

EMTA Board Meeting

EMTA's Board of Directors held its second regular meeting for 1998 on July 1 at the offices of Deutsche Morgan Grenfell in London, with a videolink to New York City. In addition to reviewing EMTA's budget and finances, the Board discussed a proposal for making Russian VEB restructured loan trading Euroclearable and a proposed Market Practice regarding the settlement of Russian MinFin Bonds at Euroclear.

At this meeting, the Board accepted the resignation of Jorge Jasson (Chase Securities) as a director and elected Modesto Gomez as his replacement. The Board expressed its appreciation to Jorge Jasson for his strong commitment to EMTA, particularly during his tenure as EMTA's New York Co-Chair. London Co-Chair Rick Haller (Deutsche Bank) will serve as EMTA Chair for the remainder of this year.

The next EMTA Board Meeting is scheduled for Wednesday, October 14, 1998.

EMTA London Summer Forum

Over 150 guests attended EMTA's Summer Forum in London at the offices of Salomon Smith Barney on July 2, 1998. In addition to remarks by EMTA Executive Director Michael Chamberlin, the meeting featured two lively panel discussions of current events and trends in the Emerging Markets.

Russian and, somewhat surprisingly, Algerian debt were the top investment choices of participants in EMTA's Investor Panel. Beatrice Hollond (Credit Suisse Asset Management), Tom Fallon (FP Consult) and Simon Treacher (Morgan Grenfell Asset Management) all chose Algerian debt as one of their top picks for 1998, while Fallon, Ingrid Iversen (Rothschild Asset Management) and panel moderator Mark Franklin (Salomon Smith Barney) spoke positively on Russian instruments.

Four of the five participants on EMTA's Sell-Side Panel also chose Russian debt as a top performer for the second half of 1998: panel moderator Richard Gray (Bank of America), Robin Hubbard (Chase Manhattan), Miranda Xafa (Salomon Smith Barney) and Richard Segal (Santander Investments). Hubbard and Xafa also spoke positively on Hungary while Walter Molano (Warburg Dillon Read) chose Ecuador and Colombia as his favorites.

Emerging Markets Clearing Corporation (EMCC)

As previously advised, EMCC successfully commenced operations this past April with nine major market participants. An additional participant (Lehman Brothers International (Europe)) has recently been added (bringing the number of participants to ten), with another major market participant expected shortly. Eligible instruments have been expanded to 103 securities, encompassing substantially all actively traded U.S.\$-denominated Brady Bonds. Emerging Market Sovereign Eurobonds are expected to be added within the next several months.

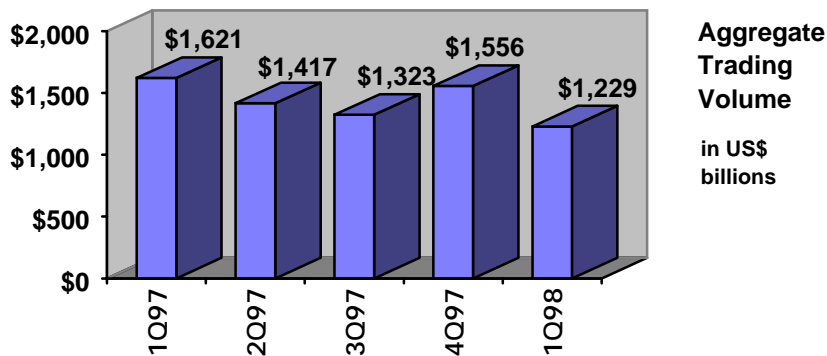
EMCC was developed by the Emerging Markets trading industry under EMTA's sponsorship to reduce counterparty and settlement risk for Emerging Markets debt trading by providing an industry-controlled clearing corporation that assumes counterparty risk for all accepted trades. EMCC provides a more creditworthy alternative to existing clearing mechanisms by netting and collateralizing trade positions. Since its launch, EMCC has achieved high average matching rates of 95% and 98% on Trade Date and Settlement Date, respectively, from a volume level that averaged 713 sides per day in June.

For further information, please contact Keith Kanaga (EMCC) at (212) 558-2779, Joe Willing (J.P. Morgan) at (212) 648-3564 or Michael M. Chamberlin (EMTA) at (212) 908-5000.

First Quarter 1998 Debt Trading Volume Survey Available

EMTA's First Quarter 1998 Debt Trading Volume Survey was completed and distributed to participants on May 21, 1998.

Turnover in Emerging Markets debt instruments totaled more than US\$1.22 trillion in the first quarter of 1998, down from first quarter 1997 trading of US\$1.62 trillion and trading of US\$1.56 trillion in the fourth quarter of 1997.



EM Factoid

Asian Trade Increases 1Q98 vs 4Q97

South Korea	↑↑ 358%
Philippines	↑↑ 130%
Thailand	↑↑ 85%
Indonesia	↑↑ 62%

Arturo Porzecanski, Americas Chief Economist at ING Barings, noted that the Survey may reflect an important transformation in the Emerging Markets debt industry. "The investor base is maturing, and we have more buy-and-hold investors rather than the opportunistic intra-day traders of old. Perhaps we have seen the end of rapid growth in trading volumes, and the first quarter lull is more of a harbinger of the future than a fluke of the past."

EMTA collected data from major financial institutions worldwide, reflecting trading of instruments originating in 90 countries. Trading volumes were measured in five major categories: Brady Bonds, Eurobonds (sovereign and corporate), loans, Local Markets instruments (local currency and U.S.\$-denominated), and debt options and warrants.

The Second Quarter 1998 Survey will be available in mid-August.

For more information, please call Jonathan Murno at (212) 908-5022.

Eastern Europe

Derivatives & FX

The EMTA/ISDA Derivatives Task Force is developing a summary of issues affecting the development of derivatives markets in Central/Eastern Europe and Russia, including the status of netting, bankruptcy and collateral legislation. On a related note, the widely reported April 13 decision of the Moscow Arbitration Court, which stated that non-deliverable forward contracts with Russian counterparties were unenforceable gaming contracts, was fortunately overturned on appeal.

For further information, please contact Starla Cohen at (212) 908-5021 or Mandy Sleight at (44171) 545-3196.

1998 FX Currency and Options Definitions

A group of operations and documentation specialists chaired by Arthur Magnus of J.P. Morgan has been meeting monthly to discuss how best to implement the use of the 1998 FX and Currency Options Definitions and to identify market practices as they evolve. Similar committees have been meeting in Singapore (chaired by Standard Chartered) and in London (under supervision of the BBA).

The 1998 Definitions, published by ISDA, EMTA and the Foreign Exchange Committee, cover a wide range of currencies and transactions and introduce new concepts such as Disruption Events and Disruption Fallbacks. Annex A to the Definitions, published in a separate loose-leaf format, includes many currency spot rate definitions for use in settling non-deliverable transactions.

Copies of the full document are available to Members of EMTA, ISDA and the FX Committee for U.S.\$100 (non-Members U.S.\$200). Annex A is available to Members for U.S.\$50 (non-Members U.S.\$100) To receive an order form, please contact Starla Cohen at (212) 908-5021.

Russia

Loan Trading Working Group

This group, composed of several subgroups, has recently distributed a recommended form of Bilateral Netting Agreement for Russia VEB Restructured Loan Trades and a memorandum from Cleary, Gottlieb, Steen & Hamilton regarding certain U.S. federal income tax consequences of VEB's London Club Restructuring to interested market participants. The Working Group is also finalizing Buy-In and Sell-Out Remedies, which will be incorporated in the next draft of the Standard Terms for Assignments of Loan Assets and the Russian Annex.

For more information, please contact Aviva Werner at (212) 908-5003, Brian Morrisroe at (212) 908-5025 or Mandy Sleigh at (44171) 545-3196.

Local Equity Documentation

A meeting of the London- and Moscow-based Working Group was held on April 29 to discuss the revised Standard Terms for Purchase/Sales of Russian Equities (with Market Practice Guide) dated March 16, 1998. Minutes for this meeting are available. A revised draft of the Standard Terms will be distributed shortly.

For more information, please contact Starla Cohen at (212) 908-5021 or Mandy Sleigh at (44171) 545-3196.

MinFins

A meeting of market participants was held in London on July 1 to discuss MinFin issues, in particular, the proposal to move a 'Critical Mass' of MinFin Bonds into Euroclear, which EMTA distributed on June 2. Momentum is clearly building for the 'Critical Mass' proposal, although certain details remain to be worked out. A revised draft of the proposal was distributed on July 13.

For more information, please contact Starla Cohen at (212) 908-5021 or Mandy Sleigh at (44171) 545-3196.

Russia (continued)

Multilateral Netting

Since April, EMTA has been operating a multilateral net delivery facility for Russia VEB Restructured Loans for each Batch Settlement Date. 27 firms participated in the latest facility (which closed on July 9), which settled US\$3.894 billion in aggregate net bilateral positions.

For more information, please contact Brian Morrisroe at (212) 908-5025.

Recommended Market Practices

In connection with Russian VEB Loan Trades, EMTA distributed a 1998 Batch Settlement Calendar on February 13 and on March 16 circulated additional recommended Market Practices which entitle Buyers to Accrued Interest as of the Settlement Date, eliminate Seller compensation for late delivery, and provide Buyers with the right to claim Interest Notes if the trade was priced to include them but did not settle "With Accrued Interest Notes and Cash". On March 23, EMTA also distributed recommended Market Practices for Class I Loans, which eliminated Seller compensation for late delivery.

For more information, please contact Aviva Werner at (212) 908-5003, Brian Morrisroe at (212) 908-5025 or Mandy Sleight at (44171) 545-3196.

Repos

The NY/London Repo Working Group is currently working with Clifford Chance to develop standard documentation for Repo trading of Russia VEB Restructured Loans.

For more information, please contact Aviva Werner at (212) 908-5003.

Making VEB Principal Euroclearable

An EMTA working group is working with legal counsel to develop a proposal to make Russia VEB Restructured Loans Euroclearable. The proposal is well-advanced and could be ready for launch as early as September 1.

For more information, please contact Michael Chamberlin or Starla Cohen at (212) 908-5000.

Other Project Reports

Algerian Loan Trading

Revised recommended Market Practices concerning the trading of Algerian Loans are now available by contacting Felita Tate at (212) 908-5026 (phone), (212) 908-5039 (fax) or emtafy@aol.com (e-mail).

For more information, please contact Aviva Werner at (212) 908-5003.

Other Project Reports

Derivatives

EMTA has been collaborating with other financial industry trade associations in response to the CFTC's recent concept release regarding the regulation of OTC derivatives in the U.S. The latest developments on this topic involve the proposal of legislation that would prevent changes in the existing regulatory status of OTC derivatives pending a formal review of the area by a high-level inter-agency group.

For more information, please contact Michael Chamberlin at (212) 908-5000.

Membership Update

EMTA's newest members include **Depository Trust Company, Exprinter International Bank, Market Data Corporation, Morgan Stanley Asset Management, Orrick, Herrington & Sutcliffe LLP, Simmons & Simmons** and **State Street Bank**.

If you know of any other prospective Members, please contact Suzette Ortiz at (212) 908-5015.

EMTA 1997 Annual Report

EMTA's 1997 Annual Report is now available. The Annual Report contains EMTA's 1997 financial statements, 1997 accomplishments and 1998 goals, and includes market commentary by EMTA's 1997 Co-Chairs, Frederic Haller (Deutsche Bank) and Jorge Jasson (Chase Securities Inc.), and EMTA's Executive Director, Michael Chamberlin. All Members are encouraged to review the Annual Report and to give it appropriate distribution internally and to customers.

If you would like to receive one or more copies, please contact Jonathan Murno at (212) 908-5022.

EMTA 'Summer on the Terraces' Reception

Please join EMTA's staff for drinks and light refreshments (weather permitting) on the EMTA terraces, 63 Wall Street (20th floor), on Thursday, July 23 from 5:30pm on. For further information, please contact Brian Morrisroe at (212) 908-5025.

EMTA Staff Change

Tiffany Cothran, EMTA's Communications Associate, will be leaving EMTA on July 31, 1998. During her three years of service at EMTA, Tiffany's contributions included producing EMTA's Annual Reports and the quarterly Bulletin, coordinating EMTA's Annual Meeting, as well as general outreach to the media. Tiffany will be pursuing her acting career with a nine-month engagement in upstate New York. EMTA extends its sincere gratitude for her services and wishes her well on the stage.

Emerging Markets Traders Association

Bulletin

Hotlines

<u>Topic</u>	<u>EMTA Contact Person</u>	<u>Telephone</u>
Accounting/Finance	Don Goecks/Lisa Palazzola	(212) 908-5010/5019
Argentina	Brian Morrisroe	(212) 908-5025
Africa/Asia	Brian Morrisroe/Mandy Sleigh	(212)908-5025/0171-545-3196
Brazil	Brian Morrisroe	(212) 908-5025
Central/Eastern Europe	Mandy Sleigh	0171-767-545-3196
Clearing Corporation (EMCC)	Keith Kanaga (EMCC)	(212) 558-2779
Code of Conduct	Michael Chamberlin	(212) 908-5000
Conferences	Jonathan Murno	(212) 908-5022
Daily Market Price/Volume Data	Jonathan Murno/Lisa Palazzola	(212) 908-5022/5019
European Working Group	Mandy Sleigh	(44-171) 545-3196
Foreign Exchange	Starla Cohen	(212) 908-5021
Global Equities Regulation	Bruce Wolfson (Bear Stearns)	(212) 272-2571
Legal/Compliance	Aviva Werner	(212) 908-5003
Loan Trading	Brian Morrisroe/Aviva Werner	(212) 908-5025/5003
Local Markets	Starla Cohen/Brian Morrisroe	(212) 908-5021/5025
Market Practices	Brian Morrisroe/Aviva Werner	(212) 908-5025/5003
Match-EM	Don Goecks	(212) 908-5010
Membership	Suzette Ortiz	(212) 908-5015
Mexico	Brian Morrisroe	(212) 908-5025
Month-End Pricing	Jonathan Murno/Lisa Palazzola	(212) 908-5022/5019
Multilateral Netting	Brian Morrisroe/Lisa Palazzola	(212) 908-5025/5019
Options/Derivatives	Brian Morrisroe/Starla Cohen	(212) 908-5025/5021
Poland	Starla Cohen	(212) 908-5021
Repos/Securities Lending	Brian Morrisroe/Aviva Werner	(212) 908-5025/5003
Research	Jonathan Murno	(212) 908-5022
Russia	Starla Cohen	(212) 908-5021
Volume Survey	Jonathan Murno	(212) 908-5022
Warrants	Brian Morrisroe	(212) 908-5025
Website	Lisa Palazzola	(212) 908-5019

All EMTA staff can be reached through the general reception number (212) 908-5000.

EMTA staff can also be reached at the following e-mail addresses or by visiting EMTA's website at www.emta.org.

Michael Chamberlin	emtammc@aol.com	Suzette Ortiz	emtaso@aol.com
Starla Cohen	emtasvc@aol.com	Lisa Palazzola	emtalmp@aol.com
Donald Goecks	emtadon@aol.com	Evelyn Ramirez	emtaeve@aol.com
Gina Marroco	emtagm@aol.com	Mandy Sleigh	Mandy.Sleigh@uk.dmg.deuba.com
Brian Morrisroe	emtabjm@aol.com	Felita Tate	emtafyt@aol.com
Jonathan Murno	emtajrm@aol.com	Aviva Werner	emtaawa@aol.com

EMTA Calendar

Wed., July 1	<u>EMTA Board Meeting</u>
Thu., July 2	<u>EMTA Summer Forum</u> Salomon Smith Barney, London. 2pm (London time) panel discussion <i>Current Events and Trends in the Emerging Markets</i> . 4pm (London time) panel discussion <i>Buy-Side Perspective on the Emerging Markets</i> . Reception to follow. Contact: Jonathan Murno (212) 908-5022.
Thu., July 2	Recommended 2pm (NYC time) Market Close (New York), Independence Day
Fri., July 3	Recommended Market Close (New York), Independence Day
Tue., July 21	<u>EMCC Board Meeting</u>
Thur., July 23	<u>EMTA Summer Reception</u> EMTA offices 63 Wall Street, 20th Floor, 5:30pm. Contact Brian Morrisroe (212) 908-5025.
Wed., Aug. 5	<u>Lawyer/Broker-Dealer Compliance Working Group</u> Breakfast Meeting at Shearman & Sterling, 599 Lexington Avenue (Conference Center), New York City 8:00 a.m. <i>To be confirmed.</i>
Tue., Aug. 18	<u>EMCC Board Meeting</u>
Mon. Aug. 24	Recommended Market Close (London) Summer Bank Holiday
Wed., Sep. 2	<u>Lawyer/Broker-Dealer Compliance Working Group</u> Breakfast Meeting at Shearman & Sterling, 599 Lexington Avenue (Conference Center), New York City 8:00 a.m. <i>To be confirmed.</i>
Fri., Sep. 4	Recommended 2pm (NYC time) Market Close (New York), Labor Day
Mon., Sep 7	Recommended Market Close (New York), Labor Day
Fri., Oct. 9	Recommended 2pm (NYC time) Market Close (New York), Columbus Day
Mon., Oct. 12	Recommended Market Close (New York), Columbus Day.
Wed., Oct. 14	<u>EMTA Board Meeting</u>
Wed., Nov. 11	Recommended Market Close (New York), Veteran's Day
Wed., Nov. 25	Recommended 2pm Market Close (New York), Thanksgiving Holidays
Thurs., Nov. 26	Recommended Market Close (New York), Thanksgiving Day
Fri., Nov. 27	Recommended 2pm Market Close (New York), Thanksgiving Holidays
Tue., Dec. 8	<u>EMTA Annual Meeting</u>
Thurs., Dec. 24	Recommended 2pm Market Close (New York), Christmas Holidays
Fri., Dec. 25	Recommended Market Close (New York/London), Christmas
Mon., Dec. 28	Recommended Market Close (London), Boxing Day
Thurs., Dec. 31	Recommended 2pm Market Close (New York), New Year's Holiday
Fri., Jan. 1, 1999	Recommended Market Close (New York/London), New Year's Day