTA Board Members
Oct. 2000*	**Emerging Markets Charity Benefit (London)**
Thurs., Dec. 7	**EMTA Annual Meeting (NYC)** **Emerging Markets Charity Benefit (NYC)**

* Date TBA

Don't Forget
EMTA's Bulletin
will go
paperless
in July.

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E merging
M arkets
T raders
A ssociation

EMTA'S
PRIMER ON
MEXICAN VALUE RECOVERY RIGHTS

I. Background

Various Brady bonds issued by Mexico, Venezuela, Nigeria and Uruguay to commercial banks in exchange for defaulted loans in the early 1990's were issued with related instruments (called Value Recovery Rights or Warrants ("VRR's")) that were designed to provide the banks with a partial recovery of value lost as a result of the debt and debt-service reduction contemplated in the exchange in the event of a significant increase in the debtor country's capacity to service its external debt. Mexico's VRR's, for example, provide for the possibility of quarterly payments, beginning in 1996, based upon certain increases in the price of oil as determined pursuant to a complex formula. Background information on the history of such payments, and on this formula, are set forth at Annex A. The characteristics of each country's VRR's, including pricing formulas and tradability, differ widely.

Mexico's USD Par Bonds were issued for eligible debt at par and bear interest at a fixed rate of 6.25%. USD Discount Bonds were issued for eligible debt at a discount of 35% and bear interest at a floating rate of 13/16% over six-month LIBOR. The Par and Discount Bonds were deemed to reflect comparable concessions by the banks to Mexico, and VRR's were allocated to the Bonds on the basis of the eligible debt exchanged therefor. For this reason (and subject to rounding down to the nearest U.S. $1,000), each U.S. $1 face amount of Discount Bonds has 100/65 more Notional Amount of VRR's than the same face amount of Par Bonds. Accordingly, a USD Par Bond with a face amount of U.S. $1,000,000 and a USD Discount Bond with a face amount of U.S. $650,000 would each carry related Value Recovery Rights of the same Notional Amount (i.e., U.S. $1,000,000).

Mexico's VRR's were designed to be tradable, but only under limited circumstances. Attached to each Series of Par Bonds (Series A and B) and Discount Bonds (Series A, B, C and D) were 17 Series (A-Q) of VRR's that become serially detachable on various Separation Dates (see Annex B). While each Series of Par and Discount Bonds was assigned its own unique security identification number ("ISIN No.") upon issuance (see Annex C), a separate ISIN No. was also contemplated to be assigned for each VRR Series on its Separation Date.

On July 1, 1992 (the Series A VRR Separation Date), Series A VRR's became detachable from all Mexican Par and Discount Bonds and were assigned the separate ISIN No. XS0038529110. While Series A VRR's became 'detachable' on that date, they were not actually 'detached' from the Par and Discount Bonds until they were separated from their related Bond either (1) by their transfer separate from their related Bond or (2) by the transfer of such related Bond separate from them. In other words, a VRR could be detached from its related Bond if it was sold away from the Bond or if the Bond was sold away from it, leaving it behind.

Any Series of Mexican VRR's attached to a Bond called for redemption after the Separation Date for such VRR Series shall survive such redemption. Offers to purchase or exchange

Mexican Brady bonds for other instruments may prescribe their own conditions for the delivery of related VRR's.

II. Market Practice that Bonds and VRR's Should Generally Trade Together

While it was possible for Bonds and their related VRR's to be traded separately, the market recognized that Par and Discount Bonds would likely most often be traded together with their attached VRR's. Accordingly, EMTA recommended the following Market Practice on September 30, 1992:

> Unless otherwise specified, par and discount bonds with related rights or warrants should trade with the rights or warrants corresponding to such bonds, based on the allocation of such rights or warrants at the original issue date of the bonds.

Shortly before the first potential Payment Date on the VRR's (September 30, 1996), EMTA reaffirmed this Market Practice on September 27, 1996:

> Unless otherwise specified contemporaneously with the oral trade, Par and Discount Bonds with related Rights or Warrants should trade with the Rights or Warrants corresponding to such Bonds (whether or not detachable and based on the allocation of such Rights or Warrants at the original issue of the Bonds).

At that time, market participants were also reminded that, to ensure trade settlement in accordance with the Market Practice, it was necessary to give settlement instructions to Euroclear/Clearstream (formerly Cedel) with respect to both the Bonds and, to the extent their Separation Date had already occurred, their related detachable VRR's. The following formula for determining the number of VRR's related to each Bond was also distributed to the marketplace:

Par Bonds, Series A and Series B	100% of face amount of Bond
Discount Bonds, Series A, B, C and D	Face amount of Bond/65% (the result is then rounded **down** to nearest $1,000)

III. VRR Fails Accumulate due to Unmatched VRR Delivery Instructions

To ensure proper settlement of the Par and Discount Bonds and the Series A VRR's (which, as of July 1, 1992, were assigned its own separate ISIN No.), market participants trading Bonds together with their related VRR's in accordance with the Market Practice were required to deliver two separate settlement instructions to Euroclear/Clearstream, referencing one ISIN No. for the Series of Bonds being transferred and another ISIN No. for the Series A VRR's being transferred.

EMTA believes that, in many cases, for reasons probably relating to the lack of perceived value attributable to VRR's, market participants inadvertently failed to comply with the delivery of separate settlement instructions for the Bonds and VRR's, submitted the Bond delivery instruction only and, as a result, many VRR's were 'left behind' and inadvertently detached from their Bonds. In the absence of identical VRR settlement instructions from both counterparties to a trade, Euroclear/Clearstream settled the Bond trade but indicated a 'fail' in the VRR transfer. Because matched settlement instructions were received in most cases concerning the Bonds only, the Bond trades would settle, while the VRR part of the Bond trade would fail (even though, in many cases, it was probably intended by the parties that the Bonds be transferred together with their related VRR’s). Discrepancies between the Bond and VRR positions of many market participants, and related discrepancies between the books and records of Euroclear/Clearstream and market participants accumulated over time. Because VRR's were perceived as having little to no market value in the first half of the 1990's (because of prevailing oil prices), there was little incentive for market participants to take steps to remedy the failed VRR trades.

IV. <u>Creation of USD Par Bond Units</u>

In an effort to prevent the continued accumulation of failed VRR deliveries, on June 13, 1997, EMTA announced the creation of a new “Unit” for each USD Series of the Par Bonds that would combine the Par Bonds and Series A VRR’s under a single ISIN No. The Unit combining the Series A Par Bonds with its Series A VRR's was assigned the new ISIN No. XS0073666637, and the Unit combining the Series B Par Bonds with its Series A VRR's was assigned the new ISIN No. XS0073667361. Advisory bulletins issued by Euroclear/Cedel described the specific procedures for creating and transferring the Units and are set forth in Annex D. The main advantage of the new Units was that two separate instructions would no longer be necessary to settle a Par Bond trade with its related VRR’s. Because they were combined into a Unit, a single instruction (referencing the Unit’s ISIN No.) would be sufficient to effect delivery of both the Par Bond and its related VRR’s, thus making it easier for sellers and buyers to comply with the prevailing Market Practice for Par Bond trades.

At the same time, EMTA also recommended the following Market Practice, effective for all trades entered into on and after August 1, 1997:

> References during the oral trade to Mexican Par Bond Units (USD) shall be deemed to mean the new combined instrument (no reference to Rights shall be required), and trades of Par Bond Units (USD) shall be deemed to mean (and require settlement in) the new combined instrument, and trades shall be confirmed as such using the new combined instrument ISIN numbers (set forth above).

EMTA also confirmed that, if parties wished to trade Par Bonds or the Series A VRR's separately from each other, the oral trade should so specify, and only the ISIN Nos. for the applicable Series of Par Bonds (see Annex C) and Series A VRR's (XS0038529110) traded should be used to settle such trades.

Concurrently, the possibility of creating a new Discount Bond Unit for each Series of USD Discount Bonds was also discussed, but eventually deferred because of rounding problems associated with the detachment and reattachment of VRR's to the Discount Bonds.

V. Euroclear/Clearstream Announcement regarding Series B-Q VRR's

On June 22, 1999, shortly before the July 1, 1999 Separation Date for Series B VRR's, Euroclear and Clearstream announced that, due to the significant reconciliation and settlement issues created by the detachable Series A VRR's, they would not process any requests to separate Series B-Q VRR's from their related Par or Discount Bonds. Accordingly, counterparties wishing to trade VRR's separate from their Bonds could do so only outside of the Euroclear/Clearstream system. Copies of these announcements are attached as Annex E.

VI. Further Information regarding Mexico's Value Recovery Rights

Further information regarding Mexico's Value Recovery Rights may be obtained by contacting the following:

Citibank as Fiscal Agent
Ronald Pierce
(212) 657-7781 (tel)

Euroclear Brussels
Isabelle Olivier
(32-2) 224-1609 (tel)
(32-2) 224-1459 (fax)
olivier_isabelle@euroclear.com (e-mail)

Euroclear NY Rep Office
Veronique Biche
(212) 235-2805 (tel)
(212) 235-2800 (fax)
biche_veronique@euroclear.com (e-mail)

Clearstream
Christopher Egan
(212) 524-7456 (tel)
(212) 775-1907 (fax)
cegan@cedelbank.com (e-mail)

EMTA
Aviva Werner
(212) 908-5003 (tel)
(212) 908-5039 (fax)
awerner@emta.org (e-mail)

ANNEX A

MEXICO

Series A VRR's
Payment History/Schedule* and Formula
(per U.S. $1 million VRR Notional Amount)

$ 0	in Sept.1996
$ 216.93	in Dec. 1996
$ 1,406.01	in Mar. 1997
$ 1,717.17	in June 1997
$ 895.00	in Sept. 1997
$ 194.47	in Dec. 1997
$ 0	in Mar. 1998
$ 0	in June 1998
$ 0	in Sept. 1998
$ 0	in Dec. 1998
$ 0	in Mar. 1999
$ 0	in June 1999
$ 0	in Sept. 1999
$ 0	in Dec. 1999
$ 0	in Mar. 2000

Quarterly payment amounts on the Series A VRR's (per Notional Amount of U.S. $1) are determined by Citibank, as Fiscal Agent (calculated on the basis of the following formula, with the IMF acting as the Calculation Agent for certain definitions within the Formula Payment amount):

(A) the product of (1) a fraction, the numerator of which is one and the denominator of which is U.S. $47,845,021,625, and (2) the lesser of the Excess Price Revenues and the Excess Base Revenues for such Payment Date (the "Formula Payment"); plus

(B) the Carryforward Amount for such Payment Date;

but in no event more than $.0075 (the "Maximum Payment").

Annex A-1 contains certain definitions from the Value Recovery Rights of the terms capitalized above.

---

* The final Payment Date for Series A VRR's is June 30, 2003.

ANNEX A – 1

Certain Terms Defined in the Mexican Value Recovery Rights

While believed to be accurate, the following definitions are qualified by reference to the terms of the definitive Value Recovery Rights:

"Calendar Quarter" means each of the three-month periods ending on the last day of March, June, September and December of each year, beginning with the three-month period ending on the last day of September in 1995, and the phrase "preceding four Calendar Quarters", when used with reference to a Payment Date, means the period of four consecutive Calendar Quarters ending on the immediately preceding Payment Date (or, when used with reference to the first Payment Date, ending on June 30, 1996).

"Carryforward Amount" means, for any Payment Date occurring in any 12-month period commencing on September 30 of each year and ending on September 29 of the following year, beginning with the 12-month period commencing on September 30, 1996 (each, a "Payment Period"):

(i) the sum of the amounts, if any, by which the Formula Payment exceeded the Maximum Payment for each prior Payment Date in such Payment Period; minus

(ii) for each prior Payment Date in such Payment Period, the lesser of (a) the Carryforward Amount and (b) the amount, if any, by which the Maximum Payment exceeded the Formula Payment; plus

(iii) the lesser of (a) $.0225 and (b) the positive sum, if any, of (1) the Carryforward Amount [for the last Payment Date in the preceding Payment Period][1] [for the last Payment Date for the immediately preceding Series of Rights][2], plus (2) the excess, if any, of the Formula Payment over the Maximum Payment for such last Payment Date, minus (3) the excess, if any, of the Maximum Payment over the Formula Payment for such last Payment Date.

"Current Oil Price" has the meaning set forth in the definition of Excess Price Revenues.

"Current Oil Revenues" has the meaning set forth in the definition of Excess Base Revenues.

---

[1] Series A only.
[2] All other Series.

"Excess Base Revenues" means, for any Payment Date, thirty percent (30%) of the amount, if any, by which (i) the average gross revenues (expressed in U.S. Dollars) earned by Mexico from the export of Oil (directly or through a Governmental Agency or sales agent) in the preceding four Calendar Quarters ("Current Oil Revenues"), exceeds (ii) the product of 113,750,000 (representing the number of barrels of Oil assumed for these purposes to have been exported by Mexico in each calendar quarter in 1989) and the Reference Oil Price for such Payment Date.

"Excess Price Revenues" means, for any Payment Date, thirty percent (30%) of the excess, if any, of the average price per barrel (expressed in U.S. Dollars) of Oil exported by Mexico in the preceding four Calendar Quarters ("Current Oil Price") over the Reference Oil Price for such Payment Date times the average of the number of barrels of Oil exported by Mexico in each of the preceding four Calendar Quarters.

"Oil" means crude oil produced by Mexico, regardless of grade.

"Reference Oil Price" means, for any Payment Date, the product of U.S. $14 (representing the price per barrel of Oil in 1989 assumed for these purposes) and a post-June 1989 United States inflation adjustment factor equal to a fraction, the numerator of which is the last average Implicit Price Deflator for Gross National Product published prior to the first day of September immediately preceding such Payment Date by the United States Department of Commerce (the "GNP Deflator") for the calendar quarter ending on the June 30 immediately preceding such Payment Date, and the denominator of which is 125.9 (the GNP Deflator for the calendar quarter ending on June 30, 1989 expressed in terms of the 1982 base (1982=100)); provided that, in the event the base year for the GNP Deflator changes, the United States inflation adjustment factor for the Payment Date occurring on September 30 of the new base year for the GNP Deflator, and for each subsequent Payment Date, means a fraction, the numerator of which is the product of (i) the GNP Deflator for the calendar year ending on December 31 of the last year for which a GNP Deflator based on the old base year is available (expressed in terms of the old base) and (ii) the GNP Deflator for the calendar quarter ending on the June 30 immediately preceding such Payment Date (expressed in terms of the new base), and the denominator of which is the product of (a) 125.9 (the GNP Deflator for the calendar quarter ending on June 30, 1989 expressed in terms of the 1982 base) and (b) one hundred (100), all as further adjusted, if necessary, by the Calculation Agent to reflect the actual periodicity (calendar quarter or calendar year) of the new base period; and provided further that if the Department of Commerce ceases to publish the GNP Deflator, such United States inflation adjustment factor shall be the regularly published United States price series, determined by the Calculation Agent in consultation with Mexico, that produces post-June 1989 inflation-adjusted Oil prices that most nearly approximate the Reference Oil Price previously produced by application of the GNP Deflator, or, if the proposed price series does not include historical prices for at least five years, includes the broadest range of United States prices.

ANNEX B

MEXICO

Value Recovery Rights
Separation Dates*

SERIES	SEPARATION DATE
A	7/1/92
B	7/1/99
C	7/1/00
D	7/1/01
E	7/1/02
F	7/1/03
G	7/1/04
H	7/1/05
I	7/1/06
J	7/1/07
K	7/1/08
L	7/1/09
M	7/1/10
N	7/1/11
O	7/1/12
P	7/1/13
Q	7/1/14

* Source: Exhibit 2 to Discount and Par Bond Exchange Agreement

ANNEX C

MEXICO

Bond ISIN Numbers

Brady Bonds	ISIN Nos.
Par Bonds, Series A	XS0015157992
Par Bonds, Series B	XS0015158024
Discount Bonds, Series A	XS0015157489
Discount Bonds, Series B	XS0015157562
Discount Bonds, Series C	XS0015157646
Discount Bonds, Series D	XS0015157729

ANNEX D

Euroclear/Clearstream
Advisory Bulletins Re: Par Cum Instrument

EUROCLEAR

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---------------- EVENT NUMBER  735026 -----------------------------

EVENT TYPE  122  REATTACHMENT OF WARRANTS
                 REATTACHMENT OF VALUE RECOVERY RIGHT SERIES A
                 DEFINITIVE INFORMATION

S/N    001515799 MEXICO ,SERIES A,   6.25000 31/12/19 (STRA/USD)

S/N    003852911 MEXICO-VALUE RECOV. WRT     00/06/03 (WARR/USD)

---------------- EXERCISE DETAILS ---------------------------------

- SECURITY       001515799 MEXICO ,SERIES A,   6.25000 31/12/19
  (STRAIGHT) NOMINAL USD          1,000  MATURITY 31/12/19

  MINIMUM FOR EXERCISE:               1,000
  MULTIPLE FOR EXERCISE:              1,000

- SECURITY       003852911 MEXICO-VALUE RECOV. WRT     00/06/03
  (WARRANT) NOMINAL USD          1,000  MATURITY 01/06/03

  MINIMUM FOR EXERCISE:               1,000
  MULTIPLE FOR EXERCISE:              1,000

---------------- PRODUCT DETAILS ----------------------------------

- SECURITY       007366663 MEXICO,PAR SER A CUM VRR 6.25% 31/12/19
  (STRAIGHT) NOMINAL USD         1,000   MATURITY 31/12/19
     QUOTATION PCT         85.500000 ON 03/04/00

  PRODUCT RATIO PER MULTIPLE EXERCISED:       1,000.000000
  ROUNDING: DOWN TO FULL UNIT. FRACTIONAL PART IS IGNORED

---------------- ACTION TO BE TAKEN -------------------------------


INFORMATION ON REATTACHMENT OF WARRANTS
  BEGIN EXERCISE DATE:   25/07/97  EXPIRY DATE:           30/06/03

TO  REATTACH, SEND INSTRUCTION TYPE  51
THIS INSTRUCTION CAN BE SENT BY TESTED TELEX OR SWIFT (DEADLINE
IS 10 AM BRUSSELS TIME ON X-1 FOR EXECUTION IN CHAINING DD X)
OR BY EUCLID (DEADLINE IS 11 AM BRUSSELS TIME ON X-1) AND SHOULD
BE FORMATTED IN THE FOLLOWING WAY :

A:51
C:YOUR TRANSACTION REFERENCE
D:YOUR EOC ACCOUNT NUMBER
E:CURRENCY/QUANTITY OF SECURITIES TO BE REATTACHED
F:SECURITY CODE OF EX-WARRANT ISSUE (XS0015157992)
G:EXECUTION DATE

THE FIRST POSSIBLE SETTLEMENT DATE IN YOUR INSTRUCTION IS
25/07/97.
```

++++++++++++++++++ I M P O R T A N T +++++++++++++++
PLEASE BE AWARE THAT IN ORDER TO BE ABLE TO REATTACH YOU HAVE
TO HAVE ENOUGH POSITION IN BOTH THE EX-BOND AND IN THE VALUE
RECOVERY RIGHT. YOUR REATTACHMENT INSTRUCTION WILL ONLY BE
EXECUTED IF THE FULL NOMINAL AMOUNT MENTIONED IN THE INSTRUCTION
IS AVAILABLE IN YOUR ACCOUNT.

FURTHER NOTE THAT IF NOT ENOUGH POSITION IS AVAILABLE FOR FIVE
CONSECUTIVE BUSINESS DAYS, YOUR INSTRUCTION WILL BE REJECTED AND
YOU WILL HAVE TO SUBMIT A NEW ONE.

ALSO NOTE THAT IN ORDER TO REATTACH IN THE OVERNIGHT PROCESS DD X
YOU NEED TO HAVE FIRM POSITIONS IN BOTH CODES AFTER THE OVERNIGHT
PROCESS DD X-1 (IE YOU CANNOT RECEIVE AND REATTACH IN THE SAME
OVERNIGHT PROCESS BUT YOU CAN REATTACH AND DELIVER THE CUM
IN THE SAME OVERNIGHT PROCESS).

++

FOR INFORMATION, CONTACT :
CHRISTINE VIELLEVOYE/EOC 322 224 1455
KARIN DE MEERSMAN/EOC   322 224 1182
VERONIQUE BICHE/EOC NY REP OFC 1 212 235 2803

FOR INFORMATION ON NEW EMTA MARKET PRACTICE,
CONTACT :
MR BRIAN MORRISROE/EMTA TEL : 1 212 908 5025
                         FAX : 1 212 908 5039
.
FEES/TAXES: ANY TAXES OR DUTIES ARISING UPON EXERCISE MAY BE AT
            CHARGE OF THE HOLDER.

FOR DETAILS, CONTACT INTL. CUSTODY OPS. - CHRISTINE X 1455

---------------- EVENT DETAILS ----------------------------------
FOLLOWING THE NEW MARKET PRACTICE FROM THE EMERGING MARKETS
TRADERS ASSOCIATION (EMTA) FOR TRADES IN THE USD MEXICAN PAR
BONDS, TWO NEW ISIN CODES HAVE BEEN CREATED REPRESENTING THE USD
MEXICAN PAR BONDS WITH THE VALUE RECOVERY RIGHTS A ATTACHED
THE NEW CODES WILL BE AVAILABLE FOR TRADES MADE ON OR AFTER
AUGUST 1, 1997.

THESE NEW CUM CODES WILL ALSO BE INCLUDED IN THE EOC LENDING
AND BORROWING PROGRAMM

PLEASE NOTE THAT AS FROM THE OVERNIGHT PROCESS DD JULY 25, 1997
NOTEHOLDERS WILL HAVE THE OPPORTUNITY TO REATTACH IN THE
IN THE FOLLOWING WAY :

EACH 1,000 '003852911/XS0038529110 MEXICO-VALUE RECOV. VAR
30/06/03' AND 1,000 001515799/XS0015157992 MEXICO ,SERIES A,
6.25000 31/12/19' MAY BE REAMALGAMATED INTO 1,000
'007366663/XS0073666637 MEXICO,SER A,CUM   6.25000 31/12/19'.

PARTICIPANTS WILL BE ABLE TO SEND SETTLEMENT INSTRUCTIONS IN
THE CUM CODE AS FROM 01.08.97 FOR EXECUTION IN THE OVERNIGHT
PROCESS DD 04.08.97.

FOR TECHNICAL REASONS THE VALUE RECOVERY RIGHTS WILL BE RECLASSIFIED AS WARRANTS ON JULY 15TH, IE TREATED AS UNITS INSTEAD OF NOMINAL VALUE. THIS RECLASSIFICATION WILL HAVE NO IMPACT ON THE WAY THE VALUE RECOVERY RIGHTS SETTLE NOR WILL IT IMPACT YOUR BALANCES.

ALSO NOTE THAT UNTIL FURTHER NOTICE, A CUM INSTRUMENT FOR THE DISCOUNT BONDS WILL NOT BE CREATED. REATTACHMENT INSTRUCTIONS RECEIVED FOR THE DISCOUNT BONDS WILL BE CANCELLED BY EOC

FOR BACKGROUND INFORMATION PLEASE REFER TO EVENTS NB 711668 AND NB 711643

.
RELATED EVENT(S):
   711643 OTHER NON-ELECTIVE EVENT 01/07/97
.
   711668 OTHER NON-ELECTIVE EVENT 01/07/97

---------------- EVENT NUMBER 738038 ----------------------------

```
EVENT TYPE  122  REATTACHMENT OF WARRANTS
                 REATTACHMENT OF VALUE RECOVERY RIGHT SERIES B
                 DEFINITIVE INFORMATION

S/N    001515802 MEXICO,SERIES B,    6.25000 31/12/19 (STRA/USD)

S/N    003852911 MEXICO-VALUE RECOV. WRT     00/06/03 (WARR/USD)

---------------- EXERCISE DETAILS ---------------------------------

- SECURITY       001515802 MEXICO,SERIES B,    6.25000 31/12/19
  (STRAIGHT) NOMINAL USD          1,000  MATURITY 31/12/19
    QUOTATION PCT          84.625000 ON 31/03/00

  MINIMUM FOR EXERCISE:               1,000
  MULTIPLE FOR EXERCISE:              1,000

- SECURITY       003852911 MEXICO-VALUE RECOV. WRT     00/06/03
  (WARRANT) NOMINAL USD          1,000  MATURITY 01/06/03

  MINIMUM FOR EXERCISE:               1,000
  MULTIPLE FOR EXERCISE:              1,000

---------------- PRODUCT DETAILS ----------------------------------

- SECURITY       007366736  MEXICO,PAR CUM VRR  6.25000 31/12/19
  (STRAIGHT) NOMINAL USD         1,000   MATURITY 31/12/19
     QUOTATION PCT         84.917200 ON 31/03/00

  PRODUCT RATIO PER MULTIPLE EXERCISED:       1,000.000000
  ROUNDING: DOWN TO FULL UNIT. FRACTIONAL PART IS IGNORED

---------------- ACTION TO BE TAKEN ------------------------------


INFORMATION ON REATTACHMENT OF WARRANTS
  BEGIN EXERCISE DATE:   25/07/97  EXPIRY DATE:           30/06/03

TO  REATTACH , SEND INSTRUCTION TYPE  51
```

THIS INSTRUCTION CAN BE SENT BY TESTED TELEX OR SWIFT (DEADLINE IS 10 AM BRUSSELS TIME ON X-1 FOR EXECUTION IN CHAINING DD X) OR BY EUCLID (DEADLINE IS 11 AM BRUSSELS TIME ON X-1) AND SHOULD BE FORMATTED IN THE FOLLOWING WAY :

A:51
C:YOUR TRANSACTION REFERENCE
D:YOUR EOC ACCOUNT NUMBER
E:CURRENCY/QUANTITY OF SECURITIES TO BE REATTACHED
F:SECURITY CODE OF EX-WARRANT ISSUE (XS0015158024)
G:EXECUTION DATE

THE FIRST POSSIBLE SETTLEMENT DATE IN YOUR INSTRUCTION IS 25/07/97.

+++++++++++++++++++ I M P O R T A N T ++++++++++++
PLEASE BE AWARE THAT IN ORDER TO BE ABLE TO REATTACH YOU HAVE TO HAVE ENOUGH POSITION IN BOTH THE EX-BOND AND IN THE VALUE RECOVERY RIGHT. YOUR REATTACHMENT INSTRUCTION WILL ONLY BE EXECUTED IF THE FULL NOMINAL AMOUNT MENTIONED IN THE INSTRUCTION IS AVAILABLE IN YOUR ACCOUNT.

FURTHER NOTE THAT IF NOT ENOUGH POSITION IS AVAILABLE FOR FIVE CONSECUTIVE BUSINESS DAYS, YOUR INSTRUCTION WILL BE REJECTED AND YOU WILL HAVE TO SUBMIT A NEW ONE.

ALSO NOTE THAT IN ORDER TO REATTACH IN THE OVERNIGHT PROCESS DD X YOU NEED TO HAVE FIRM POSITIONS IN BOTH CODES AFTER THE OVERNIGHT PROCESS DD X-1 (IE YOU CANNOT RECEIVE AND REATTACH IN THE SAME OVERNIGHT PROCESS BUT YOU CAN REATTACH AND DELIVER THE CUM IN THE SAME OVERNIGHT PROCESS).

++

FOR INFORMATION, CONTACT :
CHRISTINE VIELLEVOYE/EOC 322 224 1455
KARIN DE MEERSMAN/EOC   322 224 1182
VERONIQUE BICHE/EOC NY REP OFC 1 212 235 2805

FOR INFORMATION ON NEW EMTA MARKET PRACTICE,
CONTACT :
MR BRIAN MORRISROE/EMTA TEL : 1 212 908 5025
                         FAX : 1 212 908 5039
.
FEES/TAXES: ANY TAXES OR DUTIES ARISING UPON EXERCISE MAY BE AT CHARGE OF THE HOLDER.

FOR DETAILS, CONTACT INTL. CUSTODY OPS. - CHRISTINE X 1455

---------------- EVENT DETAILS -----------------------------------
FOLLOWING THE NEW MARKET PRACTICE FROM THE EMERGING MARKETS TRADERS ASSOCIATION (EMTA) FOR TRADES IN THE USD MEXICAN PAR BONDS, TWO NEW ISIN CODES HAVE BEEN CREATED REPRESENTING THE USD MEXICAN PAR BONDS WITH THE VALUE RECOVERY RIGHTS A ATTACHED THE NEW CODES WILL BE AVAILABLE FOR TRADES MADE ON OR AFTER AUGUST 1, 1997.

THESE NEW CUM CODES WILL ALSO BE INCLUDED IN THE EOC LENDING AND BORROWING PROGRAMM

PLEASE NOTE THAT AS FROM THE OVERNIGHT PROCESS DD JULY 25, 1997 NOTEHOLDERS WILL HAVE THE OPPORTUNITY TO REATTACH IN THE IN THE FOLLOWING WAY :

EACH 1,000 '003852911/XS0038529110 MEXICO-VALUE RECOV. VAR 30/06/03' AND 1,000 001515802/XS0015158024 MEXICO,SERIES B, 6.25000 31/12/19' MAY BE REAMALGAMATED INTO 1,000 '007366736/XS0073667361 MEXICO,PAR CUM VRR 6.25000 31/12/19'.

PARTICIPANTS WILL BE ABLE TO SEND SETTLEMENT INSTRUCTIONS IN THE CUM CODE AS FROM 01.08.97 FOR EXECUTION IN THE OVERNIGHT PROCESS DD 04.08.97.

FOR TECHNICAL REASONS THE VALUE RECOVERY RIGHTS WILL BE RECLASSIFIED AS WARRANTS ON JULY 15TH, IE TREATED AS UNITS INSTEAD OF NOMINAL VALUE. THIS RECLASSIFICATION WILL HAVE NO IMPACT ON THE WAY THE VALUE RECOVERY RIGHTS SETTLE NOR WILL IT IMPACT YOUR BALANCES.

ALSO NOTE THAT UNTIL FURTHER NOTICE, A CUM INSTRUMENT FOR THE DISCOUNT BONDS WILL NOT BE CREATED. REATTACHMENT INSTRUCTIONS RECEIVED FOR THE DISCOUNT BONDS WILL BE CANCELLED BY EOC

FOR BACKGROUND INFORMATION PLEASE REFER TO EVENT NR 711668

NR 711643

CLEARSTREAM

DATE: JULY 8th, 1997

ATTENTION: EUROBOND SETTLEMENTS / CORPORATE ACTIONS / SECURITIES

FROM: CEDEL BANK SA LUXEMBOURG

INFO TYPE: YOUR ACTION REQUIRED

EVENT TYPE: REATTACHMENT MEXICAN PAR BONDS SERIES A & B WITH VALUE RECOVERY RIGHTS

STATUS: DEFINITIVE INFORMATION

RE: USD 6,25 MEXICO (PAR A) 90-2019
COMMON CODE 001515799
ISIN CODE XS0015157992

USD 6,25 MEXICO (PAR B) 90-2019
COMMON CODE 001515802
ISIN CODE XS0015158024

USD 0,00 MEXICO (VALUE RECOV. RIGHTS-A) 90-2003
COMMON CODE 003852911
ISIN CODE XS0038529110

EVENT DETAILS:
= = = = = = = = = = =
FURTHER TO OUR PRE-NOTIFICATION DATED JUNE 27th, 1997, IN RELATION TO THE NEW MARKET PRACTICE FOR TRADES OF MEXICAN PAR BONDS WITH RELATED VALUE RECOVERY RIGHT, PLEASE FIND HEREWITH THE INSTRUCTIONS' DETAILS RELATIVE TO THE REATTACHMENT OF THE PAR BONDS SERIES A AND SERIES B WITH THE RELATIVE RIGHTS.

NOTE THAT REATTACHMENT INSTRUCTIONS WILL BE ACCEPTED AS OF JULY 25th FOR THE FIRST POSSIBLE SETTLEMENT ON AUGUST 1st, 1997.

REATTACHMENT RATIO:

BONDS		VALUE RECOV. RIGHT		NEW BONDS CUM RIGHT
PAR A (001515799)	+	RIGHT (003852911)	=	PAR A CUM RIGHT (007366663)
USDl,000		USD1,000		USD1,000
PAR B (001515802)	+	RIGHT (003852911)	=	PAR B CUM RIGHT (007366736)

THE NEW CODES FOR THE PAR A & B CUM RIGHTS WILL BE ALIVE FROM AUGUST 1st, 1997:

USD 6,25 MEXICO (PAR A) CUM RIGHT 90-2019
COMMON CODE 007366663
ISIN CODE XS0073666637

USD 6,25 MEXICO (PAR B) CUM RIGHT 90-2019
COMMON CODE 007366736
ISIN CODE XS0073667364

THE FIRST REATTACHMENTS WILL TAKE PLACE IN OUR NIGHT TIME PROCESSING VALUE AUGUST 1ST, 1997.

AS OF AUGUST 1ST, 1997, ALL INSTRUCTIONS RECEIVED BEFORE 10:00 AM LUXEMBOURG TIME WILL BE, AFTER PROVISION CHECK, PROCESSED IN THE FOLLOWING DAY TIME PROCESSING.

HOW TO INSTRUCT:
= = = = = = = = = = =

ATTN MAURO RUSSO S15
A) EVENT TYPE: REATTACHMENT OF MEXICAN PAR BONDS & RELATIVE RIGHT
B) CEDEL BANK ACCOUNT NUMBER:
C) COMMON CODE & NOMINAL OF THE PAR BONDS PRESENTED TO REATTACHMENT:

D) COMMON CODE & NOMINAL OF THE RIGHT PRESENTED TO REATTACHMENT

E) COMMON CODE & NOMINAL OF THE PAR BONDS CUM RIGHT REATTACHED

F) CONTACT PERSON AND REFERENCE (TELEPHONE NUMBER)

SUCH INSTRUCTION, ONCE GIVEN, SHALL BE I R R E V O C A B L E
= = = = = = = = = = = =

CEDEL BANK DEADLINE:
= = = = = = = = = = = = = = =
TO BE PROCESSED IN THE DAYTIME PROCESSING, YOUR INSTRUCTION MUST BE RECEIVED AT CEDEL BANK LUXEMBOURG PRIOR THAN 10:00 AM LUXEMBOURG TIME.

DEFAULT ACTION:
= = = = = = = = = = =
NO ACTION WILL BE TAKEN BY CEDEL BANK IF NO INSTRUCTION IS RECEIVED.

SHOULD YOU HAVE ANY FURTHER QUESTIONS, PLEASE CONTACT THE UNDERSIGNED.

BEST REGARDS,

JULIETTE BERNARD
SECURITIES MANAGEMENT-INTERNATIONAL MARKETS
S15/EUROBONDS

ANNEX E

Euroclear/Clearstream Announcements Re: Series B-Q VRR's

EUROCLEAR

NASR2 NOTICE TEXT ECUPGU

EVENT NBR: 1384886 VERSION: 1 EVENT TYPE: 399

CREATION DATE 22/06/99 STATUS: S

CREATION REASON: ON-LINE DEADLINE: RECORD DATE:

LAST CONTROL DATE: 21/06/99 LAST CONTROL AUTHOR: ECUPIO RESENT VERSION:

EX. SECURITY NAME			ISIN NUMBER	COMMON CODE	SECURITY CODE
MEXICO-VALUE RECOV.	VAR	30/06/0	XS0038529110	003852911	052923
MEXICO, DISC SER A	VAR	00/12/1	XS0015157489	001515748	064087
MEXICO, DISC SER B	VAR	31/12/1	XS0015157562	001515756	064088
MEXICO, DISC SER C	VAR	31/12/1	XS0015157646	001515764	064089
MEXICO. DISC SER D	VAR	00/12/1	XS0015157729	001515772	064090
MEXICO, SERIES A,	6.25000	31/12/1	XS0015157992	001515799	064092
MEXICO, SERIES B,	6.25000	31/12/1	XS0015158024	001515802	064093

DATE: *AUTHOR:*

FORMAT: ALONG300

-- EVENT NUMBER 1384886 ---

EVENT TYPE 399 OTHER NON-ELECTIVE EVENT
NON-SEPARATION OF VALUE RECOVERY RIGHTS
DEFINITIVE INFORMATION

--BALANCES / PENDING INSTRUCTIONS--

--EVENT DETAILS --

INFORMATION ON OTHER NON-ELECTIVE EVENT
EVENT DATE: 01/07/99

WE HAVE RECEIVED FOLLOWING NOTICE FROM EMTA

QUOTE
AS YOU KNOW, THE VALUE RECOVERY RIGHT (‘VRR’) SERIES B ASSOCIATED WITH THE MEXICO PAR AND DISCOUNT BONDS (‘BONDS’) ISSUED BY THE UNITED MEXICAN STATES BECOME SEPARABLE AS OF JULY 1, 1999 SUBSEQUENT SERIES OF VRR'S (C-Q) ARE SEPARABLE EVERY 1ST OF JULY THEREAFTER THRU JULY 1, 2014. BASED ON THE EXPERIENCE OF THE VRR SERIES A DETACHMENT WHICH CREATED SIGNIFICANT RECONCILIATION AND SETTLEMENT ISSUES FOR MANY MARKET PARTICIPANTS.

THE UNITED MEXICAN STATES (UMS) AND THE EMERGING MARKETS TRADERS ASSOCIATION (EMTA) BELIEVE THAT SEPARATING SERIES B AND SUBSEQUENT SERIES WOULD BE AN IMPEDIMENT TO MARKET EFFICIENCY ALSO,

CONSISTENT WITH MARKET PRACTICE SINCE 1992, SEPARATED VRR'S ARE NOT EXPECTED TO TRADE AS SEPARATE SECURITIES.

IN ACCORDANCE WITH EUROCLEAR'S OPERATING PROCEDURES, EUROCLEAR WILL NOT PROCESS REQUESTS TO SEPARATE THE VRR SERIES B OR ANY SUBSEQUENT SERIES OF VRR'S FROM ITS RESPECTIVE BOND SHOULD A BONDHOLDER WISH TO SEPARATE ANY VRR SERIES. THIS CAN BE DONE OUTSIDE EUROCLEAR BY WITHDRAWING THE RELATED BONDS IN ORDER TO BRING THESE SECURITIES BACK INTO THE EUROCLEAR SYSTEM AT A FUTURE DATE, BONDHOLDERS WILL NEED TO DELIVER BOTH BONDS AND VRR'S (I.E. TOGETHER WITH ALL SERIES B TO Q) TO THE RELEVANT DEPOSITORY. WE UNDERSTAND THAT CEDELBANK WILL BE ADOPTING A SIMILAR PROCEDURE.

IF YOU HAVE ANY QUESTIONS, PLEASE DO NOT HESITATE TO CALL THE UNDERSIGNED.
UNQUOTE.

EXERCISE DETAILS

- SECURITY 052923 MEXICO, VALUE RECOV. VAR 30/06/03
(WARRANT) NOMINAL USD 1,000 MATURITY 30/06/03

MINIMUM FOR EXERCISE: 1,000
MULTIPLE FOR EXERCISE: 1,000

- SECURITY 064087 MEXICO, DISC SER A VAR 00/12/19
(STRAIGHT) NOMINAL USD 1,000 MATURITY 28/12/19

MINIMUM FOR EXERCISE: 1,000
MULTIPLE FOR EXERCISE: 1,000

- SECURITY 064088 MEXICO, DISC SER B VAR 31/12/19
(STRAIGHT) NOMINAL USD 1,000 MATURITY 31/12/19

MINIMUM FOR EXERCISE: 1,000
MULTIPLE FOR EXERCISE: 1,000

- SECURITY 064089 MEXICO, DISC SER C VAR 31/12/19
(STRAIGHT) NOMINAL USD 1,000 MATURITY 31/12/19

MINIMUM FOR EXERCISE: 1,000
MULTIPLE FOR EXERCISE: 1,000

- SECURITY 064090 MEXICO, DISC SER D VAR 00/12/19
(STRAIGHT) NOMINAL USD 1,000 MATURITY 28/12/19

MINIMUM FOR EXERCISE: 1,000
MULTIPLE FOR EXERCISE: 1,000

- SECURITY 064092 MEXICO, SERIES A, 6.25000 31/12/19
(STRAIGHT) NOMINAL USD 1,000 MATURITY 31/12/19

MINIMUM FOR EXERCISE: 1,000
MULTIPLE FOR EXERCISE: 1,000

- SECURITY 064093 MEXICO, SERIES B, 6.25000 31/12/19
(STRAIGHT) NOMINAL USD 1,000 MATURITY 31/12/19

MINIMUM FOR EXERCISE: 1,000
MULTIPLE FOR EXERCISE: 1,000

CLEARSTREAM

CUSTOMER ACCOUNT DETAILS
----------EVENT + STATUS---------

EVENT TYPE GENERAL EVENT
EVENT ID 9800736666306990
ANNOUNCEMENT DATE 21-JUN-1999
LAST AMENDED 26-JUL-1999
INFORMATION STATUS COMPLETE

EVENT DESCRIPTION FOR YOUR INFORMATION

------SECURITY DETAILS------

SECURITY USD 6,25 MEXICO PAR A WW(CUM RIGHT)90-2019

COMMON CODE 007366663 ISIN CODE XS0073666637

INSTRUMENT TYPE CUM WARRANT

-----HOLDINGS + ENTITLEMENT-----
HOLDING & ENTITLEMENT DETAILS
POS DTLS: SLB, DRAWN, PLEDGE, BLOCK

-----ADDITIONAL INFO-----

PLEASE NOTE THAT, THE VALUE RECOVERY RIGHT ("VRR") SERIES B ASSOCIATED WITH THE MEXICO PAR AND DISCOUNT BONDS ("BONDS") ISSUED BY THE UNITED MEXICAN STATES (UMS) BECOME SEPARABLE AS OF JULY 1, 1999. FROM THEN ON AT UNTIL 1 JULY, 2014, SUBSEQUENT SERIES OF VRR'S (C-Q) ARE SEPARABLE EVERY 1ST OF JULY. AS PER THE EXPERIENCE OF THE VRR SERIES A DETACHMENT, WHICH GENERATED SIGNIFICANT RECONCILIATION AND SETTLEMENT ISSUES FOR MANY BONDHOLDERS, THE UMS AND THE EMERGING MARKETS TRADERS ASSOCIATION (EMTA) ARE CONVINCED THAT SEPARATING SERIES B AND SUBSEQUENT SERIES WOULD IMPEDE MARKET EFFICIENCY. MOREOVER, CONSISTENT WITH MARKET PRACTICE SINCE 1992, SEPARATED VRR'S ARE NOT EXPECTED TO TRADE AS SEPARATE SECURITIES.

ACCORDINGLY THE ICSD'S WILL NOT PROCESS INSTRUCTIONS TO SEPARATE THE VRR SERIES B NOR ANY SUBSEQUENT SERIES OF VRR'S FROM ITS RESPECTIVE BOND. A BONDHOLDER WHO WANTS TO SEPARATE ANY VRR SERIES CAN DO SO OUTSIDE CEDELBANK BY WITHDRAWING THE RELATED BONDS, TO BRING THE SECURITIES BACK INTO CEDELBANK SYSTEM AT A FUTURE DATE, BONDHOLDERS ARE REQUESTED TO DELIVER BOTH BONDS AND VRR'S (I.E., TOGETHER WITH ALL SERIES A TO Q) TO THE RELEVANT DEPOSITORY, IN CASE OF FURTHER QUESTIONS, PLEASE DO NOT HESITATE TO CONTACT THE UNDERSIGNED.

-----CONTACT DETAILS-----

RESPONSIBLE NAME DIDIER LENGES
MARKET TEAM SECS MANAGEMENT INTERNATIONAL EVENTS
PHONE NUMBER +352 46 56 44 62
FAX NUMBER +352 46 56 48 248

CLEARSTREAM

CUSTOMER ACCOUNT DETAILS
----------EVENT + STATUS---------

EVENT TYPE GENERAL EVENT
EVENT ID 9800151574806990
ANNOUNCEMENT DATE 21-JUN-1999
LAST AMENDED 26-JUL-1999
INFORMATION STATUS COMPLETE

EVENT DESCRIPTION FOR YOUR INFORMATION

------SECURITY DETAILS------

SECURITY USD FL.R MEXICO (DISC.A) 90-2019

COMMON CODE 001515748 ISIN CODE XS0015157489

INSTRUMENT TYPE BOND

-----HOLDINGS + ENTITLEMENT-----
HOLDING & ENTITLEMENT DETAILS
POS DTLS: SLB, DRAWN, PLEDGE, BLOCK

-----ADDITIONAL INFO-----

PLEASE NOTE THAT, THE VALUE RECOVERY RIGHT ("VRR") SERIES B ASSOCIATED WITH THE MEXICO PAR AND DISCOUNT BONDS ("BONDS") ISSUED BY THE UNITED MEXICAN STATES (UMS) BECOME SEPARABLE AS OF JULY 1, 1999. FROM THEN ON AT UNTIL 1 JULY, 2014, SUBSEQUENT SERIES OF VRR'S (C-Q) ARE SEPARABLE EVERY 1ST OF JULY. AS PER THE EXPERIENCE OF THE VRR SERIES A DETACHMENT, WHICH GENERATED SIGNIFICANT RECONCILIATION AND SETTLEMENT ISSUES FOR MANY BONDHOLDERS, THE UMS AND THE EMERGING MARKETS TRADERS ASSOCIATION (EMTA) ARE CONVINCED THAT SEPARATING SERIES B AND SUBSEQUENT SERIES WOULD IMPEDE MARKET EFFICIENCY. MOREOVER, CONSISTENT WITH MARKET PRACTICE SINCE 1992, SEPARATED VRR'S ARE NOT EXPECTED TO TRADE AS SEPARATE SECURITIES.

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-----CONTACT DETAILS-----

RESPONSIBLE NAME DIDIER LENGES
MARKET TEAM SECS MANAGEMENT INTERNATIONAL EVENTS
PHONE NUMBER +352 46 56 44 62
FAX NUMBER +352 46 56 48 249

E merging
M arkets
T raders
A ssociation

April 2000

EMTA QUESTIONNAIRE

As our marketplace evolves and the investor base broadens, it is important to us at EMTA that we respond to the needs of our marketplace. Please take a few minutes to fill out this brief questionnaire. Thank you for your input.

NAME OF INSTITUTION: ____

I Please rate the value of the following on a scale from 1 to 10 (10 being the highest):

Market Practices	____________	EMTA Policy Papers (Burden-Sharing, etc.)	____________
Standard Documentation	____________	Distribution of Information (Holiday Schedule, Ecuador Restructuring, etc.)	____________
EMTA Bulletin	____________	CME/EMTA Ruble Rate	____________
EMTA Website	____________	Multilateral Netting Facility	____________
Volume Survey	____________	EMTA Working Groups	____________
Monthly Price Report	____________		
Annual Meeting / London Summer Forum	____________		
EMCC	____________		

II In addition to the projects and services listed above, what else should EMTA provide?

III What new topics should an EMTA Working Group address?

IV What suggestions do you have for improving a current EMTA project?

V Should EMTA change its vision or constituency? If so, how?

VI What type of new project would bring particular value to the Buy-Side?

VII Please write any additional comments below.

VIII Please indicate your job function:

Trading/Sales	____________	Risk Management	____________
Settlement/Operations	____________	Compliance	____________
Research	____________	Legal	____________
		Other	____________

Please return your response to Suzette Ortiz by fax at (212) 908-5039.