

Board of Directors Meeting Election of 1997 Officers

EMTA's Board of Directors held its first regular meeting for 1997 on February 12 at the offices of Chase Manhattan in New York with a videolink to London. In addition to reviewing EMTA's budget and finances and on-going projects (particularly EMCC and various Local Markets projects), the Board elected its 1997 officers.

Rick Haller (Deutsche Morgan Grenfell) was elected as London Co-Chair, joining Jorge Jasson (Chase), who was re-elected as New York Co-Chair. Paul Masco (Salomon Brothers) and Guido Mosca (J.P. Morgan) were re-elected as Vice-Chairs and are joined by Daniel Canel (UBS), also elected as an EMTA Vice Chair.

In addition to electing 1997 officers, the Board elected Americo da Corte (ING Barings) as a new Director to replace Peter Geraghty, who is stepping down after six years on EMTA's Board of Directors. The Board expressed its appreciation to Mr. Geraghty, one of EMTA's founders, for his contributions to EMTA over many years. At many critical crossroads, Peter's vision - that EMTA should develop beyond its original debt trading focus - helped shape EMTA's evolution. EMTA's presence in London and its expanded Local Markets agenda are in large part a result of Peter's support and encouragement.

The next EMTA Board Meeting is scheduled for April 23, 1997.

1996 Debt Trading Volume Survey Is Now Available!

Details on page 2.

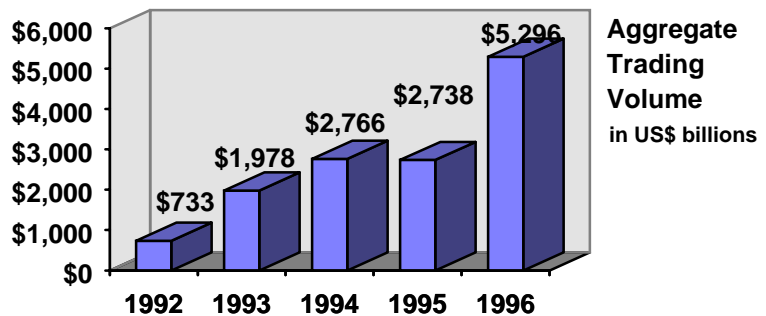
IN THIS ISSUE:

Debt Trading Volume Survey	2
Emerging Markets Clearing Corporation	3
Local Markets	4-6
Working Group Reports	7-8
Netting	8
Price Dissemination	9
Standard Documentation	9
Hotlines	11
Conferences, Meetings & Holidays	12

1996 Debt Trading Volume Survey Now Available Survey to be Published on Quarterly Basis in 1997

EMTA's Fifth Annual Debt Trading Volume Survey was completed and distributed to participants on March 17, 1997.

Resuming the rapid growth of previous years, reported turnover in Emerging Markets debt instruments in 1996 rose to U.S. \$5.296 trillion, nearly double the U.S. \$2.739 trillion in trading reported by participants for 1995.



The Survey's 113 respondents reported an across-the-board increase in trading of all major debt instrument categories. Following a record year for Eurobond issuances, turnover in sovereign Eurobonds demonstrated the largest percentage increase (up 210%), followed by options trading (up 163%), corporate Eurobond trading (up 128%), Local Markets instrument trading (up 108%), Brady Bond trading (up 70%) and loan assignments (up 42%).

EMTA collected data from 113 major financial institutions worldwide, reflecting trading of instruments originating in 85 countries. Trading volumes were measured in five major categories: Brady Bonds, non-Brady bonds (sovereign and corporate), loans, Local Markets instruments (local currency and U.S. dollar-denominated), and debt options and warrants. EMTA thanks the many institutions that participated in this Survey.

Due to the overwhelming response from market participants, EMTA will compile the Survey on a quarterly basis beginning in 1997. The first quarterly Survey was mailed to participants on March 24, 1997, and responses are due on April 21, 1997. Participants will receive a complimentary copy of the Survey results.

For more information on the First Quarter 1997 Survey, or if your firm has not received a copy of the questionnaire, please call Jonathan Murno at 212-908-5022.

To order one or more Volume Surveys, please complete and return the enclosed order form.

Emerging Markets Clearing Corporation (EMCC)

EMCC is currently in its testing phase and is expected to be ready for operation by mid-June. EMCC's application for registration with the SEC was completed in early March. Testing is now underway with Cedel, Chase Manhattan Bank, Deutsche Morgan Grenfell, Euroclear, Goldman Sachs, J.P. Morgan and Salomon Brothers.

EMCC is being developed to reduce counterparty and settlement risk for Emerging Markets debt trading. EMCC will be owned by the Emerging Markets trading industry, and constructed and operated by clearing experts at the International Securities Clearing Corporation (ISCC). EMCC will initially provide clearing services for U.S. \$-denominated Brady Bonds. Subsequent instruments are likely to include non-U.S. \$-denominated Brady Bonds, as well as Emerging Markets Eurobonds, loans and Local Market instruments and options.

The EMCC Policy Group, including representatives of a broad spectrum of market participants, continues to meet regularly. Much of the Policy Group's work is being handled by three sub-Groups that are responsible for the areas of Operations, Risk Management and Legal/Regulatory, respectively. These sub-Groups are actively seeking industry input during the further development and implementation phases, and your specific questions and comments are invited.

It is the Policy Group's intention that EMCC's membership eligibility criteria properly accommodate the needs of the marketplace by balancing appropriate credit and other standards against the need for widescale access by market participants. At the same time, efforts are underway to facilitate adequate alternative arrangements that will ensure fair access to EMCC by market participants that do not meet EMCC's criteria for membership. Your comments regarding EMCC access are particularly invited.

EMCC's initial member participants are expected to include substantially all major Emerging Markets dealers and interdealer brokers (as well as significant private clearing entities), totaling some 30 to 40 firms. Specific membership eligibility criteria are being developed by a Risk Management Working Group.

Developing EMCC will involve an approximately \$1.8 million one-time start-up cost and then \$1.5 million in prefunded operating costs for its first year's operations. Developmental costs are being advanced by a group of leading market participants many of whom, together with representatives from Euroclear, Cedel, ISMA, ISCC and EMTA, will join EMCC's Policy Group. EMTA is now inviting other major market participants to participate in the EMCC project.

For further information, please contact Keith Kanaga or Mary Ann Callahan (ISCC) at (212) 558-2779/80, Joe Willing (J.P. Morgan) at (212) 648-3564, Lou Bonavita (Chase) at (212) 552-1704 or Michael M. Chamberlin (EMTA) at (212) 908-5000.

Local Markets

Argentina

EMTA and ISDA are working with the Argentine Securities and Exchange Commission (CNV) on the development of a viable on-shore derivatives market. J. Andres Hall, Director of the CNV, met with Emerging Market derivatives traders and lawyers in New York on February 4 to discuss this initiative. Issues to be addressed include netting and margining provisions, conforming Argentine laws with the ISDA Master Agreement, defining tax treatment for derivatives, implementing derivatives accounting rules, and creating an electronic funds wire transfer system to keep operating costs down.

EMTA continues to work with the Mercado Abierto Electronico (MAE), the Argentine electronically confirmed OTC market, to develop standard documentation for various transactions, including forward sales of securities and repos. A Master Forward Agreement is currently being finalized for approval by the Argentine CNV. EMTA has also provided comments on a standard Repo Agreement to be used in Argentina between the Argentine Ministry of Economy and local market makers.

For further information about EMTA's Argentine projects, please contact Katarina Dimich at (212) 908-5009.

Mexico

EMTA formally began its Local Markets initiative in Mexico in October, 1996. Based on discussions with various market participants, EMTA has decided to concentrate initially on issues related to netting, FX documentation and market efficiency.

For the benefit of market participants, EMTA has prepared a series of memoranda on securities finance, derivatives and foreign exchange transactions in Mexico. Topics covered in the securities finance memorandum include margin and mark-to-market, term restrictions, eligible securities and counterparties, tax, and insolvency. The derivatives memorandum includes information about on-shore and off-shore restrictions, eligible counterparties, netting, margin, and bankruptcy.

EMTA plans to establish cooperative relationships with the Mexican foreign bankers association (AIFI) and the local bank association (AMB) in order to resolve issues of common concern, such as changing regulations pertaining to netting. EMTA has also been asked to support local efforts to standardize documentation for local Mexican derivative transactions.

For further information about EMTA's Mexican projects, please contact Brian Morrisroe at (212) 908-5025.

Local Markets (continued)

Poland

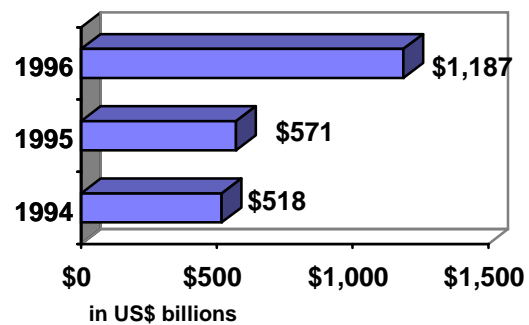
EMTA continues to work with Polish Market participants and regulators on Clarification Statements. Thus far, EMTA has issued Clarification Statement No. 1, on Letters of Authority/Powers of Attorney and Lack of Recognition of Nominee Accounts; and Clarification Statement No. 2, on Custodian/Brokerage Relationships and Mirror Brokerage Accounts. Clarification Statement No. 3, on Trading Polish Treasury Bonds and Bond Settlement Issues, is currently being reviewed for accuracy by local market participants.

EMTA is continuing its on-going dialogue with the Polish Securities Commission about the new Act on Public Trade in Securities, which is still before the Polish Parliament. The Act is expected to be enacted in June.

For further information about EMTA's Polish projects, please contact Starla Cohen at (212) 908-5021.

According to EMTA's 1996 Trading Volume Survey, trading of Local Markets instruments increased for the second consecutive year, making it the most commonly traded Emerging Markets instrument category after Brady Bonds. 1996 was the first year in which respondents indicated that a Local Markets instrument had traded at top Brady Bond levels.

Local Markets Instruments Trading Volume



Securities Financing

EMTA has asked local counsel in Argentina, Brazil and Mexico to complete comprehensive questionnaires on securities financing transactions. Based on the questionnaires, EMTA has created explanatory memoranda about regulations affecting securities financing in Argentina, Brazil, and Mexico, including information about margin and mark-to-market, term restrictions, eligible securities and counterparties, tax, and insolvency.

As part of a joint initiative with PSA and ISMA, EMTA is seeking preliminary legal opinions from local counsel on the enforceability of the Global Master PSA/ISMA Repo Agreement in various emerging markets countries. Initial countries include Argentina, Brazil, Ecuador, Mexico, Venezuela, the Czech Republic, Poland and Russia. The project may be expanded to include additional countries, if necessary.

To obtain copies of these documents, please call Katarina Dimich at (212) 908-5009 or Brian Morrisroe at (212) 908-5025.

Local Markets (continued)

Derivatives & FX

EMTA has retained local counsel in Argentina, Brazil and Mexico to answer comprehensive questionnaires relating to derivatives. Based on the questionnaires, local counsel created explanatory memoranda about regulations affecting the derivatives markets in those countries. These memoranda include information about on-shore and off-shore restrictions, eligible counterparties, netting, margin and bankruptcy.

EMTA, in collaboration with ISDA, ISMA and PSA, has begun to obtain preliminary responses from local counsel in several jurisdictions on the enforceability of netting provisions in the ISDA Master Derivatives Agreement. Initial countries include Argentina, Brazil, Mexico, Venezuela, the Czech Republic, Poland and Russia.

For copies of the memoranda, or for information about EMTA's derivatives projects, please contact Brian Morrisroe in New York at (212) 908-5025.

A working group sponsored by EMTA, ISDA and the FRBNY FX Committee is developing a definitions booklet for use in connection with ISDA documentation. The booklet, titled "1997 Emerging Market Currency Transactions Definitions," will provide market participants with a basic documentation framework for deliverable and non-deliverable forward and option transactions involving emerging market currencies.

For information on this project, please contact Starla Cohen in New York at (212) 908-5021.

Local Markets Update

The second issue of *Local Markets Update* is now available. This quarterly newsletter is designed to keep EMTA members informed about new and ongoing Local Markets initiatives and contains articles on EMTA's most interesting Local Markets projects, as well as initiatives that are global or regional in scope.

If you have not received your copy of *Local Markets Update*, please contact Keren Solomon at (212) 908-5020.



Working Group Reports

Algerian Loans Working Group

New Market Practices concerning the trading of Algerian Loans have been recommended (effective March 5, 1997) by the Algerian Working Group. Please call Felita Tate at (212) 908-5015 to obtain copies.

Loan Trading Working Group

A new Market Practice concerning the type of currency traded for Russian Loans has been recommended (effective March 5, 1997) by the Loan Trading Working group. Please call Felita Tate at (212) 908-5015 to obtain copies.

The group is also working on a variety of issues relating to the reconciliation and restructuring of Vnesh Loans. For further information, please contact Aviva Werner at (212) 908-5028.

Russian GKO Working Group

At the request of numerous EMTA members (including DMG, JP Morgan, CSFB, Salomon, Smith Barney), EMTA recently held a meeting to address issues relating to S-Accounts and GKO trading in Russia. Robert Devane of Troika Dialog led the discussion. This first meeting was prompted by the market's consensus that the Russian Central Bank regulations governing S-Accounts and GKO trading are vague and open to diverse interpretations by Russian Banks. EMTA members have asked EMTA to clarify what the regulations permit and to receive endorsement of the EMTA clarification by the Russian Central Bank, MICEX and the Moscow-based fixed income association (NAURAG). This will enable EMTA members to negotiate more effectively with their Russian counterparts.

EMTA will be holding other informational meetings and issue a series of clarification statements, endorsed by appropriate Russian officials, clarifying issues faced by foreigners trading other Russian instruments, such as "Veksels" (Russian promissory notes), as these new instruments become more widely traded.

For more information, please contact Sophie Pompea at (212) 908-5012.

Warrants Working Group

Market participants are strongly encouraged to continue reconciling any discrepancies in their warrant positions. Recently, there has been much discussion regarding how Mexican Discount and Par Bonds, and their related Rights, should be traded and settled going forward in order to minimize these difficulties. In time, EMTA expects to recommend creation and trading of a new instrument combining each Bond and its related Rights under a single ISIN number. As a first step, EMTA expects to announce the creation of a combined instrument for Par Bonds, with the new instrument for Discount Bonds to follow later.

Please contact Brian Morrisroe at (212) 908-5025 for more information.

Working Group Reports cont.

FX Working Group

EMTA is currently working with representatives of the International Swaps and Derivatives Association (ISDA) and the FX Committee of the Federal Reserve Bank of New York to develop standard documentation to facilitate the use of ISDA documents for various Emerging Markets transactions, including deliverable and nondeliverable currency forwards and options.

For further information, please contact Ovidio Diaz (J.P. Morgan) at (212) 648-9015, Beth Davy (ISDA) at (212) 332-2554 or Starla Cohen (EMTA) at (212) 908-5021.

Repo Market Practices Working Group

The Emerging Markets Repo Market Practices Working Group has recommended certain inter-dealer Market Practices for repos of Emerging Market sovereign or sovereign guaranteed instruments. These Market Practices include a definition of acceptable general collateral, substitution and margin delivery deadlines.

For copies of the Market Practices and for more information about this Group, please contact Katarina Dimich at (212) 908-5009.

Netting

Interest Day of Reckoning -- Argentina

The closing of the second and final stage of the Argentina Interest Netting Facility (scheduled to close on February 28, 1997) has been postponed due to an overall low matching rate among institutions. Netting and cash settlement of all matched transactions submitted to the Facility thusfar occurred in the first stage (transactions aggregating approximately U.S.\$5.7 million) with netting of subsequent matched transactions to follow in the second and final stage.

For further information, please contact Maria Helena Fisher at (212) 908-5018.

Interest Day of Reckoning -- Brazil, Poland and Ecuador

EMTA is expecting to operate separate Interest Netting Facilities for Brazil, Poland and Ecuador in 1997, with netting and cash settlement of all matched transactions submitted into each Facility similar to the Netting Facility for Argentina.

If you are interested in participating, or know of any institutions that should be, please contact Maria Helena-Fisher at (212) 908-5018.

Standard Documentation

Ivory Coast Confirmation Forms

Recommended forms of confirmation for the when-issued trading of Ivory Coast Bonds were distributed on March 3.

Peru Confirmation Forms

Recommended forms of confirmation for the trading of Peru Bonds were distributed on March 7.

To obtain copies of these documents, please call Felita Tate at (212) 908-5015.

Price Dissemination

Electronic Dissemination of Daily Market Volume/Price Data

In an effort to promote transparency in Emerging Markets debt trading, EMTA continues to electronically disseminate aggregate daily market volume and price data on Emerging Markets debt instruments to the marketplace. The data, collected through EMTA's Match-EM electronic post-trade confirmation and matching system, is now available through Reuters America Inc., Dow Jones Telerate, Inc., Bloomberg and Knight Ridder Financial.

Subscribers can access EMTA's Match-EM data by entering the access code "EMTA" on Bloomberg; page number 12590 on Knight Ridder; "EMTAA" on Reuters and page numbers "1782-1784" on Dow Jones Telerate.

EMTA Members who subscribe to these information services can receive market price and volume data on over 200 eligible Emerging Markets debt instruments, including Brady Bonds and sovereign loans. The data includes the daily high, low and weighted average prices for each instrument and is collected daily through the Match-EM System after the close of business on trade date.

Month-End Closing Prices for Emerging Markets Debt Instruments

Based upon quotations from major market participants, EMTA also continues to calculate and distribute average prices for Emerging Markets debt instruments on a month-end basis for distribution to Full Members for accounting and mark-to-market purposes. The dissemination of this pricing information on a regular basis is part of EMTA's efforts to substantially increase transparency in the Emerging Markets marketplace. EMTA is currently evaluating the feasibility of expanding the Closing Price project to include more local market instruments, particularly the Czech Republic.

For further information regarding month-end pricing or Match-EM data dissemination, please contact Jonathan Murno at (212) 908-5022.

Miscellaneous

EMTA Membership Update

New Members joining EMTA during the first quarter of 1997 include: **Banca Nazionale del Lavoro, Boavista Banking, EBSCI Industries, East-West United Bank, Hammond Suddards, Lovell White Durrant, Renaissance Capital Group, TCW Americas (LA), Telekurs and Watson, Farley & Williams.** If you know of any other prospective Members, please contact Sophie Pompea at (212) 908-5012.

EMTA Electronic News

Reuters - EMTA offers its Members up-to-the-minute news electronically on Reuters. By entering "EMTA" on the Reuters screen, subscribers may now access EMTA information on upcoming meetings, conferences and noteworthy developments such as new Market Practices and the status of various other projects.

EMTA Open Meeting

London - Two presentations on Russia were delivered to London members at EMTA's most recent Open Meeting held on February 12. Habib Motani of Clifford Chance discussed the implications of frozen Ministry of Finance (Min Fin) bonds for the repo market. Dimitry Shatiloff, President of Russian National Registry Company, explained the registration process for Russian equities.

EMTA Staff Update

Jonathan Ladd has moved to London to undertake a special assignment as EMTA's Eastern European Analyst. Jonathan most recently coordinated EMTA's 1996 Annual Meeting and Annual Report in New York City. He can be reached at 011-44-171-767-8528/9.

EMTA is On-Line

General

Kate Campana, *Deputy Director*

Michael Chamberlin, *Executive Director*

Starla Cohen, *Associate & Legal Counsel*

Katarina Dimich, *Associate & Legal Counsel*

Donald Goecks, *Director of Finance*

Brian Morrisroe, *Associate*

Jonathan Murno, *Research*

Lisa Palazzola, *Accounting*

Sophie Pompea, *Russia/Eastern Europe & Membership*

Jackie Rushing, *Information Systems*

Mandy Sleight, *European Coordinator*

Keren Solomon, *Local Markets Marketing*

Aviva Werner, *Senior Legal Counsel*

emtany@aol.com

emtakac@aol.com

emtammc@aol.com

emtasvc@aol.com

emtakvd@aol.com

emtadon@aol.com

emtabjm@aol.com

emtajrm@aol.com

emtalmp@aol.com

emtasgp@aol.com

emtajrr@aol.com

mandy.sleight@ing-barings.com

emtakbs@aol.com

emtaawa@aol.com

Hotlines

EMTA is Your Association

EMTA needs your input to efficiently employ our resources and fulfill our role in the market. Please contact Jonathan Murno, at (212) 908-5022, if there is any additional information you would like published in this Bulletin, or if you have a recommendation for an EMTA project.

Hotlines for Members

As always, the number of inquiries from EMTA Members continues at a high level. To enable us to respond as rapidly as possible, EMTA offers the following hotline numbers.

<u>Topic</u>	<u>EMTA Contact Person</u>	<u>Telephone</u>
Accounting/Finance	Don Goecks/Lisa Palazzola	(212) 908-5010/5019
Argentina	Katarina Dimich	(212) 908-5009
Africa/Asia	Brian Morrisroe	(212) 908-5025
Brazil	Katarina Dimich	(212) 908-5009
Code of Conduct	Michael Chamberlin	(212) 908-5000
Conferences	Jonathan Murno	(212) 908-5022
Clearing Corporation (EMCC)	Lou Bonavita (Chase)	(212) 552-1704
	Keith Kanaga/Mary Ann Callahan (ISCC)	(212) 558-2779/2780
Czech Republic	Jonathan Ladd/Mandy Sleigh	44-171-767-8528/9
Equities	Kate Campana/Jonathan Murno	(212) 908-5003/5022
European Working Group	Mandy Sleigh	(44-171) 767-8529
Exotics/Loan Trading	Brian Morrisroe/Aviva Werner	(212) 908-5025/5028
Foreign Exchange	Starla Cohen	(212) 908-5021
Global Equities Regulation	Bruce Wolfson (Bear Stearns)	(212) 272-2571
Interest Day of Reckoning	Maria Helena-Fisher	(212) 908-5018
Legal/Compliance	Aviva Werner	(212) 908-5028
Local Markets	Kate Campana/Keren Solomon	(212) 908-5003/5020
Market Practices	Aviva Werner	(212) 908-5028
Match-EM	Don Goecks/Sophie Pompea	(212) 908-5010/5012
Membership	Sophie Pompea/Keren Solomon	(212) 908-5012/5020
Mexico	Brian Morrisroe	(212) 908-5025
Month-End Pricing	Jonathan Murno/Lisa Palazzola	(212) 908-5022/5019
Multilateral Netting	Don Goecks/Aviva Werner	(212) 908-5010/5028
Options/Derivatives	Kate Campana/Brian Morrisroe	(212) 908-5003/5025
Poland	Starla Cohen	(212) 908-5021
Repos/Securities Lending	Katarina Dimich	(212) 908-5009
Research	Jonathan Murno	(212) 908-5022
Russia	Sophie Pompea	(212) 908-5012
Volume Survey	Jonathan Murno	(212) 908-5022
Warrants	Brian Morrisroe	(212) 908-5015

For general inquiries, please call Jonathan Murno at (212) 908-5000.

EMTA Meetings, Conferences & Holidays

- Wed., Apr. 9** **Capital Markets Credit Analysts Society** Michael M. Chamberlin, EMTA Executive Director, will be speaking about the *Emerging Markets Clearing Corporation*, together with Peter Axilrod, Managing Director of the SCC.
- Mon., Apr. 14** **EMCC Policy Group Meeting** in New York City. Policy Group members only.
- Wed., Apr. 23** **EMTA Board Meeting**
- Sat., May 3** **Securities Industry Association's Annual Operations Conference** Keith Kanaga, Vice President of the International Securities Clearing Corporation (ISCC) and the CEO-designate for EMCC, will speak, along with J.P. Morgan Managing Director Joseph Willing on the *Emerging Markets Clearing Corporation*.
- Mon., May 5** Recommended Market Close (London) for May Bank Holiday.
- Mon., May 19** **EMCC Policy Group Meeting** in New York City. Policy Group members only.
- Fri., May 23** Recommended 2:00 p.m. (NYC time) Market Close (NYC) for Memorial Day.
- Mon., May 26** Recommended Market Close (NYC/London) for Memorial Day/Spring Bank Holiday.
- Mon., Jun. 16** **EMCC Policy Group Meeting** in New York City. Policy Group members only.
- Thu., July 3** Recommended 2:00 p.m. (NYC time) Market Close (NYC) for Independence Day.
- Fri., July 4** Recommended Market close (NYC) for Independence Day.
- Mon., Jul. 14** **EMCC Policy Group Meeting** in New York City. Policy Group members only.
- Thu., Jun. 12** **CIS Bond Conference** Sophie Pompea, EMTA's Director of Project Development in Russia/Eastern Europe, will speak at this Euroforum-sponsored conference to be held in Moscow June 12-13, 1997.
- Thu., Jun. 19-
Fri., Jun. 20** **Emerging Markets Currencies Forum** Katarina Dimich, EMTA Associate & Legal Counsel, and Starla Cohen, Associate, Eastern Europe & Legal Counsel, will be speaking at this IIR-sponsored conference to be held in New York City. Topics of discussion include *netting initiatives* and the *joint EMTA/ISDA/FRBNY FX Committee effort to minimize risk and increase liquidity through the development of standard documentation*.
- Tues., Jun. 24** **Compliance, Clearance & Settlement for the Emerging Markets in Europe and Asia Conference** Sophie Pompea, EMTA's Director of Project Development in Russia/Eastern Europe, will speak at this conference to be held in New York, June 23-25, 1997.