

Spring has been a very active period for EMTA. Many projects are nearing completion, new projects are underway and additional working groups have recently been established. We consider the input of our members essential to the progression of our services. Please contact Thomas Winslade, the Association's Executive Director, at (212) 235-1997, or Lisa Corinne Abrams, EMTA's Director of Member Relations, at (212) 235-0423, if there is any additional information you would like published in the bulletin, or if you have a recommendation for an Association project.

Argentina 1992 Financing Plan Interest Reconciliation

Although the nine debt agreement agents working on the interest reconciliation of Argentine FRBs have been working for some time, they are faced with many problems. Not only are there different patterns of trading and two types of interest claims (ECI and 101), but in addition a market developed for stripped interest, of which the agents have no record.

EMTA is working extensively to aid the reconciliation process. EMTA has urged the agents to commit more resources to reconciliation, as well as hosting an open meeting to reconcile interest claims, held on May 12, 1993. Over 100 representatives attended the meeting, bringing with them records of their firms' Argentine transactions to assist reconciliation by the debt agreement agents. The debt agreement agents attending the meeting included the Bank of New York, Chemical Bank, Citibank and Morgan Guaranty Trust Company.

Although another agent, BNP, was unable to attend the reconciliation meeting, EMTA was subsequently able to organize for a BNP representative to come over from Buenos Aires and meet with representatives of many New York banks to aid BNP's reconciliation process.

Membership Update

EMTA's membership continues to expand at a corresponding speed to the growth of the industry it serves. Overall membership now exceeds 130 institutions and a comparable number have expressed an interest in enrolling.

Association Report

New Market Practices

Several new market practices were adopted at the Market Practices Committee meeting on May 20, 1993:

Changes to EMTA's FRB confirmation

Changes were approved for section 1 and section 4 of EMTA's "when-released" confirmation forms for the Floating Rate Bonds issued into escrow under Argentina's 1992 financing plan on April 7. These confirmation forms were initially distributed to members with an explanatory memorandum dated April 15, 1993. For copies of any market practices adopted by EMTA to date, please contact EMTA's headquarters.

Market Practices for Options

EMTA's Derivatives Working Group has recommended six market practices for the trading of options. After extensive discussion the Group decided not to make automatic exercise of options a market practice at this time. The sixth market practice for options now states: "unless otherwise specified, options will not be subject to automatic exercise." All six market practices for options were adopted at the Market Practices Committee Meeting held on May 20, 1993.

Market Practice for Brazil IDU bonds

A market practice was adopted with respect to the pricing and settlement of Brazil IDU bonds. Following principal payments on the bonds, bid and offer prices will continue to be quoted as a percentage of unpaid principal, and the aggregate purchase price for a bond will be calculated based upon the remaining outstanding principal amount rather than the original face amount of the bond.

EMTA Equities Group

EMTA is currently establishing a group to discuss issues relating to sales, trading and investment of emerging market equities. Although the initial meeting has yet to be scheduled, the Equities Group plans to meet approximately once every two months. For more information please contact Robert Hock, EMTA's analyst, at (212) 235-2709.

EMTA Accounting and Finance Group

The initial meeting of EMTA's Accounting and Finance Group was held on May 13, 1993 at India House. Tom Winslade briefed the Group on EMTA's role in the emerging markets and then opened discussions with an account of the Argentina 1992 Financing Plan interest reconciliation process. All attendants agreed that an EMTA Accounting and Finance Group would provide a valuable forum for the discussion of accounting and finance issues relating to sales, trading and investment of emerging markets instruments. The Group will now schedule luncheons to be held about every two months. If you are interested in joining EMTA's Accounting and Finance Group, or if you have a suggestion for the agenda, please contact Robert Hock at EMTA.

Product and Market News

Volume Survey

Our initial volume survey will provide statistics on trading volumes for the emerging markets, which will improve the transparency of our market to the benefit of all its participants. Many participants in the volume survey have had trouble completing the survey prior to the original deadline. In order for us to receive enough responses to generate meaningful statistics, we have extended the deadline until June 30, 1993. Please could all firms, which have not yet responded, make every effort to return their volume surveys prior to this date. As this deadline is rapidly approaching, please could respondents return their surveys by fax to Jamie Treworgy at (202) 429-9312 (Price Waterhouse). If you have any questions regarding the survey or any suggestions for future surveys, please contact Robert Hock at EMTA.

Price Index

Many firms have suggested that EMTA publish its own list of average prices for certain emerging markets instruments. EMTA has begun to discuss a format for such a price index and concluded that a price list containing average prices obtained from about six to twelve emerging markets brokers could be published every two weeks. The list will initially give average prices for the most frequently traded LDC secondary market bonds. If you have any comments or suggestions on this issue, please contact Robert Hock.

Miscellany

EMTA/Morgan Grenfell Buenos Aires Reception

EMTA will be co-hosting a reception with Morgan Grenfell to better acquaint members of the South American market with our services and activities in the emerging markets. The reception will be held on Wednesday, June 16 at 6:30 p.m. on the 6th floor, 25 de Mayo 555, (1425) Buenos Aires. Those attending the reception will include Thomas Winslade, EMTA's Executive Director, Lisa Corinne Abrams, EMTA's Director of Member Relations and Frederick Haller, EMTA's Director from Morgan Grenfell.

EMTA IMF Reception

EMTA will be holding a reception in Washington D.C. during IMF week, to be sponsored by our Board of Directors. The reception will be held at the Corcoran Museum of Art on September 26. We will mail out invitations shortly to all our members and prospective members. Other parties with interests in the emerging markets are also invited. For more information please contact Rose Barry, EMTA's legal assistant, at (212) 235-2901.

London Committee elects new chair

EMTA's London Documentation Committee elected John Gouldstone from Lloyds Bank as the new chair. This Committee is open to personnel active in the London operations of EMTA member firms. For further information or minutes of the London Committee meetings, please contact John Gouldstone at (071) 357-4114.

May-September Calendar of Events

- May 26 EMTA Lawyers' Group luncheon meeting, 12:30 p.m. at the Yale Club, RSVP to Tony Lafiosca, telephone (212) 235-0071, fax (212) 235-4898.
- June 7 American Banker's Bond Buyer Conference. Mariott Financial Center, West Street, New York. Thomas Winslade will be Chairman.
- July 7 EMTA Market Practice Committee meeting, 5:00 p.m. Offices of Merrill Lynch, World Financial Center, North Tower, Third Floor Auditorium. RSVP to Naida Mourino, Merrill Lynch, telephone (212) 449-7375, fax (212) 449-2751. Open to all EMTA members.
- July 21 EMTA Compliance Group luncheon meeting, 12:30 p.m. at the Yale Club. RSVP to Tony Lafiosca, telephone (212) 235-0071, fax (212) 235-4898.
- August 10 EMTA presentation at the American Bar Association annual meeting in New York. Jim Kerr of Davis, Polk & Wardwell is coordinating.
- September 8 EMTA Market Practice Committee meeting, 5:00 p.m. Offices of Merrill Lynch, World Financial Center, North Tower, Third Floor Auditorium. RSVP to Naida Mourino, Merrill Lynch, telephone (212) 449-7375, fax (212) 449-2751. Open to all EMTA members.
- September 26 EMTA IMF reception, 8:00 p.m. at the Corcoran Gallery of Art, 500 17th Street N.W., Washington, D.C. All EMTA members and prospective members are invited.